



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	981 413 156
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ORICA NORWAY AS
Forretningsadresse:	Røykenveien 18 3427 GULLAUG

### Regnskapsår

Årsregnskapets periode:	01.10.2021 - 30.09.2022
-------------------------	-------------------------

### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Merita Hoxha
Dato for fastsettelse av årsregnskapet:	31.03.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 10.05.2023



### Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	1	788 306 000	720 491 000
Annen driftsinntekt	1	10 484 000	7 816 000
<b>Sum inntekter</b>		<b>798 790 000</b>	<b>728 307 000</b>
<b>Kostnader</b>			
Varekostnad	2	628 871 000	482 386 000
Lønnskostnad	3	109 233 000	109 891 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	4,5,6	25 723 000	24 268 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4	81 903 000	0
Annen driftskostnad	7,8	136 753 000	114 296 000
<b>Sum kostnader</b>		<b>982 483 000</b>	<b>730 841 000</b>
<b>Driftsresultat</b>		<b>-183 693 000</b>	<b>-2 534 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap	9	14 273 000	137 780 000
Renteinntekt fra foretak i samme konsern		0	0
Annen renteinntekt	9	54 000	1 213 000
Annen finansinntekt	9	38 164 000	8 041 000
<b>Sum finansinntekter</b>		<b>52 491 000</b>	<b>147 034 000</b>
Nedskrivning av finansielle eiendeler	9	232 929 000	120 813 000
Rentekostnad til foretak i samme konsern	10	10 766 000	5 066 000
Annen rentekostnad	10	284 000	2 587 000
Annen finanskostnad	10	22 532 000	5 475 000
<b>Sum finanskostnader</b>		<b>266 511 000</b>	<b>133 941 000</b>
<b>Netto finans</b>		<b>-214 020 000</b>	<b>13 093 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-397 713 000</b>	<b>10 559 000</b>
Skattekostnad på ordinært resultat			0
<b>Ordinært resultat etter skattekostnad</b>		<b>-397 713 000</b>	<b>10 559 000</b>
<b>Årsresultat</b>		<b>-397 713 000</b>	<b>10 559 000</b>



## Resultatregnskap

Beløp i: NOK	Note	2022	2021
Andre resultatkomponenter for IFRS-foretak		1 536 000	3 489 000
Sum resultatkomponenter for IFRS-foretak		1 536 000	3 489 000
<b>Totalresultat</b>		<b>-396 177 000</b>	<b>14 048 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-396 176 000	14 048 000
<b>Sum overføringer og disponeringer</b>		<b>-396 176 000</b>	<b>14 048 000</b>



## Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utvikling	4	9 000	54 000
Goodwill	4	0	81 903 000
<b>Sum immaterielle eiendeler</b>		<b>9 000</b>	<b>81 957 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	6	24 763 000	28 386 000
Maskiner og anlegg	6	42 474 000	45 428 000
<b>Sum varige driftsmidler</b>		<b>67 237 000</b>	<b>73 814 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	9	1 695 794 000	1 835 977 000
Obligasjoner	12	258 000	258 000
Balanseførte leieavtaler	5	40 178 000	45 358 000
Konserninterne langsiktige fordringer	13,14	69 408 000	77 020 000
<b>Sum finansielle anleggsmidler</b>		<b>1 805 638 000</b>	<b>1 958 613 000</b>
<b>Sum anleggsmidler</b>		<b>1 872 884 000</b>	<b>2 114 384 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	15	85 526 000	45 886 000
<b>Sum varer</b>		<b>85 526 000</b>	<b>45 886 000</b>
<b>Fordringer</b>			
Kundefordringer	16	168 089 000	112 020 000
Andre fordringer		3 892 000	3 860 000
Konsernfordringer	13,14, 17	76 364 000	69 499 000
<b>Sum fordringer</b>		<b>248 345 000</b>	<b>185 379 000</b>
<b>Investeringer</b>			
Andre finansielle instrumenter		0	24 000
<b>Sum investeringer</b>		<b>0</b>	<b>24 000</b>



## Balanse

Beløp i: NOK	Note	2022	2021
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	18	59 875 000	41 016 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>59 875 000</b>	<b>41 016 000</b>
<b>Sum omløpsmidler</b>		<b>393 746 000</b>	<b>272 305 000</b>
<b>SUM EIENDELER</b>		<b>2 266 630 000</b>	<b>2 386 689 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	19	168 223 000	168 223 000
Annen innskutt egenkapital	19	1 236 804 000	1 236 578 000
<b>Sum innskutt egenkapital</b>		<b>1 405 027 000</b>	<b>1 404 801 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	19	120 769 000	516 946 000
<b>Sum opptjent egenkapital</b>		<b>120 769 000</b>	<b>516 946 000</b>
<b>Sum egenkapital</b>		<b>1 525 796 000</b>	<b>1 921 747 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelse	20	12 375 000	15 480 000
Andre avsetninger for forpliktelse	17,21, 22	118 635 000	26 000 000
<b>Sum avsetninger for forpliktelse</b>		<b>131 010 000</b>	<b>41 480 000</b>
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld	17,21	31 266 000	33 900 000
<b>Sum annen langsiktig gjeld</b>		<b>31 266 000</b>	<b>33 900 000</b>
<b>Sum langsiktig gjeld</b>		<b>162 276 000</b>	<b>75 380 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	17	114 794 000	82 341 000



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Kortsiktig konserngjeld	14,21	351 326 000	209 959 000
Annen kortsiktig gjeld	17,21, 22	112 439 000	97 263 000
<b>Sum kortsiktig gjeld</b>		<b>578 559 000</b>	<b>389 563 000</b>
<b>Sum gjeld</b>		<b>740 835 000</b>	<b>464 943 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 266 631 000</b>	<b>2 386 690 000</b>



## Skattedirektoratet

Saksbehandler Jan Hoelstad	Deres dato 27.04.2007	Vår dato 26.06.2007
Telefon 22077325	Deres referanse John Thomas Sørhaug	Vår referanse 2007/186814 /RR-RE/JHO /812.1

KPMG AS  
Postboks 7000 Majorstuen  
0806 Oslo

## Søknad om fritak fra konsernregnskapsplikt

Det vises til Deres brev av 27. april 2007 samt telefonsamtaler med Lars Erik Holmen, der det på vegne av:

- |                                   |                      |
|-----------------------------------|----------------------|
| - Orica Norway Holdings AS, Oslo. | Org. nr: 989 748 548 |
| - Dyno Nobel ASA, Oslo.           | Org. nr: 981 413 156 |
| - Nobel Industrier AS, Oslo       | Org. nr: 930 145 734 |

søkes om fritak fra å utarbeide konsernregnskap. Det er vist til regnskapsloven av 17. juli 1998 nr. 56 § 3-7.

Alle de tre selskapene er morselskap i underkonsern. Nobel Industrier AS eies 100 % av Dyno Nobel ASA som igjen eies 100 % av Orica Norway Holdings AS. Det svenske selskapet Orica Sweden Holdings AB eier 100 % av aksjene i Orica Norway Holdings AS. Det svenske selskapet er igjen indirekte eid 100 % av australske Orica Limited.

Det opplyses at Orica Sweden Holdings AB ikke utarbeider konsernregnskap hvor de norske underselskapene inngår. Dette gjøres der i mot hos Orica Limited som er børsnotert i Australia. Konsernregnskapet som inkluderer de norske selskapene utarbeides i samsvar med Australisk Internasjonal Financial Reporting Standards (AIFRS) og på engelsk språk.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juli 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Orica Norway Holdings AS, Dyno Nobel ASA og Nobel Industrier AS. Det forutsettes at selskapenes morselskap, Orica Limited, utarbeider konsernregnskap som omfatter de regnskapspliktige og deres datterselskaper. Det legges til grunn at dette konsernregnskap er utarbeidet i samsvar med AIFRS og at kravene i regnskapsloven § 3-7 for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Postadresse Postboks 6300 Etterstad 0603 Oslo	Kontoradresse Fredrik Selmers vei 4 Org. nr: 974 761 076	Sentralbord 22 07 70 00 Telefaks 22 07 71 08
skattedirektoratet@skatteetaten.no		



2007/186814 /RR-RE JHO/ 812.1 Side 2 av 2

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brevet at tillatelse er gitt.

Med hilsen

Erlend Aasdalen  
underdirektør  
Retts- og revisjonsavdelingen  
Seksjon for revisjon

  
Jan Hjelstad



**ORICA NORWAY AS**

**GENERALFORSAMLINGS PROTOKOLL**

Den 31. mars 2023 ble det holdt ordinær generalforsamling i Orica Norway AS i selskapets kontorlokaler på Gullaug i Lier kommune.

Generalforsamlingen ble åpnet av Peter Otterborg (per telefon) som møtte på vegne av Orica Sweden Holdings AB, selskapets eneste aksjonær. Samtlige aksjer og stemmer var derved representert. Dessuten møtte Trond Hellum. Peter Otterborg ble valgt til møteleder og Trond Hellum ble valgt til å undertegne protokollen sammen med møtelederen.

Det ble opplyst at selskapets eneaksjonær aksepterte at kravene til innkallingsfrist ble fraveket. Innkalling og dagsorden ble således godkjent.

**Sak 1 – Årsregnskap og årsberetning for 2022**

Det ble redegjort for selskapets utvikling i 2022. Styrets beretning ble lest opp.

Revisors beretning ble lest opp.

Årsregnskap og årsberetning ble deretter enstemmig godkjent. Det ble ikke vedtatt utdeling av utbytte.

**Sak 2 – Godkjenning av honorar til revisor**

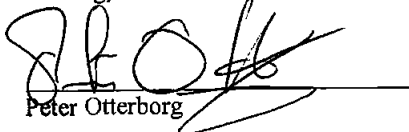
Honorar til revisor på kr 2 451 630 ble enstemmig godkjent.


Intet ytterligere forelå til behandling.

\*\*\*\*\*

Møtet hevet.

Gullaug, den 31.03.2023

  
Peter Otterborg

  
Trond Hellum



## Protokoll fra styremøte i Orica Norway AS

Det ble avholdt styremøte i selskapet den 31.03.2023 kl. 12.

Styremøtet ble avholdt i Røykenveien 18, 3427 Gullaug i Lier.

### Til stede var:

Nicholas William Harrison (Styreleder)

Trond Lossius Hellum (Daglig leder/styremedlem)

Knut Ivar Hesjedal (Styremedlem)

Ida Synnøve Fjelltun (Styremedlem)

Christian Ek (Styremedlem)

Hele styret var til stede og således vedtaksdyktig jf. aksjeloven § 6-24.

Ingen hadde innvendinger til innkallingen eller dagsordenen og møteleder erklærte møtet for lovlig satt.

### Til behandling forelå:

#### 1. Forslag til årsregnskap og årsberetning

Administrasjonens forslag til årsregnskap og årsberetning ble gjennomgått. Alle spørsmål som ble stilt, ble besvart uten at det fremkom innvendinger fra styret.

#### 2. Vurdering av forsvarlig egenkapital og likviditet

Styret vurderte selskapets egenkapital og likviditet og kom til at denne, etter disponering av årets resultat jf punktet nedenfor, er forsvarlig og i tråd med kravene i asl §3-4.

#### 3. Forslag til disponering av årets resultat

Styret diskuterte administrasjonens forslag til disponering av årets resultat og godkjente dette enstemmig.

Styret vedtok således enstemmig å foreslå overfor generalforsamlingen at hele underskuddet overføres til annen egenkapital.

#### 4. Godkjenning av årsregnskap og årsberetning

Deretter vedtok styret enstemmig det fremlagte årsregnskap og årsberetning. Samtlige styremedlemmer signerte årsregnskapet og årsberetningen uten forbehold.

#### 5. Godkjenning til årsregnskap og årsberetning

Det ble fremlagt forslag til årsregnskap og årsberetning. Styret vedtok forslaget til årsregnskap og årsberetning for konsernet enstemmig.

#### 6. Innkalling til ordinær generalforsamling

Styret vedtok enstemmig å innkalle til ordinær generalforsamling den 31.mars 2023 kl. 15 for å behandle styrets forslag.

Generalforsamlingen avholdes som et elektronisk møte via telefon.

Pemneo Dokumentnøkkel: BPSOP-E3P21-5M16E-WTQG7-TOTAH-UDSZN



## 7. Helse Miljø og Sikkerhet

Trond Hellum ga en kort oppdatering til styret vedrørende oppnådde resultater for Helse Miljø og Sikkerhet i innværende finansår.

## 8. Finansielt resultat FY 2023

Trond Hellum orienterte styret om finansielt resultat hittil i år.

## 9. Eventuelt

Det forelå ikke saker til behandling under dette punktet.

Gullaug, 31. mars 2023

Styret i Orica Norway AS:

Nicholas William Harrison  
Styreleder (elektronisk signert)

Trond Hellum  
Daglig leder/styremedlem (elektronisk signert)

Knut Ivar Hesjedal  
Styremedlem (elektronisk signert)

Ida Synnøve Fjelltun  
Styremedlem (elektronisk signert)

Christian Ek  
Styremedlem (elektronisk signert)

Pemneo Dokumentnøkkel:BP8OP-E3P21-5M16E-WTQG7-TOTAH-UD5ZN



## PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo"™ - sikker digital signatur.  
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

### Ida Synnøve Fjelltun

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1419710

IP: 212.33.xxx.xxx

2023-03-31 11:17:29 UTC



### Trond Lossius Hellum

Daglig leder

På vegne av: ORICA NORWAY AS

Serienummer: UN:NO-9578-5999-4-1309820

IP: 62.92.xxx.xxx

2023-03-31 12:13:33 UTC



### Nicholas William Harrison

Styreleder

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1409802

IP: 80.203.xxx.xxx

2023-03-31 12:17:19 UTC



### Christian Ek

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1190232

IP: 212.33.xxx.xxx

2023-03-31 12:26:54 UTC



### Knut Ivar Hesjedal

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1563408

IP: 62.97.xxx.xxx

2023-03-31 12:48:30 UTC



Penneo Dokumentnøkkel: BPSOP-E3P21-5M16E-WTQG7-T0TAH-UD5ZN

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

#### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validator>



**KPMG AS**  
Sørkedalsveien 6  
Postboks 7000 Majorstuen  
0306 Oslo

Telephone +47 45 40 40 63  
Fax  
Internet [www.kpmg.no](http://www.kpmg.no)  
Enterprise 935 174 627 MVA

Til generalforsamlingen i Orica Norway AS

## Uavhengig revisors beretning

### Konklusjon

Vi har revidert Orica Norway AS' årsregnskap som består av balanse per 30. september 2022, resultatregnskap, utvidet resultatregnskap, oppstilling over endringer i egenkapital og kontantstrømpoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav,
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 30. september 2022, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3–9.

### Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

### Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3–9. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et regnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

#### Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



Uavhengig revisors beretning - Orica Norway AS

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

## Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av årsregnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Oslo, 31. mars 2023  
KPMG AS

Andreas Loga  
Statsautorisert revisor



## Orica Norway AS

### ÅRSBERETNING for perioden 01.10.2021-30.09.2022

#### Virksomhetens art

Orica Norway AS inngår i det australske Orica-konsernet og har sin hovedvirksomhet innen forretningsområdet sprengstoffer og tennmidler for sivile formål. Omlag 90 % av selskapets leveranser gikk i 2022 til det norske markedet. Innen hovedforretningsområdet eier selskapet en rekke hel- eller deleide selskaper i Europa, Asia, Afrika og Latin-Amerika. Selskapene er listet i Note 9 til regnskapet pr. 30.09.2022. Selskapets forretningsadresse er Gullaug i Lier. Selskapet har regnskapsår fra 1. oktober til 30. september.

Orica Norway AS skal videreutvikles som et ledende sprengstoffselskap. Dette skal bl.a. gjøres gjennom effektivisering, vekst og utvikling av nye produkter og forretningskonsepter for å skape merverdier for kunde og selskapet ved utnyttelse av avanserte sprengningsløsninger.

#### Fortsatt drift

Årsregnskapet er utarbeidet under forutsetning om fortsatt drift. Styret bekrefter at denne forutsetningen er tilstede.

#### Konsernregnskap

Det utarbeides ikke konsernregnskap for Orica Norway AS ettersom selskapet indirekte er heleid av det australske selskapet Orica Limited som utarbeider konsernregnskap på engelsk i samsvar med australsk IFRS, hvor Orica Norway AS med datterselskaper, felleskontrollerte virksomheter og tilknyttede selskap inngår. Dette konsernregnskapet er tilgjengelig på hjemmesiden [www.orica.com](http://www.orica.com).

#### Driftsinntekter og resultat

Hovedtallene i selskapets resultatregnskap er som følger:

(NOK 000')	2022	2021
Driftsinntekter	798 790	728 307
Driftsresultat	-183 692	-2 535
Netto finansielle poster	-214 020	13 093
<b>Resultat for skattekostnad</b>	<b>-397 713</b>	<b>10 558</b>
Skattekostnad	0	0
<b>Årsresultat</b>	<b>-397 713</b>	<b>10 558</b>
Andre inntekter og kostnader	1 536	3 489
<b>Totalresultat</b>	<b>-396 176</b>	<b>14 048</b>



Innlandssalget økte i 2022 med ca. 8,6 % sammenlignet med 2021. Av selskapets brutto salgsinntekter utgjorde eksportandelen ca. 4 % i 2022 mot 2,7 % for 2021.

Selskapets driftsresultat ble redusert fra – 2,5 millioner for 2021 til – 184 millioner i 2022.

Selskapets netto finansielle poster ble redusert med 227 millioner fra 2021 til 2022. I hovedsak skyldes dette at det i 2021 ble utført et salg av 100% av aksjene i et datterselskap for 109,7 millioner. Selskapet gjennomførte en nedskrivning på MNOK 120,8 i 2021. Det ble også gjennomført en nedskrivning på aksjer i døtre i 2022 på 236 millioner, noe som er med på å trekke ned summen fra i fjor.

Selskapet har en skattekostnad på 0 kr. Dette skyldes at selskapet i 2022 ikke bokførte utsatt skattefordel.

## Balanse

Selskapets totale eiendeler pr. 30.09.2022 utgjør 2 267 millioner mot 2 387 millioner i 2021 fordelt på anleggsmidler med 1 873 millioner mot 2 114 millioner i 2021 og omløpsmidler med 394 millioner mot 272 millioner i 2021.

Eiendelene er finansiert med 67 % egenkapital hvilket utgjør 1 526 millioner mot 1 922 millioner i 2021, langsiktige forpliktelser på 162 millioner mot 75 millioner i 2021 og kortsiktig gjeld på 579 millioner mot 390 millioner i 2021.

Selskapets finansielle stilling på balansedagen vurderes å være tilfredsstillende. Styret har vurdert egenkapitalen og likviditeten i selskapet til å være forsvarlig.

## Kontantstrøm, investeringer og likviditet

Kontantstrøm fra driften var negativ med 114,3 millioner i 2022 mot driftsresultat på -183 millioner. Hovedårsaken til differansen mellom kontantstrøm fra driften og driftsresultat skyldes en nedskrivning av aksjeverdi i datterselskap.

Fra investeringsaktiviteter er kontantstrømmen -93 millioner som i all hovedsak skyldes aksjeinnskudd i datterselskaper og investering i varige driftsmidler.

Kontantstrøm fra finansieringsaktiviteter var 226 millioner i 2022 som hovedsakelig skyldes leiebetalinger balanseførte leieavtaler og netto opptrekk å kassekreditt.

Ved utgangen av året utgjorde kontanter og kontantekvivalenter 60 millioner.

Selskapet har i løpet av 2022 trukket seg ut av Russland som følge av Russlands invasjon av Ukraina. Orica Norway AS eide 100 % av Orica Russia CIS, til en bokført verdi på 221.6 millioner. Investeringen er nedskrevet til 0. Dette er også i tråd med konsernets håndtering av drift i Russland. Orica Russia CIS ble i sin helhet avhendet i løpet av 2022 hvor kjøper er russisk. Det er ikke bokført noe gevinst på salget av aksjer grunnet vesentlig usikkerhet knyttet til oppgjøret som følge av implementerte restriksjoner mot Russland.



## Fremtidsutsikter

Orica Norway AS har det vesentlige av sine salgsinntekter fra det norske markedet og etterspørselen etter selskapets produkter er primært avhengig av offentlige investeringer i infrastruktur og kommunikasjon samt privat investering i husbygging og industri. Aktivitetsnivået i det norske bygg anleggsmarkedet er relativt høyt. Det forventes noe nedgang i nye store prosjekter i budsjettperioden som gjør at det legges til grunn en svak volumnedgang for 2023. Dette grunnet press på den norske økonomien og reduksjon i bevilgninger til nye prosjekter fra den norske stat. Konkurransen i markedet øker, men Orica Norway forventer å beholde en sterk markedsposisjon i 2023.

Det planlegges alminnelige investeringer for å sikre betjeningen av markedet.

Ellers ventes ikke vesentlige endringer i rammebetingelsene for driften. Den største usikkerheten er knyttet til vurderingen av fremtidige forhold som oppstartstidspunkt eller utsettelse av større prosjekter.

## Likestilling og inkludering

Selskapet har pr utgangen av regnskapsåret 109 ansatte, og av disse er 15 kvinner (14%). Selskapets gjennomsnittlige antall årsverk lå på 107 for 2022. Kvinneandelen i administrative stillinger er 21%, mens andelen av kvinner i lederstillinger er 18%. Selv om dette tallet er lavt, må det vurderes i lys av de virksomhetene som betjenes, dvs, gruver, bygg og anleggsvirksomhet og service til denne industrien, som tradisjonelt har tiltrukket menn. Dette er også vanskelig å endre som følge av stabiliteten i antall ansatte.

Selskapet har 1 deltidsansatt. Det er ingen midlertidige ansatte i selskapet.

Ingen kvinner, men to menn har tatt ut til sammen 16,6 uker fødselspermisjon i løpet av regnskapsåret.

Selskapet har som policy at arbeid av lik verdi skal gi lik lønn.

Som et globalt selskap, ønsker vi å tiltrekke og beholde talent på alle nivåer fra geografiske området der vi opererer. Vi opprettholder aktivitetsplikten ved at vi ønsker å skape arbeidsmiljøer der ansatte fra alle bakgrunner blir behandlet med respekt, føler seg inkludert og støttes for at de skal lykkes og oppnå sitt fulle potensiale. Vi søker å bygge og opprettholde en bedriftskultur der forskjeller respekteres og verdsettes. Dette er sentralt i konsernets mangfold og inkluderingspolicy, som også bekrefter at Orica er forpliktet til like mulighet for ansettelser og å støtte mangfold og inkludering i arbeidsstyrken. Mangfold og inkluderingspolicyen dekker styremedlemmer, ansatte og entreprenører engasjert av Orica, på alle nivåer og i alle ledd av vår virksomhet. Den ble oppdatert og godkjent av Orica Limited Board i august 2020 og er også gjeldene for Orica Norway AS.

Selskapet arbeider aktivt, målrettet og planmessig for likestilling innenfor virksomheten. Ved rekruttering, både internt og eksternt, prioriteres personlige kvalifikasjoner fremfor kjønn. Det underrepresenterte kjønn vil i større grad bli oppfordret til å søke. På denne måten vil selskapet forsøke å øke kvinneandelen i de stillingskategorier hvor denne er særskilt lav.



De ulike diskrimineringsgrunnlagene definert av likestillingsloven er dekket gjennom både mangfold og inkluderingspolicyen og konsernets Code of Business Conduct and Charter. Mangfold og inkluderingspolicyen anerkjenner også behovet for fleksibilitet og balansering av arbeidsforpliktelser og personlige forpliktelser i ulike karrierer og livsfaser.

## Tiltak for å hindre diskriminering mv.

Bedriften arbeider aktivt for å fremme likestilling, sikre like muligheter og rettigheter og hindre diskriminering på grunn av etnisitet, nasjonal opprinnelse, avstamning, hudfarge, språk, religion og livssyn. For å bidra til dette, har bedriften blant annet etablert rutiner for rekruttering, hvor søker fra underrepresenterte grupper oppfordres til å søke. Det er også foretatt en gjennomgang av kriteriene for karriereutvikling og lederstillinger i bedriften.

Orica har også en ekstern varslingstjeneste hvor de ansatte kan varsle om eventuelle brudd på etiske retningslinjer, som diskriminering, trakassering og annen uetisk adferd.

## Kartleggingsanalyse

Kjønnfordeling på ulike stillingsnivå/grupper				
Beskrivelse av stillingsnivå/-gruppe	Kvinner	Menn	Andel kvinner	Total
<b>Total</b>	15,00	94,00	14 %	109
<b>Nivå/gruppe D</b>		1,00	0 %	1
<b>Nivå/gruppe E</b>	2,00	9,00	18 %	11
<b>Nivå/gruppe F</b>	4,00	15,00	21 %	19
<b>Nivå/gruppe G</b>	7,00	42,00	14 %	49
<b>Nivå/gruppe H</b>	2,00	27,00	7 %	29

NOK 000'	Avtalt lønn/fastlønn				Bonuser			
	Gjennomsnitt avtalt lønn/fastlønn kvinner (kr)	Gjennomsnitt avtalt lønn/fastlønn menn (kr)	Kvinner lønn i % av menn	Forskjeller avtalt lønn/fastlønn (kr)	Gjennomsnitt bonus kvinner (kr)	Gjennomsnitt bonus menn (kr)	Kvinner bonus i % av menn (%)	Forskjeller bonuser (kr)
<b>Total</b>	741 922	697 276	106,4%	44 646	15 779	32 397	48,7%	16 618
<b>Nivå/gruppe D</b>								
<b>Nivå/gruppe E</b>			102,2%				91,7%	
<b>Nivå/gruppe F</b>			92,7%				49,4%	
<b>Nivå/gruppe G</b>	615 614	637 041	96,6%	21 427			-	
<b>Nivå/gruppe H</b>			105,3%					

Beskrivelse av stillingsnivå/gruppe er ihht. konsernets fordeling av stillinger. Stillingene er fordelt i ulike nivåer/grupper i en skala fra A til F.

Nivå A inneholder de stillinger i konsernet med mest kompetanse og ansvar. Nivåene inneholder ulike stillingsbeskrivelser. Øvrig ledelse i Norge inngår i gruppe E.

Forskjellene må sees i lys av virksomhetene som betjenes (gruver, bygg, anleggsvirksomhet) som tradisjonelt har tiltrukket menn.



## Helse, Miljø og Sikkerhet (HMS)

HMS er definert som en av selskapets nøkkelverdier. Selskapet fokuserer på effektive ledelsessystemer, en høy teknisk standard ved produksjonsanleggene og søker å skape en kultur hvor alle ansatte tar et aktivt ansvar for HMS-arbeidet.

HMS-arbeidet skal være et prioritert område på alle nivåer i selskapet og utføres med basis i klart definerte standarder, programmer og mål for å unngå uhell, skader og ukontrollerte utslipp. Utarbeidelse av et nytt ledelsessystem for internkontroll og kvalitet ble satt i gang i 2010. Systemet er i full drift, men det jobbes kontinuerlig med forbedring av prosedyrer, dokumenter og systemet generelt samt tilpasninger til endringer som skjer i Oricas sentrale HMS-system og lover og forskrifter.

Orica har de siste årene hatt et økt fokus på «Major Hazards», dvs. farer som kan gi uhell med stor konsekvens (dødsfall, store utslipp og lignende). Det har vært jobbet aktivt med å identifisere de relevante største farene og å verifisere at nødvendige sikkerhetstiltak er på plass.

Selskapets ledelse følger nøye opp HMS-arbeidet i ulike deler av selskapet og selskapets styre holdes informert om pågående aktiviteter innenfor området.

Selskapet arbeider kontinuerlig med å søke å fjerne de underliggende årsakene til skader og uhell på alle nivåer i organisasjonen for å hindre gjentagelse. Dette har bl.a. inkludert en nøye oppfølging av alle typer uhell og skader, «nesten-uhell» og gjennomføring av preventive og korrektive tiltak.

## HMS-resultater

Orica Norway AS hadde i FY2022 ingen hendelser som førte til sykefravær. Det ble rapportert to «High Potential Incident» (HPI) i FY2022. Dette er nesten-uhell hvor konsekvensen kunne vært svært alvorlig. Det ble gjort en grundig granskning som følge av HPIene, som førte til målrettet tiltak for å hindre lignende hendelse i fremtiden.

Skadefrekvensen for ansatte (totalt antall skader som enten resulterte i fravær fra arbeidet eller krevde medisinsk behandling pr. 200 000 arbeidstimer) ble derfor 0,0. I 2021 var tilsvarende skadefrekvenser 1,0.

Sykefraværet har de siste årene vært som følger:

2022: 4,4% (9240 timer)

2021: 4,0 % (8535 timer)

2020: 3,4 % ( 7 236 timer)

2019: 4,7 % (10 796 timer)

Basert på tilgjengelig informasjon synes lite av fraværet å kunne ha en direkte sammenheng med den enkeltes jobbsituasjon. Innføringen av et nytt ERP-system har imidlertid ført til mye ekstrasjopping for enkelte, så det kan være en mulig sammenheng med i forbindelse med dette uten at dette kan dokumenteres direkte. Corona-pandemien har ikke påvirket Orica Norway sterkt selv om det har vært noe fravær primært relatert til karantene og barn i karantene/hjemme fra skolen.



## Risiko og miljøspørsmål

Håndtering, fremstilling og transport av eksplosiver er de aktivitetene i selskapets virksomhet som har størst farepotensiale. Det er etablert omfattende standarder og "beste praksis" for virksomheten for kontinuerlig å redusere risikoen for uhell. Det utføres også jevnlig verifikasjon av kritiske sikkerhetstiltak relatert til de største identifiserte farene («Major Hazards»).

Transportmateriell som benyttes i selskapets virksomhet er konstruert i samsvar med Orica-konsernets interne standarder og i henhold til nasjonalt og internasjonalt regelverk for farlig gods kjøretøyer.

Orica Norway AS har ingen faste produksjonsanlegg i Norge. Ved selskapets tidligere produksjonsanlegg for sprengstoffer i Sætre i Hurum pågår oppryddings- og saneringsarbeider, bl.a. av forurenset grunn og gammel bygningsmasse. Arbeidet utføres i samarbeid med Miljødirektoratet og i henhold til verneinteresser. Alle oppryddingskostnadene bæres av selskapet og det er foretatt avsetninger i regnskapet for de påregnelige kostnadene.

Patronerte (fabrikkproduserte) sprengstoffer og tennmidler importeres fra leverandører i ulike land og videreselges av Orica Norway AS til kunder. Det er ingen utslipp til miljøet fra denne virksomheten ut over røykgassutslipp fra fossilt brennstoff brukt til oppvarming av bygninger og som drivstoff for kjøretøyer. Denne salgsvirksomheten genererer lite avfall hos Orica.

I tillegg til fabrikkproduserte sprengstoffer og tennmidler, leverer Orica Norway AS også bulksprengstoffer til kunder i Norge. Råvarer og halvfabrikata til disse produktene kjøpes fra leverandører i Norge og i utlandet. I noen tilfeller bearbeides råvarene noe til halvfabrikata før de leveres til kundene. Råvarene leveres til selskapet enten ved hjelp av tankbil eller emballert i store eller små sekker. Disse tomsekkene representerer avfallet som blir generert fra bulkvirksomheten. Tomemballasjen kildesorteres for leveranse til avfallsmottak der dette er praktisk gjennomførbart.

Bulkproduktene leveres til kundene ved hjelp av mobile tilvirknings- og ladeenheter - MEMUer - dvs. lastebiler med råvaretanker som produserer bulksprengstoffene på brukerstedet og leverer sprengstoffene direkte i borehullene i fjellet. Det er tilnærmet ingen utslipp fra bulkvirksomheten til ytre miljø ut over røykgassutslipp fra fossilt brennstoff brukt til oppvarming av bygninger og som drivstoff for kjøretøyer.

## Forskning og produktutvikling

Det alt vesentlige av selskapets FoU-aktiviteter utføres ved Oricas sentrale utviklingsavdelinger i Canada og Australia. Større lokale utviklingsprosjekter og behov kanaliseres til disse avdelingene.

## Ansvarsforsikring

Det er tegnet forsikring for styrets medlemmer og daglig leder for deres mulige erstatningsansvar overfor foretaket og tredjepersoner. Forsikringen dekker det rettslige erstatningsansvar styret eller styremedlemmet kan pådra seg under utøvelsen av styreverv, samt ansvaret som daglig leder kan pådra seg i rollen som daglig leder.



## Redegjørelse for aktsomhetsvurderinger etter åpenhetsloven

Åpenhetsloven trådte i kraft 1. juli 2022. Lovens formål er å fremme virksomheter, respekt for grunnleggende menneskerettigheter og anstendige arbeidsforhold, og sikre allmennheten tilgang til informasjon. Orica Norway AS er omfattet av loven og har iverksatt tiltak for etterlevelse av denne.

Loven krever at selskaper skal gjennomføre aktsomhetsvurderinger for å avdekke faktiske eller potensielle negative konsekvenser for grunnleggende menneskerettigheter og anstendige arbeidsforhold i egen virksomhet og i leverandørkjeden. Orica Norway AS gjennomfører aktsomhetsvurderinger i tråd med OECD sin veileder for aktsomhetsvurderinger for ansvarlig næringsliv, og arbeider med kartlegging av leverandørkjeden i tråd med lovens krav. Dersom resultatene av aktsomhetsvurderingene avdekker at det foreligger brudd eller mistanke om brudd på overnevnte rettigheter vil selskapet sørge for å avklare de faktiske forholdene og sette i gang nødvendige tiltak. Selskapet vil prioritere og sette i gang tiltak på de områder med mest alvorlig risiko for brudd på menneskerettigheter og anstendige arbeidsforhold.

I selskapet er arbeidet med åpenhetsloven forankret i styret og redegjørelse vil offentliggjøres på selskapets hjemmeside [www.orica.no](http://www.orica.no) innen 30. juni 2023.

## Redegjørelse for årsregnskapet og resultatdisponering

Etter styrets oppfatning gir fremlagt resultatregnskap og balanse med noter uttrykk for virksomhetens resultat for 2022 og økonomiske stilling ved årsskiftet.

Det er ikke inntrådt forhold etter regnskapsårets slutt som er av betydning for bedømmelsen av regnskapet. Tallene er presentert i NOK 000'.

Virksomheten har for 2022 hatt et underskudd på kr 396 176, som foreslås dekket ved:

Overført fra annen egenkapital kr	396 176
Sum disponert	kr 396 176

Gullaug den 31. mars 2023

\_\_\_\_\_  
Nicholas William Harrison  
styrets leder  
(Elektronisk signert)

\_\_\_\_\_  
Trond Hellum  
daglig leder/ styremedlem  
(Elektronisk signert)

\_\_\_\_\_  
Ida Synnøve Fjelltun  
styremedlem  
(Elektronisk signert)

\_\_\_\_\_  
Knut Ivar Hesjedal  
styremedlem  
(Elektronisk signert)

\_\_\_\_\_  
Christian Ek  
styremedlem  
(Elektronisk signert)



## PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo"™ - sikker digital signatur.  
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

### Ida Synnøve Fjelltun

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1419710

IP: 212.33.xxx.xxx

2023-03-31 11:17:29 UTC



### Trond Lossius Hellum

Daglig leder

På vegne av: ORICA NORWAY AS

Serienummer: UN:NO-9578-5999-4-1309820

IP: 62.92.xxx.xxx

2023-03-31 12:13:33 UTC



### Nicholas William Harrison

Styreleder

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1409802

IP: 80.203.xxx.xxx

2023-03-31 12:17:19 UTC



### Christian Ek

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1190232

IP: 212.33.xxx.xxx

2023-03-31 12:26:54 UTC



### Knut Ivar Hesjedal

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1563408

IP: 62.97.xxx.xxx

2023-03-31 12:48:30 UTC



Penneo Dokumentnøkkel: TOPGO-JOPVV-LUGOJA-A4LES-JUJET-E3346

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

#### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validator>



## Årsregnskap 2022

### ORICA NORWAY AS

Org. nr: 981 413 156

Årsberetning  
Resultatregnskap  
Utvidet resultatregnskap  
Balanse  
Oppstilling av endring i egenkapitalen  
Kontantstrømoppstilling  
Noter  
Revisjonsberetning

Penneo Dokumentnøkkel: DM2QE-KE86Z-ZJ6T1-E0PX4-Q6OTM-7GCF4



<b>Resultatregnskap</b>			
<b>Orica Norway AS</b>			
<b>Beløp i kr 000'</b>	<b>Note</b>	<b>01.10.21- 30.09.22</b>	<b>01.10.20 - 30.09.21</b>
Salgsinntekter	1	788 306	720 491
Andre driftsinntekter	1	10 484	7 816
<b>Sum driftsinntekter</b>		<b>798 790</b>	<b>728 307</b>
Varekostnad	2	628 871	482 386
Lønnskostnad	3	109 233	109 891
Avskrivninger	4, 5, 6	25 723	24 268
Nedskrivning Goodwill	4	81 903	0
Annen driftskostnad	7, 8	136 753	114 296
<b>Sum driftskostnader</b>		<b>982 483</b>	<b>730 842</b>
<b>Driftsresultat</b>		<b>-183 692</b>	<b>-2 535</b>
Salg av datterselskap	9	2 922	109 679
Nedskrivning av finansielle eiendeler	9	232 929	120 813
Netto andre finansposter	10	15 987	24 227
<b>Resultat finansposter</b>		<b>-214 020</b>	<b>13 093</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-397 713</b>	<b>10 558</b>
<b>Ordinært resultat</b>		<b>-397 713</b>	<b>10 558</b>
<b>ANDRE INNTEKTER OG KOSTNADER</b>			
Estimatavvik pensjonsforpliktelser		1 536	3 489
<b>Totalresultat</b>		<b>-396 176</b>	<b>14 048</b>
<b>Overføringer</b>			
Avsatt til annen egenkapital		-396 176	14 048
<b>Sum overføringer</b>		<b>-396 176</b>	<b>14 048</b>



<b>Balanse</b>			
<b>Orica Norway AS</b>			
<b>Beløp i kr 000'</b>			
<b>EIENDELER</b>	<b>Note</b>	<b>30.09.22</b>	<b>30.09.21</b>
Goodwill og andre imm. eiendeler	4	9	81 957
<b>Immaterielle eiendeler</b>		<b>9</b>	<b>81 957</b>
Balanseførte leieavtaler	5	40 178	45 358
Varige driftsmidler	6	67 237	73 813
<b>Varige driftsmidler</b>		<b>107 415</b>	<b>119 171</b>
Aksjer i datterselskap og FKS	9	1 695 794	1 835 977
Verdipapirer	12	258	258
Konserninterne langsiktige fordringer	13, 14	69 408	77 020
<b>Finansielle anleggsmidler</b>		<b>1 765 459</b>	<b>1 913 254</b>
<b>ANLEGGSMIDLER</b>		<b>1 872 883</b>	<b>2 114 383</b>
<b>Varebeholdninger</b>	<b>15</b>	<b>85 526</b>	<b>45 886</b>
Kundefordringer	16	168 089	112 020
Andre fordringer		3 892	3 860
Konserninterne fordringer	13, 14, 17	76 364	69 499
<b>Sum fordringer</b>	<b>17</b>	<b>248 345</b>	<b>185 380</b>
Andre markedsbaserte finansielle instrumenter		0	24
<b>Sum investeringer</b>		<b>0</b>	<b>24</b>
Likvider	18	59 875	41 016
<b>OMLØPSMIDLER</b>		<b>393 747</b>	<b>272 305</b>
<b>SUM EIENDELER</b>		<b>2 266 630</b>	<b>2 386 688</b>



<b>Balanse</b>			
<b>Orica Norway AS</b>			
<b>Beløp i kr 000'</b>			
<b>EGENKAPITAL OG GJELD</b>	<b>Note</b>	<b>30.09.22</b>	<b>30.09.21</b>
Aksjekapital	19	168 223	168 223
Annen innskutt egenkapital	19	1 236 804	1 236 578
<b>Innskutt egenkapital</b>		<b>1 405 027</b>	<b>1 404 801</b>
<b>Annen egenkapital</b>		<b>120 769</b>	<b>516 946</b>
<b>SUM EGENKAPITAL</b>		<b>1 525 796</b>	<b>1 921 747</b>
Pensjonsforpliktelser	20	12 375	15 480
Andre langsiktige forpliktelser	17, 21, 22	118 635	26 000
Langsiktig rentebærende gjeld	17, 21	31 266	33 900
<b>LANGSIKTIG GJELD</b>		<b>162 275</b>	<b>75 379</b>
Leverandørgjeld	17	114 794	82 341
Annen kortsiktig gjeld	17, 21, 22	112 439	97 263
Annen kortsiktig gjeld konsernintern	14, 21	351 326	209 959
<b>KORTSIKTIG GJELD</b>	17	<b>578 559</b>	<b>389 562</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 266 630</b>	<b>2 386 688</b>
Gullaug, 31.03.2023 Styret i Orica Norway AS			
_____ Ida Synnøve Fjellton Styremedlem (Elektronisk signert)	_____ Knut Ivar Hesjedal Styremedlem (Elektronisk signert)	_____ Christian Ek Styremedlem (Elektronisk signert)	
_____ Trond Hellum Daglig leder (Elektronisk signert)		_____ Nicholas William Harrison Styreleder (Elektronisk signert)	



Oppstilling av endringer i egenkapitalen						
Orica Norway AS						
Oppstilling av endringer i egenkapital - Forenklet IFRS (beløp i kr 000')	Aksjekapital	Overkurs	Innskutt annen egenkapital	Annen egenkapital	Sum Egenkapital	Sum Egenkapital
<b>Egenkapital per 30. september 2020</b>	<b>152 930</b>	-	<b>4 195</b>	<b>502 899</b>	<b>660 024</b>	<b>660 024</b>
Årets resultat 2021	-	-	-	10 558	10 558	10 558
Estimatavvik pensjonsforpliktelser	-	-	-	4 474	4 474	4 474
Skatteffekt estimatavvik	-	-	-	-984	-984	-984
<b>Årets totalresultat</b>	-	-	-	<b>14 048</b>	<b>14 048</b>	<b>14 048</b>
Kapitalforhøyelse	15 293	1 232 383	-	-	1 247 676	1 247 676
<b>Egenkapital per 30. september 2021</b>	<b>168 223</b>	<b>1 232 383</b>	<b>4 195</b>	<b>516 946</b>	<b>1 921 747</b>	<b>1 921 747</b>
<b>Egenkapital per 30. september 2021</b>	<b>168 223</b>	<b>1 232 383</b>	<b>4 195</b>	<b>516 946</b>	<b>1 921 747</b>	<b>1 921 747</b>
Årets resultat 2022	-	-	-	-397 713	-397 713	-397 713
Aksjebasert avlønning	-	-	226	-	226	226
Estimatavvik pensjonsforpliktelser	-	-	-	1 536	1 536	1 536
Skatteffekt estimatavvik	-	-	-	-	-	-
<b>Årets totalresultat</b>	-	-	<b>226</b>	<b>-396 177</b>	<b>-395 951</b>	<b>-395 951</b>
<b>Egenkapital per 30. september 2022</b>	<b>168 223</b>	<b>1 232 383</b>	<b>4 421</b>	<b>120 769</b>	<b>1 525 796</b>	<b>1 525 796</b>

**Kontantstrømoppstilling****Orica Norway AS**

Beløp i kr 000'	01.10.2021- 30.09.2022	01.10.2020- 30.09.2021
<b>Kontantstrømmer fra operasjonelle aktiviteter</b>		
Resultat før skattekostnad	-397 713	10 558
Gevinst(-)/tap(+) ved salg av driftsmidler	-3 906	
Gevinst(-)/tap(+) ved salg av aksjeinvesteringer	-2 922	-109 679
Avskrivninger	25 723	24 268
Nedskrivning av varige driftsmidler	81 903	-
Nedskrivning aksjeinvesteringer	236 719	120 813
Endring varebeholdninger	-39 640	-432
Endring i kundefordringer	-56 069	47 829
Endring i leverandørgjeld	32 453	1 191
Endring pensjonsforpliktelser	-1 569	-1 621
Endring i andre tidsavgrensningsposter	48 745	364
Effekt av valutakursendringer	-28 765	-
Resultatført utbytte fra datterselskap og tilknyttet selskap	-9 272	-28 089
<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>-114 314</b>	<b>65 204</b>
<b>Kontantstrømmer fra investeringsaktiviteter</b>		
Investert i varige driftsmidler og immaterielle eiendeler	-2 725	-18 922
Aksjeinnskudd i datterselskap	-93 299	-29 028
Innbetaling ved salg av aksjer	2 922	25 788
<b>Netto kontantstrøm fra investeringsaktiviteter</b>	<b>-93 102</b>	<b>-22 162</b>
<b>Kontantstrømmer fra finansieringsaktiviteter</b>		
Netto opptrekk på kassakreditt	131 222	-12 896
Leiebetalinger balanseførte leieavtaler	-13 937	-
Innbetaling utbytte datterselskap	19 349	-
Innbetaling ved opptak av kortsiktig gjeld	87 635	-
Innbetaling konsernbidrag	2 006	-17 607
<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>226 275</b>	<b>-30 503</b>
<b>Netto endring i kontanter og kontantekvivalenter</b>	<b>18 859</b>	<b>12 539</b>
Kontanter og kontantekvivalenter pr. 1.10.	41 016	28 477
Kontanter og kontantekvivalenter pr. 30.09.	59 874	41 016

Penneo Dokumentnøkkel: DM2QE-KE86Z-ZJ6T1-E0PX4-Q6OTM-7CFF4



## INNHold NOTER

- 0 Regnskapsprinsipper
- 1 Driftsinntekter
- 2 Varekostnad
- 3 Lønn og andre personalkostnader
- 4 Immaterielle eiendler
- 5 Leieavtaler
- 6 Driftsmidler
- 7 Andre driftskostnader
- 8 Honorar til revisjon
- 9 Investering i datterselskap
- 10 Finansinntekter og finanskostnader
- 11 Skatter
- 12 Aksjer og verdipapirer
- 13 Lån til konsernselskaper, felleskontrollerte selskaper og tilknyttede selskaper
- 14 Nærstående parter
- 15 Varebeholdninger
- 16 Kundefordringer
- 17 Finansiell strategi/finansielle instrumenter
- 18 Likviditet
- 19 Aksjekapital
- 20 Pensjon.
- 21 Lang og kortsiktig gjeld.
- 22 Avsetninger og betingede forpliktelser
- 23 Pantstillelser, garantiansvar o.l.



## 0. REGNSKAPSPRINSIPPER

Selskapsregnskapet er avlagt i samsvar med forenklet Internasjonale Standarder for Finansiell Rapportering (IFRS) og fortolkninger fastsatt av International Accounting Standards Board (IASB) i samsvar med regnskapslovens § 3-9 og tilhørende forskrifter, omtalt som forenklet IFRS.

Selskapet inngår i det australske Orica-konsernet og har regnskapsår fra 1. oktober til 30. september.

### GRUNNLAG FOR REGNSKAPSUTARBEIDELSEN

Regnskapet er presentert i norske kroner, avrundet til nærmeste hele tusen kroner.

Regnskapet er utarbeidet basert på et historisk kost prinsipp, med unntak av pensjonsforpliktelser og kundefordringer som er balanseført til virkelig verdi, og varelager som er bokført til netto realiserbar verdi.

Anleggsmidler og avhendingsgrupper tilgjengelig for salg regnskapsføres til det laveste av balanseført verdi og virkelig verdi fratrukket salgsutgifter.

Utarbeidelse av finansregnskap i overensstemmelse med forenklet IFRS krever at ledelsen gjør vurderinger og estimater og tar forutsetninger som påvirker anvendelsen av regnskapsprinsipper og regnskapsførte beløp på eiendeler og forpliktelser, inntekter og kostnader. Estimater og tilhørende forutsetninger er basert på historisk erfaring og andre faktorer som anses rimelige, forholdene tatt i betraktning. Disse beregningene danner grunnlaget for vurdering av balanseført verdi for eiendeler og forpliktelser som ikke kommer klart fram av andre kilder. Faktiske resultat kan avvike fra disse estimatene.

Estimater og de underliggende forutsetninger vurderes løpende. Endringer i regnskapsmessige estimater innregnes i den perioden endringene oppstår dersom de kun gjelder denne perioden. Dersom endringer også gjelder fremtidige perioder, fordeles effekten over inneværende og fremtidige perioder.

Regnskapsprinsippene som fremkommer nedenfor, er anvendt konsistent for alle periodene som presenteres i selskapsregnskapet.

### KLASSIFISERING

Eiendeler og gjeld er normalt medtatt i balansen som henholdsvis anleggsmidler og langsiktig gjeld dersom det ikke er avtalt eller ikke kan påregnes at avhendelse eller betaling vil skje innen ett år etter regnskapsårets utløp. Øvrige eiendeler (herunder poster som knytter seg til varekretsløpet) og gjeldsposter er oppført som henholdsvis omløpsmidler og kortsiktig gjeld.

Plasseringer og gjeld i fremmed valuta omregnes til norske kroner etter balansedagens kurser. Valutatap og –gevinster føres som finansielle poster.

Termintillegg/-fradrag i valutaterminkontrakter, opsjonspremier i valutaopsjonskontrakter og kostnader/inntekter i andre sikringskontrakter (renteswap-avtaler, rentecap-avtaler m.v.) periodiseres over kontraktens løpetid og føres som finansielle poster.

### DRIFTSINNTEKTER

Inntektsføring skjer på leveringstidspunktet ved salg av varer og tjenester. Generelle leveringsvilkår er Delivered Duty Paid (DDP); risiko overføres til kjøper ved levering på avtalt bestemmelsessted. Når kunden selv henter varer gjelder leveringsvilkåret ExWorks (EXW); risiko overføres til kjøper ved avhenting av varene. Inntekter fra salg av tjenester faktureres når de er levert. Eventuell verdi av påbegynte arbeider som ikke er fakturert ved periodeslutt blir beholdningsført til kostverdi.



Driftsinntekter er fratrukket rabatter, frakt og forsikringsutgifter knyttet til salget.

## VAREBEHOLDNINGER

Beholdning av varer vurderes til det laveste av kostpris etter "først inn - først ut" prinsippet og antatt salgspris etter fradrag for salgskostnader. Kostpris for innkjøpte varer er inntakskost. Kostpris for varer under tilvirkning og egenproduserte varer er direkte tilvirkningskostnader tillagt andel av indirekte tilvirkningskostnader.

## AKSJER OG VERDIPAPIRER

Aksjer og verdipapirer klassifisert som omløpsmidler vurderes til det laveste av anskaffelseskost og virkelig verdi. Investeringer som definert i regnskapslovens § 5-8 vurderes til virkelig verdi og verdireguleringene resultatføres som finansielle poster. Aksjer og verdipapirer bestemt for varig eie føres i balansen som anleggsmidler. Øvrige investeringer vurderes til kostpris. Nedskrivning ved antatt varig verdifall foretas etter individuell vurdering av den enkelte plassering. Realiserte og urealiserte tap/gevinster av disse plasseringene føres i resultatregnskapet som finansielle poster.

## VARIGE DRIFTSMIDLER OG IMMATERIELLE EIENDELER

Varige driftsmidler og immaterielle eiendeler er ført opp i balansens eiendelsside til historisk anskaffelseskost etter fradrag for avskrivninger. Anskaffelseskost inkluderer aktive renter. Satsene for beregning av lineære avskrivninger er fastsatt ut fra en vurdering av de enkelte anleggsmidlers økonomiske levetid. Anlegg under utførelse blir ikke avskrevet før de tas i bruk. Ved salg av anleggsmidler føres gevinster som driftsinntekter og tap som driftskostnader.

## VERDIFALL

Balansført verdi av selskapets eiendeler blir gjennomgått på balansedagen for å vurdere om det foreligger indikasjoner på verdifall. Dersom det foreligger slike indikasjoner, estimeres eiendelens gjenvinnbare beløp.

Goodwill og immaterielle eiendeler med ubegrenset levetid ble testet for verdifall pr. 1. januar 2005, tidspunktet for overgang til IFRS, selv om ingen indikasjoner på verdifall eksisterte. Årlig beregnes gjenvinnbart beløp på balansedagen for eiendeler som har en ubestemt utnyttbar levetid, og for immaterielle eiendeler som ennå ikke er tilgjengelige for bruk.

Tap ved verdifall innregnes i resultatregnskapet når balansført verdi av en eiendel eller kontantgenererende enhet overstiger gjenvinnbart beløp.

Når en nedgang i virkelig verdi på en finansiell eiendel tilgjengelige for salg har vært ført direkte mot egenkapitalen og det foreligger objektive bevis for at eiendelen har vært gjenstand for verdifall, innregnes det akkumulerte tap som har vært ført direkte mot egenkapitalen i resultatregnskapet selv om den finansielle eiendelen ikke har blitt realisert. Det akkumulerte tapet som innregnes i resultatregnskapet utgjør differansen mellom anskaffelseskost ved overtakelse og dagens virkelige verdi, redusert for eventuelle verdifall på den finansielle eiendelen som tidligere har vært innregnet i resultatregnskapet.

## Beregning av gjenvinnbart beløp

Gjenvinnbart beløp for investeringer i obligasjoner som holdes til forfall, og lån og fordringer som vurderes til amortisert kost, beregnes til nåverdien av forventede fremtidige kontantstrømmer, diskontert med opprinnelig effektiv rentesats (dvs. den effektive rentesats som ble beregnet ved første gangs registrering av disse finansielle eiendelene). Fordringer med kort løpetid diskonteres ikke.

Gjenvinnbart beløp for andre eiendeler er det høyeste av netto salgspris og bruksverdi. Bruksverdi beregnes ved å diskontere forventede fremtidige kontantstrømmer til nåverdi ved å benytte diskonteringsrente før skatt som reflekterer markedets prissetting av tidsverdien av penger og den risiko som er knyttet til den spesifikke eiendelen. For eiendeler som ikke hovedsaklig generer uavhengige kontantstrømmer, fastsettes gjenvinnbart beløp for den kontantgenererende enhet som



eiendelen tilhører.

Reversering av verdifall

Tap ved verdifall av goodwill reverseres ikke.

Tap ved verdifall på obligasjoner som holdes til forfall og på lån og fordringer, som vurderes til amortisert kost, reverseres over resultatregnskapet dersom en senere økning av gjenvinnbart beløp objektivt kan relateres til en hendelse inntrådt etter at tapet ved verdifall ble innregnet i resultatregnskapet.

Tap ved verdifall for egenkapitalinstrumenter som klassifiseres som tilgjengelig for salg, reverseres ikke over resultatregnskapet. Dersom virkelig verdi på et gjeldsinstrument klassifisert som tilgjengelig for salg øker, og økningen objektivt sett kan relateres til en hendelse inntrådt etter innregningen av tap ved verdifall, reverseres tap ved verdifall over resultatregnskapet.

For andre eiendeler reverseres tap ved verdifall dersom det er en endring i estimater benyttet for å beregne gjenvinnbart beløp.

Et tap ved verdifall reverseres bare i den grad eiendelens balanseførte verdi ikke overstiger den balanseførte verdien som ville vært fastsatt, netto etter avskrivninger eller amortisering, dersom ingen tap ved verdifall hadde vært innregnet.

## LEIEAVTALER

IFRS 16 inneholder én enkelt modell for å regnskapsføre leieavtaler, som fjerner skillet mellom operasjonelle og finansielle leieavtaler. Alle kontrakter som møter definisjonen av en leieavtale iht. standarden, blir regnskapsført som en "bruksrettighet", med en tilhørende "leieforpliktelse" i balansen. Selskapet praktiserer unntak fra balanseføring for leieavtaler med en løpetid kortere enn 12 mnd og leieavtaler av lav verdi.

Bruksrettighetene er klassifisert som varige driftsmidler, de er avskrevet lineært over leieperioden og er gjenstand for nedskrivingsvurdering iht. IAS36. Leieforpliktelsen representerer nåverdien av fremtidige leiebetalinger i leieperioden inkludert eventuelle opsjoner, der ledelsen er rimelig sikker på å benytte opsjonen. Leieforpliktelsen er løst opp over leieperioden ved å benytte enten renten implisitt i låneavtalen, eller selskapets inkrementelle lånerente og redusert med periodens leiebetalinger.

## PENSJONSKOSTNADER OG PENSJONSFORPLIKTELSER

Ytelser til ansatte i form av pensjonsordninger (direkte finansierte og fondsbaserte ytelser) er regnskapsført i samsvar med IAS (International Accounting Standards) 19 "Ytelser til ansatte".

Netto pensjonsforpliktelse knyttet til ytelsesbaserte pensjonsordninger beregnes separat for hver ordning ved å estimere størrelsen på fremtidige ytelser som den ansatte har opptjent på balansedagen. Disse fremtidige ytelsene diskonteres for å beregne nåverdien, og virkelig verdi av pensjonsmidler trekkes fra for å finne netto pensjonsforpliktelse. Diskonteringsrenten utgjør balansedagens rente på bedriftsobligasjonslån med særlig høy kredittverdighet (AAA credit rating) og med tilnærmet samme løpetid som selskapets forpliktelser. Beregning er gjort av en kvalifisert aktuar, og er basert på lineær opptjeningsmodell.

For ytelsesordninger rapporteres periodens opptjening under lønn og andre personalkostnader. Rentekostnader på pensjonsforpliktelsen fratrukket estimert avkastning på pensjonsmidler inngår i finansielle poster.

For pensjonsordninger hvor det ytes et avtalt tilskudd fra arbeidsgiver og hvor pensjonsmidlene forvaltes separat, inngår tilskuddet i lønn og andre personalkostnader.

Når ytelsene i en ordning forbedres, innregnes den andelen av økningen i ytelsene, som ansatte har



opparbeidet rettighet til, som kostnad i resultatregnskapet lineært over gjennomsnittlig tidsperiode frem til de ansatte har oppnådd en ubetinget rett til de økte ytelsene. Kostnaden innregnes umiddelbart i resultatregnskapet dersom de ansatte allerede ved tildeling har fått en ubetinget rett til økte ytelser.

Aktuarielle gevinster og tap oppstått ved beregning av foretakets netto pensjonsforpliktelser innregnes i netto pensjonsforpliktelser umiddelbart og belastes direkte mot annen egenkapital.

## OPPRYDDINGS- OG FJERNINGSFORPLIKTELSER

Selskapet vil normalt være forpliktet til å rydde fabrikkområder når virksomheten avsluttes. Nåverdien av estimerte fremtidige oppryddings- og fjerningsforpliktelser er regnskapsført som en forpliktelse. Endringer som følge av justerte estimater vedr. fremtidige oppryddings- og fjerningskostnader eller som følge av endringer i antatt tidspunkt for opprydding og fjerning resultatføres i den perioden endringen finner sted. Årlig endring som skyldes at forpliktelsen er kommet et år nærmere i tid belastes andre finanskostnader.

## AVSETNINGER OG BETINGEDE UTFALL

En avsetning innregnes i balansen når selskapet har en eksisterende rettslig forpliktelse eller underforstått plikt, som følge av en tidligere hendelse og det er sannsynlig at det vil kreves en strøm av økonomiske fordeler fra foretaket for å innfri forpliktelsen. Avsetning er beregnet med utgangspunkt i ledelsens beste estimat på balansedagen. For betingede forpliktelser er det foretatt avsetning i den utstrekning det foreligger sannsynlighetsovervekt for at fremtidig forpliktelse vil inntreffe. Dersom effekten er betydelig, beregnes avsetningen ved å neddiskontere forventede fremtidige kontantstrømmer med en diskonteringsrente før skatt som reflekterer markedets prissetting av tidsverdien av penger og, hvis relevant, risikoer som spesifikt er knyttet til forpliktelsen. Usikre skatteforpliktelser er regnskapsført etter samme prinsipper.

## LEVERANDØRGJELD OG ANDRE KORTSIKTIGE FORPLIKTELSER

Leverandørgjeld og andre betalingsforpliktelser regnskapsføres til kost.

## TRANSASJONER I UTENLANDSK VALUTA

Transaksjoner i utenlandsk valuta omregnes til valutakursen på transaksjonstidspunktet. Monetære eiendeler og forpliktelser i utenlandsk valuta omregnes til norske kroner ved å benytte valutakursen på balansedagen. Valutakursdifferanse som fremkommer ved omregning, innregnes i resultatregnskapet. Ikke-monetære eiendeler og forpliktelser, som måles til historisk kost i en utenlandsk valuta, omregnes til valutakursen på transaksjonstidspunktet. Ikke-monetære eiendeler og forpliktelser med pålydende i utenlandsk valuta, og som innregnes til virkelig verdi, omregnes til norske kroner ved å benytte valutakursen gjeldende på tidspunktet da den virkelige verdien ble fastsatt.

## NETTO FINANSKOSTNADER

Netto finanskostnader omfatter rentekostnader på lån kalkulert med basis i effektiv rente-metode, renteinntekter på investerte midler, kursgevinster og -tap, og gevinster og tap på sikringsinstrumenter som innregnes i resultatet.

Renteinntekter innregnes i resultatet basert på effektiv rente-metode etter hvert som de opptjenes.

## INNTEKTSSKATT

Inntektsskatt på periodens resultat består av periodeskatt og utsatt skatt. Inntektsskatt innregnes i resultatet med unntak av skatt på poster som er innregnet direkte mot egenkapitalen. Skatteeffekten av sistnevnte poster innregnes direkte mot egenkapitalen.

Periodeskatt utgjør forventet betalbar skatt på årets skattepliktige resultat til gjeldende skattesatser på balansedagen, betalte kildeskatter og eventuelle korrigeringer av betalbar skatt for tidligere år. Gjeldende skattesats er 22%.

Utsatt skatt avsettes basert på balanseorientert gjeldsmetode ved å ta midlertidige hensyn til



forskjeller mellom balanseført verdi av eiendeler og forpliktelse i den finansielle rapporteringen og skattemessige verdier. Det tas ikke hensyn til følgende midlertidige forskjeller: opprinnelig innregning av eiendeler eller forpliktelser som ikke påvirker verken regnskapsmessig eller skattemessig resultat. Avsetningen for utsatt skatt er basert på forventninger om realisasjon av eller oppgjør for balanseførte verdier av eiendeler og forpliktelser. Utsatt skatt / skattefordel er beregnet med 22%.

Utsatt skattefordel innregnes kun i den grad det er sannsynlig at den kan utnyttes gjennom fremtidige skattemessige resultater. Utsatt skattefordel reduseres i den grad det ikke er sannsynlig at skattefordelen vil bli realisert. Periodeskatt som oppstår som følge av utdeling av utbytte, innregnes på samme tidspunkt som forpliktelsen til å betale utbyttet.

#### KONTANTSTRØMOPPSTILLING

Kontantstrømanalysen er utarbeidet etter den indirekte metode.

Kontanter og kontantekvivalenter omfatter betalingsmidler (kontanter/bankinnskudd uten restriksjoner) og kortsiktige plasseringer i verdipapirer (ikke aksjer) med mindre enn 3 måneders løpetid på anskaffelsestidspunktet. Likvider omfatter kontanter og kontantekvivalenter, bankinnskudd med restriksjoner samt kortsiktige plasseringer i verdipapirer (4-12 mnd).

#### UNNTAK FRA KONSOLIDERING AV UNDERKONSERN

Det utarbeides ikke konsernregnskap for Orica Norway AS i samsvar med regnskapslovens §3-7. Departementet har etter RL §3-7 fjerde ledd vedtatt at selskapet er unntatt konsernregnskapsplikt. Orica Norway AS er heleid av det australske selskapet Orica Limited som utarbeider konsernregnskap på engelsk i samsvar med australsk IFRS, hvor Orica Norway AS med datterselskaper og tilknyttede selskaper inngår. Konsernregnskap for Orica Limited er tilgjengelig på hjemmesiden [www.orica.com](http://www.orica.com).



## 1. DRIFTSINNTEKTER

### Driftsinntekter omfatter:

Beløp i kr 000'	2022	2021
Salg i Norge av:		
Egenproduserte varer	350 222	292 943
Varer innkjøpt for videresalg	358 013	359 024
<b>Sum salg i Norge</b>	<b>708 235</b>	<b>651 967</b>
Eksportsalg av:		
Egenproduserte varer	8 269	7 512
Varer innkjøpt for videresalg	23 591	12 311
<b>Sum eksportsalg</b>	<b>31 860</b>	<b>19 823</b>
Frakt	48 210	48 700
<b>Salgsinntekt</b>	<b>788 306</b>	<b>720 490</b>
Annen driftsinntekt	10 484	7 816
<b>Sum driftsinntekter</b>	<b>798 790</b>	<b>728 306</b>

I annen driftsinntekt for 2022 inngår bl.a. royaltyinntekter med 5,5 millioner kroner.

## 2. VAREKOSTNAD

### Varekostnad omfatter:

Beløp i kr 000'	2022	2021
Forbruk av innkjøpte varer	614 150	481 974
Beholdningsendring egenproduserte varer	14 721	413
<b>Sum</b>	<b>628 871</b>	<b>482 386</b>



### 3. LØNN OG ANDRE PERSONALKOSTNADER

<b>Lønn og andre personalkostnader omfatter:</b>	<b>2022</b>	<b>2021</b>
<b>Beløp i kr 000'</b>		
Lønnskostnader	89 954	91 091
Arbeidsgiveravgift o.l.	12 817	13 178
Pensjonskostnader	5 726	5 623
Andre ytelser	737	0
<b>Sum</b>	<b>109 233</b>	<b>109 891</b>

Gjennomsnittlig antall årsverk 107 107

#### Ytelser til daglig leder

<b>Beløp i kr 000'</b>	<b>Lønn</b>	<b>Bonus</b>	<b>Naturalytelser</b>	<b>Pensjons- godtgjørelse</b>	<b>Samlet godtgjørelse</b>
Daglig leder	1 453	19	141	151	1 764

Selskapet har etablert skattetrekksgaranti for ansattes skattetrekk.

Bonus til daglig leder og andre medlemmer av selskapets ledelse beregnes med basis i oppnådde finansielle og ikke-finansielle resultater.

### 4. IMMATERIELLE EIENDELER

<b>Beløp i 000'</b>	<b>Goodwill</b>	<b>Programvare</b>	<b>Sum 2022</b>	<b>Sum 2021</b>
<b>Kostpris og oppskrivninger</b>				
Balanse 01.10.2021	81 903	3 091	84 994	105 012
Investeringer	0	0	0	0
Nedskrivning - korr. tidligere år	0	0	0	-20 040
Flytting av driftsmiddel	0	0	0	0
<b>Balanse 30.09.2022</b>	<b>81 903</b>	<b>3 091</b>	<b>84 994</b>	<b>84 994</b>
<b>Avskrivninger og nedskrivninger</b>				
Akkumulert 01.10.2021	0	-3 037	-3 037	-22 902
Nedskrivning - korr. tidligere år	0	0	0	20 039
Avskrivninger	0	-46	-46	-174
Nedskrivning	-81 903	0	-81 903	0
<b>Balanse 30.09.2022</b>	<b>-81 903</b>	<b>-3 082</b>	<b>-84 985</b>	<b>-3 037</b>
<b>Bokført verdi 30.09.2022</b>	<b>0</b>	<b>9</b>	<b>9</b>	<b>81 957</b>
Avskrivningssatser (år)		20		
Avskrivningsplan		Lineær		

Det er i 2022 foretatt en nedskrivning av bokført verdi av goodwill i Orica Norway på 81.9 mNOK. Bakgrunnen for nedskrivningen er hovedsakelig knyttet til lavere forventet fremtidige resultater. Nedskrivningen er gjennomført på bakgrunn av nedskrivningsvurderinger foretatt til virekelig verdi under fortsatt eierskap i henhold til IAS 36. I nedskrivningstesten er det lagt til grunn noe lavere bruttofortjeneste og volum i budsjettert periode. Det er anvendt et avkastningskrav (WACC) tilsvarende 8.5 %, samt en fremtidig vekst på 1.3 %. Selskapet har utført sensitivtetsanalyser på anvendt avkastningskrav og vekst.



## 5. LEIEAVTALER

Selskapet leier hovedsakelig lokaler, containere og tomter til kontor og lager, samt biler og maskiner til bruk i virksomheten. Leieavtaler for lokaler, containere og tomter løper typisk i 3-99 år, for biler og andre maskiner er leietiden typisk 3-5 år. Kostnader til kortsiktige leieavtaler eller leieavtaler av lav verdi i 2022 er bokført med TNOK 491. Kostandsført beløp for variabel leie, som ikke inngår i beregningen av leieforpliktelsen er typisk felleskostnader ifb. med leie av lokaler og driftskostnader for biler og maskiner.

Se note 1, for utvidet informasjon om prinsippene til grunn for balanseføring av leieavtaler.

<b>Bruksrettigheter</b>			
<b>Beløp i 000'</b>	<b>Lokaler og tomter</b>	<b>Maskinger og utstyr</b>	<b>Total</b>
Bokført verdi 1. oktober	25 399	19 959	45 358
Avskrivninger	-3 217	-9 378	-12 595
Tilganger	0	3 627	3 627
Justeringer	-1 506	6 120	4 614
Avsluttede leier	-826	0	-826
<b>Bokført verdi 30. september</b>	<b>19 850</b>	<b>20 328</b>	<b>40 178</b>

### Leasingforpliktelse

#### Førfallstruktur - kontraktsfestede udiskonterte kontantstrømmer

Under ett år	10 607
Ett til to år	9 445
To til fem år	14 008
Mer enn 5 år	19 563

**Totalt udiskontert leasingforpliktelse 30.09** **53 623**

**Leasingforpliktelse bokført per 30.09** **40 923**

Kortsiktig del	9 568
Langsiktig del	31 265

#### Beløp resultatført i resultatregnskapet

Rente på leasingforpliktelse	1 789
Avskrivninger på bruksrettigheter	12 595

#### Beløp presentert i kontantstrømoppstillingen

Totale leiebetalinger	13 937
-----------------------	--------



## 6. DRIFTSMIDLER

Beløp i 000'	Maskinger og utstyr	Bygninger	Grunn- eiend.	Anlegg under utførelse	Sum2022	Sum 2021
<b>Kostpris og oppskrivninger</b>						
Balanse 01.10.2021	187 937	88 517	8 339	19 468	304 262	294 301
Investeringer	2 498	0	0	4 133	6 631	18 922
Avganger	-252	-572	0	0	-823	-8 941
Flytting av driftsmiddel	8 145	0	0	-8 145	0	-21
<b>Balanse 30.09.2022</b>	<b>198 329</b>	<b>87 945</b>	<b>8 339</b>	<b>15 457</b>	<b>310 070</b>	<b>304 261</b>
<b>Akkumulert</b>						
Akkumulert 01.10.2021	-161 978	-68 471	0	0	-230 449	-228 072
Avganger avskrivninger	252	446	0	0	698	8 941
Avskrivninger	-9 585	-3 496	0	0	-13 082	-11 316
<b>Balanse 30.09.2022</b>	<b>-171 312</b>	<b>-71 521</b>	<b>0</b>	<b>0</b>	<b>-242 833</b>	<b>-230 448</b>
<b>Bokført verdi 30.09.2022</b>	<b>27 017</b>	<b>16 424</b>	<b>8 339</b>	<b>15 457</b>	<b>67 237</b>	<b>73 813</b>
Avskrivningssatser (år)	5-33	3-10				

## 7. ANDRE DRIFTSKOSTNADER

### Andre driftskostnader omfatter:

Beløp i kr 000'	2022	2021
Energikostnader (strøm og drivstoff mm)	19 692	17 266
Leie- og leasingkostnader	491	2 521
Renovasjon og miljøkostnader	7 724	6 426
Eksterne honorarer mv	4 201	6 184
Reise- og transportkostnader	3 244	1 902
Kjøp av tjenester mv fra konsernselskaper	52 412	42 574
Elektronisk kommunikasjon mv	1 837	2 122
Tap på fordringer	146	-118
Øvrige driftskostnader	47 007	35 418
<b>Sum</b>	<b>136 753</b>	<b>114 296</b>



## 8. HONORAR TIL REVISJON

Partnere og medarbeidere i KPMG AS, Orica Norway AS' valgte revisor, eier ingen aksjer i Orica Norway AS eller datterselskaper. Kostnadsført honorar for 2022 til KPMG AS utgjør kr 2 451 630 for:

Revisjon og revisjonsrelaterte tjenester:	2 451 630
---	-----------

Honorarene er eksklusive merverdiavgift.

**9. INVESTERING I DATTERSLSKAP, FELLESKONTROLLERTE VIRKSOMHETER OG TILKNYTTETE SELSKAP**

Beløp i 000'

DATTERSLSKAPER	By, Land	Eierandel%	Bokført verdi	Egenkapital	Resultat
Frekventia AS	Lier, Norge	100	9 665	10 893	2 640
Nobel Industrier AS	Lier, Norge	100	5 689	18 971	14 895
Orica Japan Co. Ltd.	Tokyo, Japan	100	-	-316	-244
Orica Colombia S.A.	Bogota, Colombia	91	9 375	136 453	25 146
Dansel Business Corporation	Panama	100	37 462	107 703	-2 303
ASA Organizacion Industrial S.A.de CV	Coahuila, Mexico	98,5	16 973	36 654	11 990
Orica Centroamerica S.A.	San José, Costa Rica	100	20 197	49 081	148
PT Kalimantan Mining Services	Jakarta Selatan, Indonesia	100	-	14 096	-2
Orica Mining Services (HK) Ltd.	Hong Kong	100	-	41 311	7 421
Orica Sweden AB	Györp, Sverige	100	-	544 371	198 773
Orica Mining Services Peru S.A.	Lima, Peru	100	1 403 899	1 561 394	137 159
Orica Med Bulgaria A.D.	Panagyruste, Bulgaria	60	21 991	35 709	9 513
Orica Zambia Limited	Chambishi Mi, Zambia	100	110 715	160 026	-3 512
Orica Tanzania Limited	Dar es Salam, Tanzania	79	-	153 562	33 951
Orica Senegal	Dakar, Senegal	100	-	2 098	-4 026
Orica Servicos de Mineração Ltda	Itauna, Brasil	100	-	-	-
<b>SUMDATTERSLSKAPER</b>			<b>1 635 967</b>		

FELLESKONTROLLERTE	By, Land	Eierandel %	Bokført verdi	Egenkapital	Resultat
Irish Mining Emulsion Systems Ltd	Kildare, Irland	50	-	-	-
<b>SUM</b>			<b>-</b>		

TILKNYTTET SELSKAP	By, Land	Eierandel %	Bokført verdi	Egenkapital	Resultat
Controladora DNS de RL de CV	Coahuila, Mexico	49	297	-	-
Orica Brasil Ltda	São Paulo, Brasil	14	39 479	80 770	7 523
Ammonium Nitrate Development and Production Ltd	Bangkok, Thailand	49	16 182	51 196	235
Orica Argentia S.A.I.C.	Argentina	2,7	3 872	3 064	538
<b>SUM</b>			<b>59 829</b>		

**SUMINVESTERING I DATTERSLSKAP OG FELLESKONTROLLERTE VIRKSOMHETER****1 695 794**

Egenkapitalen og resultatet som er opplyst for hvert datterselskap, felleskontrollert selskap og tilknyttet selskap i denne noten, representerer egenkapitalen og resultatet for eierandelen til Orica Norway AS.

**Kapitalinnskudd**

Selskapet har i 2022 foretatt et kapitalinnskudd i Orica Brasil LTDA på MNOK 7,2. Videre er det foretatt et kapitalinnskudd i Orica Zambia Limited på MNOK 86.

**Salg av aksjer i datterselskap**

I 2022 solgte Orica Norway AS 20% av aksjene i Orica Tanzania limited.

**Russland:**

Selskapet har i løpet av 2022 trukket seg ut av Russland som følge av Russlands invasjon av Ukraina. Orica Norway AS eide 100 % av Orica Russia CIS, til en bokført verdi på 221.6 mNOK. Investeringen er nedskrevet til 0. Dette er også i tråd med konsernets håndtering av drift i Russland. Orica Russia CIS ble i sin helhet avhendet i løpet av 2022 hvor kjøper er russisk. Det er ikke bokført noe gevinst på salget av aksjer grunnet vesentlig usikkerhet knyttet til oppjøret som følge av implementerte restriksjoner mot Russland.

**Argentina**

Det er i 2022 foretatt en nedskrivning av bokført verdi av investering i datterselskapet Orica Argentina S.A.I.C med 15 mNOK. Bakgrunnen for nedskrivningen er hovedsakelig knyttet til vesentlig usikkerhet rundt fremtidig inntjening som følge av kundesammensetning. Nedskrivningen er gjennomført på bakgrunn av nedskrivningsvurderinger foretatt til virkelig verdi under fortsatt eierskap i henhold til IAS 36. Det er anvendt et avkastningskrav (WACC) tilsvarende 10.5%, samt en fremtidig vekst på 2%. Avkastningskravet og vekstraten er basert på at selskapets funksjonelle valuta er USD og ikke lokal valuta som er påvirket av hyperinflasjon. Dette baserer seg på at både inngående og utgående kontantstrømmer er avtalt i USD. Selskapet har utført sensitivitetsanalyser på anvendt avkastningskrav og vekst.



## 10. FINANSINNTEKTER OG FINANSKOSTNADER

### Finansinntekter og finanskostnader omfatter:

Beløp i kr 000'	2022	2021
Inntekt på investering i datterselskap	11 350	28 101
Andre renteinntekter	54	1 213
Andre finansiinntekter	38 164	8 041
Renteinntekter fra konsernselskaper	0	0
<b>Sum finansinntekter</b>	<b>49 568</b>	<b>37 355</b>
Andre rentekostnader	-284	-2 587
Rentekostnad konsernselskaper	-10 766	-5 066
Andre finanskostnader	-22 532	-5 475
<b>Sum finanskostnader</b>	<b>-33 581</b>	<b>-13 128</b>
<b>Netto finansielle poster</b>	<b>15 987</b>	<b>24 227</b>

Andre finansinntekter inkluderer konsernbidrag på kr. 3.112.880 og Nobel Industrier på kr. 316.963.



## 11. SKATTER

Beløp i kr 000'	2022	2021
<b>Årets skattekostnad fordeler seg på:</b>		
Betalbar inntektsskatt Norge	0	0
<b>Sum betalbar inntektsskatt</b>	<b>0</b>	<b>0</b>
Endring utsatt skatt/skattefordel	0	0
Hvorav ført mot EK	0	0
<b>Sum skattekostnad</b>	<b>0</b>	<b>0</b>

**Beregning av skattegrunnlag**

Resultat før skatt	-396 177	10 558
Permanente forskjeller - estimatavvik pensjon	0	3 489
Permanente forskjeller - driftsposter	71	-14
Permanente forskjeller - utbytteinntekter	-9 017	-9 774
Permanente forskjeller - resultatført konsernbidrag	3 430	
Permanente forskjeller - andre finansielle poster	236 594	120 813
Permanente forskjeller - aksjebasert betaling	226	0
Endring i midlertidige forskjeller (MF)	88 726	-2 446
<b>Skattepliktig inntekt</b>	<b>-76 147</b>	<b>122 626</b>
Anvendelse av fremførbart underskudd	0	-122 626
<b>Netto skattepliktig inntekt</b>	<b>-76 147</b>	<b>0</b>

<b>Sum betalbar skatt i balansen</b>	<b>0</b>	<b>0</b>
--------------------------------------	----------	----------

Spesifikasjon av midlertidige forskjeller	30.09.2022	30.09.2021	Endring
Varige driftsmidler	-52 231	29 203	81 434
Varebeholdning	-1 167	-1 254	-87
Fordringer	-12 308	-4 529	7 779
Feil konstatert tap på fordringer i fjor	-11	0	11
Balanseførte leieavtaler	-745	-497	248
Gevinst- og tapskonto	15 779	19 724	3 945
Avsetninger etter god regnskapsskikk	-39 585	-41 083	-1 499
Pensjonsforpliktelse	-12 375	-15 480	-3 105
<b>Sum</b>	<b>-102 642</b>	<b>-13 916</b>	<b>88 726</b>

Akkumulert fremførbart underskudd	-171 079	-101 471	69 608
Ubenyttet kredittfradrag	-4 435	-4 435	0
Avskåret rentefradrag	-1 709	-1 709	0
Korrigerings tidligere års differanse	-2 108	4 331	6 439
Inngår ikke i beregning av utsatt skatt	281 973	117 200	-164 773
<b>Utsatt skatt 22%</b>	<b>0</b>	<b>0</b>	<b>0</b>

Utsatt skattefordel bokføres ikke.



## 12. AKSJER OG VERDIPAPIRER

Beløp i kr 000'	Forretningskontor	Eierandel/ Stemmeandel	Bokført verdi	Bokført verdi
			2022	2021
Forskningsparken AS	Oslo	0,9 %	52	52
Viken Skog BA	Oslo	-	206	206
<b>Sum</b>			<b>258</b>	<b>258</b>

## 13. LÅN TIL KONSERNSELSKAPER, FELLESKONTROLLERTE SELSKAPER OG TILKNYTTETE SELSKAPER

Selskapet har langsiktige fordringer m.v. på konsernselskaper ved utgangen av 2022 og 2021.

Selskapets kortsiktige og langsiktige fordringer m.v. på konsernselskaper ved utgangen av 2022 og 2021:

Beløp i kr 000'	2022	2021
Orica Finance Ltd	0	0
Kortsiktige fordringer på konsernselskaper	76 364	91 554
Langsiktige fordringer på konsernselskapet	69 408	77 020
<b>Sum konserninterne fordringer</b>	<b>145 772</b>	<b>168 575</b>

Kortsiktige fordringer på konsernselskapet inkluderer konsernbidrag fra Frekventia AS på kr. 3.112.880 og Nobel Industrier på kr. 316.963.



## 14. NÆRSTÅENDE PARTER

### Mellomværende med selskap i samme konsern

Beløp i kr 000'

	Kundefordringer		Andre fordringer	
	2022	2021	2022	2021
Foretak i samme konsern	2 415	22 065	143 357	124 445
<b>Sum</b>	<b>2 415</b>	<b>22 065</b>	<b>143 357</b>	<b>124 445</b>

	Øvrig kortsiktig gjeld		Leverandørgjeld	
	2022	2021	2022	2021
Orica Finance Limited (OFL)	348 323	161 288	0	0
Andre	3 003	3 003	43 387	26 534
<b>Sum</b>	<b>351 326</b>	<b>164 291</b>	<b>43 387</b>	<b>26 534</b>

### Selskapets transaksjoner med nærstående parter

Beløp i kr 000'

<b>a) Salg av varer og tjenester</b>	<b>2022</b>	<b>2021</b>
<u>Salg av varer:</u>		
Foretak i samme konsern	12 810	2 343
<u>Salg av tjenester</u>		
- Foretak i samme konsern	4 566	1 779
- Foretak i samme konsern, adm. tjenester	0	0
<b>Total</b>	<b>17 376</b>	<b>4 122</b>
<b>b) Kjøp av varer og tjenester</b>	<b>2022</b>	<b>2021</b>
<u>Kjøp av varer:</u>		
Foretak i samme konsern	451 890	289 588
<u>Kjøp av tjenester</u>		
- Foretak i samme konsern	8 280	2 680
- Foretak i samme konsern, adm. tjenester	48 937	45 667
<b>Total</b>	<b>509 107</b>	<b>337 935</b>

Varesalg til andre Orica-selskaper utgjorde 12,8 millioner kroner i 2022, hvor det vesentlige var salg til Orica Sweden AB. Selskapet kjøpte i 2022 varer for videresalg for 451,9 millioner kroner, hovedsakelig fra Orica Sweden AB, og kjøpte tjenester (management fee) for 48,9 millioner kroner fra Orica UK Limited.

Kjøp og salg fra nærstående parter foretas på normale markedsmessige vilkår.



## 15. VAREBEHOLDNINGER

### Selskapets varebeholdning omfatter

<b>Beløp i kr 000'</b>	<b>2022</b>	<b>2021</b>
Lager av råvarer	28 580	11 465
Varer under tilvirkning	53 353	28 297
<b>Sum varer til anskaffelseskost</b>	<b>81 934</b>	<b>39 761</b>
<b>Varer vurdert til virkelig verdi</b>		
Lager av ferdigvarer	4 760	7 379
Ukurans	-1 168	-1 254
<b>Sum varer til virkelig verdi</b>	<b>3 592</b>	<b>6 125</b>
<b>Sum varebeholdning</b>	<b>85 526</b>	<b>45 886</b>

## 16. KUNDEFORDRINGER

### Selskapets kundefordringer omfatter

<b>Beløp i kr 000'</b>	<b>2022</b>	<b>2021</b>
Eksterne fordringer	175 646	112 557
Konserninterne fordringer	0	0
Avsetning for tap	-7 556	-536
<b>Sum kundefordringer</b>	<b>168 089</b>	<b>112 020</b>

Selskapets kundefordringer og øvrige kortsiktige fordringer har alle forfall mindre enn ett år etter balansedagen.



## 17. FINANSIELL STRATEGI/ FINANSIELLE INSTRUMENTER

### Finansiell risiko

Selskapets valutarisiko knyttet til driftsrelatert eksponering er begrenset da størstedelen av salget skjer i hjemmemarkedet. Valutarisiko knyttet til kostnadssiden er hovedsakelig eksponering i svenske kroner og euro, da en vesentlig del av kjøp av råvarer og handelsvarer foretas i svenske kroner og euro. Andre driftskostnader omfatter kjøp av varer og tjenester fra utlandet og er således utsatt for svingninger i de respektive valutakurser.

Selskapet har ingen sikringsforretninger knyttet til valutaeksponering per 30.09.2022.

### Kredittrisiko

Balansført verdi av finansielle eiendeler representerer maksimal kreditteksponering. Maksimal eksponering for kreditteksponering på balansedagen var:

Beløp i kr 000'	2022	2021
Fordringer	317 753	262 400

Fordringer på konsernselskaper utgjorde 145,8 millioner kroner i 2022 og 146,5 millioner kroner i 2021. Konsernbidrag på kr 2 006 903 fra Frekventia AS ble bokført etter regnskapet ble signert i 2021.

Det vesentlige av konserneksterne fordringer gjelder fordringer på norske kunder.

### Tap ved verdifall

Aldersfordeling av konserneksterne utlån og fordringer pr. 30.09. var:

Beløp i kr 000'	2022	2021
	Brutto Verdifall	Brutto Verdifall
Ikke forfalt	154 239	105 355
Forfalt 0-30 dager	15 643	6 521
Forfalt 31-120 dager	3 230	680
Forfalt 121-360 dager	1 180	0
<b>Sum</b>	<b>174 292</b>	<b>112 556</b>

Det er ingen endring av avsetningskonto for verdifall knyttet til konserneksterne utlån og fordringer, verken i 2022 eller 2021. Avsetningskonto for verdifall brukes til å innregne estimert tap ved verdifall. Dersom det ikke er mulig å gjenvinne beløpet nedskrives den finansielle eiendelen direkte.

### Likviditetsrisiko

Selskapets samlede finansielle forpliktelser pr. 30.09.2022 består av leverandørgjeld og annen kortsiktig gjeld (eksklusive avsetninger) på 567 millioner kroner (374 millioner kroner pr 30.09.2021). Den konserneksterne kortsiktige gjelden hadde i det alt vesentlige forfall mindre enn 6 måneder etter balansedagen. Se også Note 22.



## Valutarisiko

Selskapets fordringer og gjeld i fremmed valuta pr. 30.09. var:

Beløp i kr 000'	2022		2021	
	Fordringer	Gjeld	Fordringer	Gjeld
AUD	3 444	72	1 877	9
EUR	0	28 148	10 077	21 652
DKK	0	0	0	0
GBP	0	1	0	45 667
PLN	0	0	0	0
SEK	86	68 142	85	28 776
USD	140 523	12 426	138 287	6 230
<b>Sum</b>	<b>144 053</b>	<b>108 790</b>	<b>150 326</b>	<b>102 334</b>

## Sensitivitetsanalyse

Beløp i kr 000'	2022		Valuta 30.09	NOK	10%	-10%
	Fordringer	Gjeld				
AUD	3 444	72	6,97	3 372	337	-337
EUR	0	28 148	10,66	-28 148	-2 815	2 815
GBP	0	1	12,14	-1	-0,1	0,1
SEK	86	68 142	0,98	-68 056	-6 806	6 806
USD	140 523	12 426	10,88	128 097	12 810	-12 810
<b>Sum</b>	<b>144 053</b>	<b>108 790</b>	<b>42</b>	<b>35 263</b>	<b>3 526</b>	<b>-3 526</b>

Risikoen for at virkelige verdier og kontantstrømmer knyttet til finansielle instrumenter kan svinge når verdien av utenlandsk valuta endres kalles valutarisiko. Selskapet er eksponert for valutarisiko på transaksjoner i den forstand at det er en blanding mellom valutaene som salg, kjøp, fordringer og gjeld er notert i og respektive funksjonell valuta i selskapet.

Den funksjonelle valutaen for selskapet er i hovedsak NOK.

Transaksjonene skjer primært i valutaene som vist i tabellen over.

## Sensitivitetsanalyse - valutarisiko

En styrking på 10 % av den norske kronen mot andre valutaer per 30.09.2022 vil bety en endring i egenkapital på NOK 3 526. Sensitivitetsanalysen tar utgangspunkt i alle andre faktorer (f.eks. renter) forblir uendret. De samme betingelsene ble brukt for 2021.

## Sensitivitetsanalyse - renteesponering

Selskapet hadde TNOK 63 00 i rentebærende konsernintern fordring per 30.09.2022

Renteesponert gjeld per 30.09.2022 utgjorde TNOK 378 630 per 30.09.2022.

En renteøkning på 1 % vil bety en endring i egenkapitalen på TNOK 2 500

## Virkelig verdi

Finansielle eiendeler og forpliktelser er balanseført til virkelig verdi/beste estimat for virkelig verdi.

Nærmere omtale av prinsippene for verdifastsettelse er gitt i Note 1.



## 18. LIKVIDITET

Selskapets likvider er i det vesentlige innestående i norske banker. Selskapets likviditet ansees tilstrekkelig for den daglige driften. Selskapet inngår i en konsernkontoordning i OFL. Dette presenteres som konsernintern kortsiktig gjeld og er opplyst om i note 14. Selskapet har trekkfasiliteter i DNB på MNOK 20 per 30.09.2022. Det er også ubenyttede trekkfasiliteter på MNOK 101 i selskapets konsernkontoordning i OFL.

## 19. AKSJEKAPITAL OG AKSJONÆRINFORMASJON

Selskapets aksjekapital består av 15 292 974 aksjer á kr 11. Antall aksjer er ikke endret i 2022. Orica Norway AS eies 100% av Orica Sweden Holdings AB.



## 20. PENSJONER OG PENSJONSFORPLIKTELSE

Orica Norway AS har tjenstepensjonsordninger som oppfyller kravene i Lov om obligatorisk tjenstepensjon.

Selskapet har ytelsesbaserte pensjonsordninger for i alt 88 personer, herav 88 pensjonister, som gir rett til bestemte fremtidige pensjonsytelser. Pensjonsytelsene er normalt basert på opptjeningstid og lønnsnivå ved pensjonsalder. Gjeldende fra 1.1.2005 ble alle ansatte med alder under 52 år pr. denne dato overført til en innskuddsplan som også omfatter ansatte med ansettelsesdato 1.1.2005 eller senere.

Dagens AFP-ordning er ikke en førtidspensjonsordning, men en livsvarig ytelse. Ordningen er en ytelsesbasert flerforetaksordning. Det er selskapets oppfatning at det foreløpig ikke har tilstrekkelig informasjon om fordeling av pensjonskostnad, pensjonsforpliktelser og midler i ordningen som muliggjør pålitelig måling innenfor en balansert kost/nytte-vurdering. Selskapet behandler derfor ordningen regnskapsmessig som en innskuddsplan hvor premiebetalingene kostnadsføres løpende. Det gjøres ingen avsetning for forpliktelsene i regnskapet. Innbetalt premie i 2022 er kr. 4.060.276. Slik Fellesordningen har lagt opp finansieringsstrukturen tilknyttet ny AFP forventes fakturert premie å øke i årene fremover. Når eller hvis tilstrekkelig data foreligger på en tilgjengelig måte, slik at beregninger kan foretas, kan det ikke utelukkes at forpliktelsen som må innarbeides vil være betydelig.

### Netto periodisert pensjonskostnad:

Beløp i kr 000'	2022	2021
<b>Ytelsesplaner:</b>		
Nåverdi av årets pensjonsopptjening	-	-
Resultatført arbeidsgiveravgift	36	34
Rentekostnader av pensjonsforpliktelse	661	493
Forventet avkastning på pensjonsmidlene	-406	-253
Nettoeffekt utkjøp av pensjonister	-	-
<b>Netto pensjonskostnad ytelsesplaner</b>	<b>291</b>	<b>274</b>
Innskuddsplaner	-4 060	-3 182
Netto periodisert pensjonskostnad 1)	-3 770	-2 908
1) Andel inkludert i Lønn og andre personalkostnader	-4 060	-4 417
Andel inkludert i Finansielle poster	291	274

Avstemming av ytelsesplanens finansielle status mot beløp vist i selskaps balanse:

Beløp i kr 000'	2022		2021	
	Fonds-baserte	Ikke fonds-baserte	Fonds-baserte	Ikke fonds-baserte
Beregnete pensjonsforpliktelser (PBO)	-19 084	-11 379	-20 945	-13 239
Pensjonsmidler til markedsverdi	19 692		20 619	
Overdekning (-)/ Underdekning	608	-11 379	-326	-13 239
Arbeidsgiveravgift	-	-1 604	-47	-1 867
<b>Pensjonsforpliktelser i balansen</b>	<b>608</b>	<b>-12 983</b>	<b>-373</b>	<b>-15 106</b>



## Økonomiske forutsetninger:

Diskonteringsfaktor	2,40%	2,40%	2,00%	2,00%
Forventet avkastning	2,40%	2,40%	2,00%	2,00%
Forventet lønnsregulering	2,25%	2,25%	2,25%	2,25%
Forventet pensjonsøkning	0,00%	0,00%	0,30%	0,30%

## Analyse av pensjonsforpliktelses utvikling i løpet av året:

	2022	2021
Påløpt pensjonsforpliktelse inklusive arbeidsgiveravgift 01.10.	-36 097	-39 544
Årets pensjonsopptjening, inkl. AGA	-36	-34
Rentekostnader av pensjonsforpliktelsen	-661	-493
Årets endring arbeidsgiveravgift av netto forpliktelse	-	48
-Utbetalinger	2 444	2 200
Endring i uamortisert gevinst(-)/tap(+)	2 283	1 726
<b>Påløpt pensjonsforpliktelse inkl. aga. 30.09.</b>	<b>-32 067</b>	<b>-36 097</b>

Pensjonsmidler til markedsverdi 01.10.	20 618	18 953
Forventet avkastning på pensjonsmidlene	406	253
Innbetalinger	18	203
Utbetalinger	-602	-555
Endring i uamortisert gevinst(+)/tap(-)	-748	1 765
Effekt av utkjøp av ordningen	-	-
<b>Pensjonsmidler til markedsverdi 30.09.</b>	<b>19 692</b>	<b>20 618</b>

<b>Pensjonsforpliktelse ved årets slutt</b>	<b>-12 375</b>	<b>-15 478</b>
---	----------------	----------------

## Egenkapitalbelastninger – etter skatt :

Akkumulerte estimatavvik 1.10.	93 835	90 344
Årets endring	1 535	3 491
<b>Akkumulerte estimatavvik 30.09.</b>	<b>95 370</b>	<b>93 835</b>

## Erfaringsmessige estimatavvik (eksklusive arbeidsgiveravgift) siste fem år i prosent av brutto forpliktelse/pensjonsmidler:

	2022	2021	2020	2019	2019
Brutto forpliktelse	-32 067	-36 097	-39 544	-41 257	-42 573
Estimatavvik i %		-4,8	-4	5	13
Pensjonsmidler	19 692	20 618	18 953	19 499	19 643
Estimatavvik i %		7,8	9	4	11



## Sensitivitetsanalyse:

Utført sensitivitetsanalyse viser at dersom diskonteringsrenten reduseres/økes med 0,5% så økes/reduseres periodens netto pensjonsforpliktelse og netto pensjonskostnad per 30.09.22 med:

	2022		2021	
Diskonteringsrenten	-0,50%	0,50%	-0,50%	0,50%
Endring i netto pensjonsforpliktelser	-1 026	961	-859	775

	2022		2021	
Diskonteringsrenten	-0,50%	0,50%	-0,50%	0,50%
Endring i netto pensjonskostnad	-23	21	-16	15



## 21. LANG- OG KORTSIKTIG GJELD

### Annen rentefri kortsiktig gjeld omfatter:

<b>Beløp i kr 000'</b>	<b>2022</b>	<b>2021</b>
Skyldige trekk og avgifter	54 369	37 669
Påløpte kostnader etc.	15 670	12 807
Avsetninger	11 064	15 083
Operasjonell kortsiktig leasegjeld	9 658	11 590
Salgsrabatter	21 678	19 793
Gjeld til konsernselskaper	351 326	210 257
Avsatt konsernbidrag	0	0
<b>Sum</b>	<b>463 764</b>	<b>307 199</b>

### Langsiktig rentebærende gjeld omfatter:

<b>Beløp i kr 000'</b>	<b>2022</b>	<b>2021</b>
Operasjonell langsiktig leasegjeld	31 266	33 900
<b>Sum</b>	<b>31 266</b>	<b>33 900</b>

For oversikt over finansielle leieavtaler fordelt på forfallsintervaller, se note 5.

### Annen langsiktig gjeld omfatter:

<b>Beløp i kr 000'</b>	<b>2022</b>	<b>2021</b>
Konsernintern gjeld	87 635	0
<b>Sum</b>	<b>87 635</b>	<b>0</b>

## 22. AVSETNINGER OG BETINGEDE FORPLIKTELSER

Selskapet har pr. 30.09.2022 ingen pålegg om miljøopprydding og heller ingen avsetning for dekning av forventede eller påregnelige pålegg. Avsetning pr. 30.09.2022 på i alt 39,6 millioner, derav 8,6 millioner kroner er kortsiktig og 31 millioner kroner er langsiktig, omfatter påbegynte og påregnelige sanerings- og oppryddingskostnader for et definert område.

Det er knyttet betydelig usikkerhet til deler av sanerings- og oppryddingsområdet, hvor selskapet estimerer at det ikke er sannsynlighetsovervekt for at det kreves opprydding basert på gjennomførte prøver og estimat for sanerings- og oppryddingskostnader for dette området per 30.09.2022.

## 23. PANTSTILLELSER, GARANTIANSVAR O.L.

Selskapet har intet garantiansvar utover 6 millioner kroner som er stilt til garanti for de ansattes skattetrekk, ref. note 3.



# PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo"™ - sikker digital signatur".  
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Ida Synnøve Fjelltun

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1419710

IP: 212.33.xxx.xxx

2023-03-31 11:17:29 UTC



## Trond Lossius Hellum

Daglig leder

På vegne av: ORICA NORWAY AS

Serienummer: UN:NO-9578-5999-4-1309820

IP: 62.92.xxx.xxx

2023-03-31 12:13:33 UTC



## Nicholas William Harrison

Styreleder

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1409802

IP: 80.203.xxx.xxx

2023-03-31 12:17:19 UTC



## Christian Ek

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1190232

IP: 212.33.xxx.xxx

2023-03-31 12:26:54 UTC



## Knut Ivar Hesjedal

Styremedlem

På vegne av: ORICA NORWAY AS

Serienummer: 9578-5999-4-1563408

IP: 62.97.xxx.xxx

2023-03-31 12:48:30 UTC



Penneo Dokumentnøkkel: DM2QE-KE86Z-ZJ6TT-E0PY4-Q6OTM-7GCF4

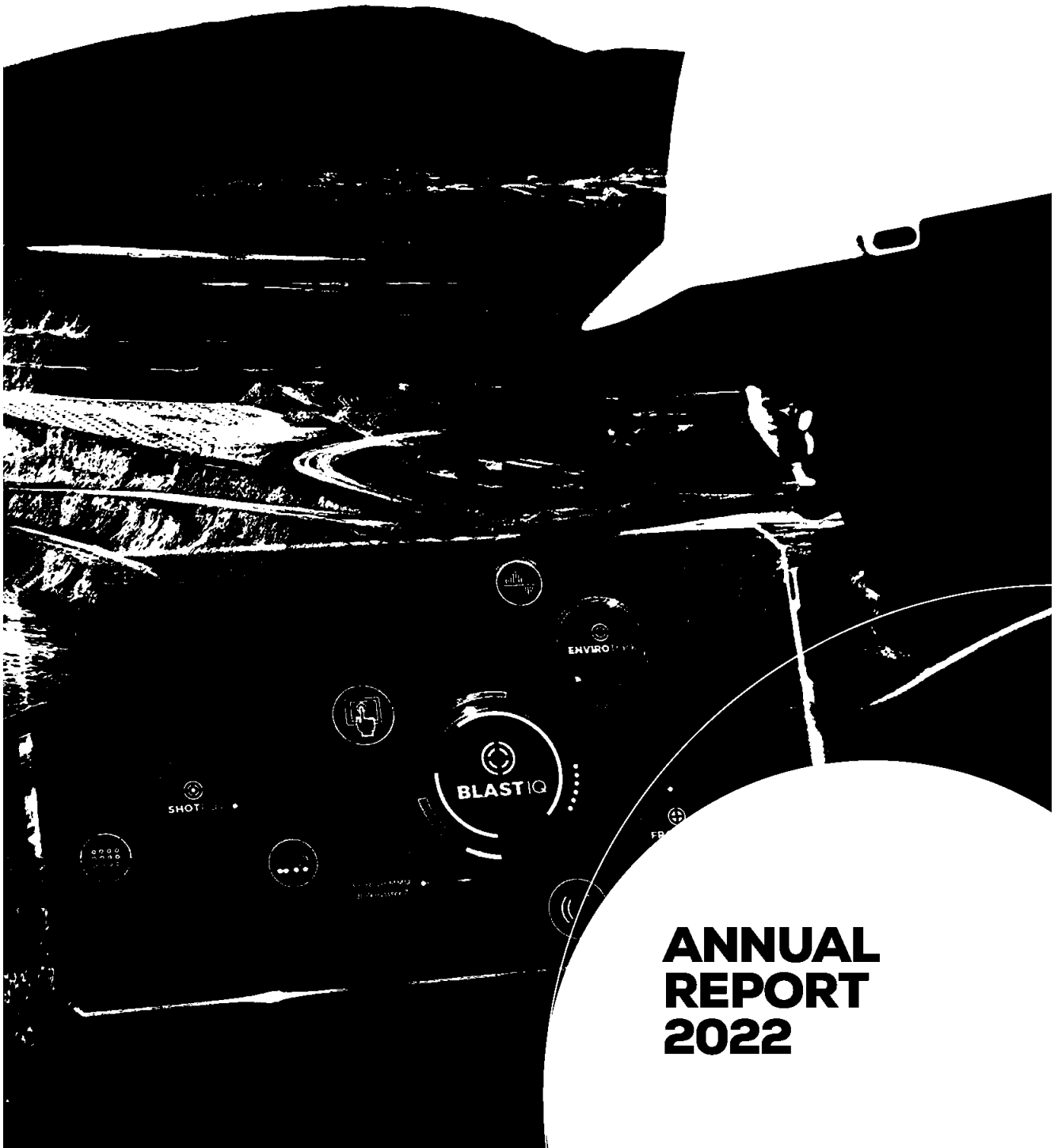
Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validator>



# ANNUAL REPORT 2022



## OUR PURPOSE IS TO SUSTAINABLY MOBILISE THE EARTH'S RESOURCES

From the production and supply of explosives, blasting systems, mining chemicals and geotechnical monitoring to our advanced suite of digital solutions and comprehensive range of services, Orica is one of the world's leading mining and infrastructure solutions providers.

As a company with a proud history of technical innovation, we continue to help our customers improve operational safety, productivity and efficiency.

More materials, metals and minerals will be required to help the global economy grow and transition to net zero emissions. Our priority is to help mobilise those resources, advance technology and innovation from mine-to-mill and accelerate our decarbonisation. We're collaborating with our customers and other stakeholders to find solutions to our industry's biggest challenges and move towards a lower-carbon future, together.





[Introduction and Overview](#)

[Our Business](#)

[Our Performance](#)

[Governance](#)

[Directors' Report](#)

[Financial Report](#)

[Other Information](#)

## CONTENTS

Our FY2022 reporting suite	02
FY2022 year in review	04
FY2022 financial performance	06
Letter from our Chairman and Managing Director	08
Chief Financial Officer's review	12
Reporting what matters	14
<b>Our Business</b>	<b>15</b>
Our global footprint	18
How we create value	20
Our operating context	22
Our strategy	24
Progress against our strategy	26
Risk	28
Our business model	34
Key performance indicators	36
Our stakeholders	38
<b>Our Performance</b>	<b>40</b>
Safe and responsible business	41
Financial performance	48
Technology and innovation	58
People and capabilities	64
Climate and the natural environment	68
Community and relationships	81
<b>Governance</b>	<b>88</b>
Board of Directors	89
<b>Directors' Report</b>	<b>95</b>
Remuneration Report	99
<b>Financial Report</b>	<b>125</b>
<b>Other Information</b>	<b>198</b>

Our  
strategy  
24

Key  
performance  
indicators  
36





# OUR FY2022 REPORTING SUITE

## Navigating this report

Welcome to our FY2022 Annual Report, which forms part of our corporate reporting suite for the 2022 financial year.

### STRUCTURE AND CONTENT

The elements of the Directors' Report required by ASIC Regulatory Guide 247 are covered on pages 04 to 124. This includes the Operating and Financial Review (OFR) which is presented on pages 04 to 87. Specific commentary on Orica's financial performance is contained on pages 48 to 57.

This report covers Orica operations worldwide over which we had control for the financial year ending 30 September 2022, unless otherwise stated (collectively 'the Orica Group', or 'the Group'). All monetary amounts are subject to rounding and are reported in Australian dollars, unless otherwise stated.

### INTEGRATED REPORTING

This report is designed to be read in its entirety and discloses both financial and non-financial performance. Building on FY2021 progress, it has been prepared in accordance with the Content Elements of the 2021 International Integrated Reporting <IR> Framework. An index is provided on page 205. We have used the framework to demonstrate how our purpose and values, and consideration of risks and opportunities, drive our strategy. We have also articulated how we create and measure value beyond financial performance. An overview of our value creation process is provided on page 20.

The Orica Board has provided strategic oversight and governance throughout the report drafting and review process. The FY2022 Annual Report was approved at the November 2022 Board meeting.

### VERIFICATION AND ASSURANCE

The Remuneration Report (pages 99 to 123) and Financial Statements (pages 125 to 190) have been audited by KPMG. KPMG was also engaged to provide limited assurance as to whether the Content Elements of the 2021 International <IR> Framework have been addressed in this report. This assurance considers whether the Content Elements have been included but does not extend to assessing the accuracy or validity of any statement made throughout this report.

Ernst & Young (EY) have provided limited assurance over a selection of material non-financial metrics including greenhouse gas (GHG) emissions, gender diversity and potable water. The Limited Assurance Statement will be published on our website together with Orica's Reporting Suite by the end of November 2022. We are progressively extending external assurance over key metrics linked to our non-financial performance and public improvement targets.

Material statements and other relevant information contained in this report have been subject to an internal review and approval process defined by our Corporate Reporting Verification Framework.

**DISCLAIMER:** This report contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. Orica cautions against reliance on any forward-looking statements, particularly in light of the volatile and uncertain geopolitical and economic landscape. Orica has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from projections. Orica will not be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections from time to time. Orica undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report, subject to disclosure obligations under the applicable law and ASX listing rules.

## Reporting suite

We produce a suite of reports to meet the needs of a wide range of stakeholders.

### FY2022 CORPORATE GOVERNANCE STATEMENT



In accordance with the ASX Council's Corporate Governance Principles and Recommendations (4th Edition).

### FY2022 CLIMATE ACTION REPORT



Climate-related information aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

### FY2022 MODERN SLAVERY STATEMENT



In accordance with the Australian Modern Slavery Act 2018 (Cth) and the UK Modern Slavery Act 2015.

### FY2022 TAX TRANSPARENCY REPORT



Overview of our approach to tax, governance structure, and tax position.

The following documents are available at [ora.com/Investors](https://www.ora.com/Investors)

- Full Year Results Investor Presentation
- Full Year Results ASX Announcement
- Appendix 4E

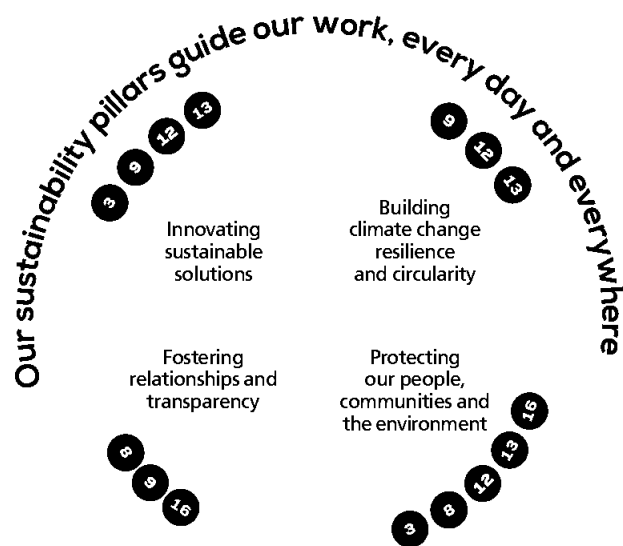


## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



The United Nations Sustainable Development Goals (SDGs) are a set of 17 interconnected goals that form a global benchmark for achieving a sustainable future for all. We are committed to the SDGs, and our role in advancing them.

Our material topics (refer page 14) have been mapped against the SDGs to determine which goals best reflect our business context and strategy, capabilities and key risks and impacts across our value chain, with six SDGs identified as a priority. The SDG goals and targets have informed our sustainability strategy and are mapped against our sustainability pillars, as per right.



**An ESG Data Centre will be available on our website by the end of November 2022. This will include a Global Reporting Initiative (GRI) index that outlines which topic specific GRI standards have been used in the preparation of our reporting suite. A TCFD index and Climate Action 100+ index is also included.**

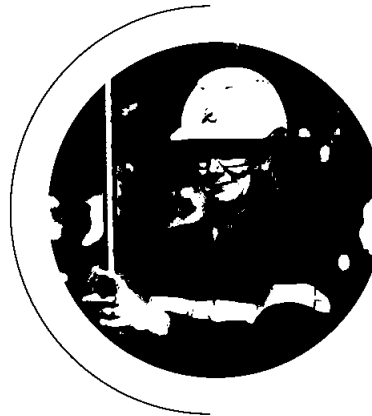


# FY2022 YEAR IN REVIEW

\$579m

**UNDERLYING  
EBIT<sup>1</sup>**

FY2021: \$427m



\$60m

**NPAT<sup>2</sup>**

FY2021: \$174m NLAT

14%

**REDUCTION OF NET  
SCOPE 1 AND 2  
GHG EMISSIONS  
SINCE FY2019  
BASE YEAR<sup>3</sup>**

FY2021: 13%

19.7%

**GEARING<sup>4</sup>**

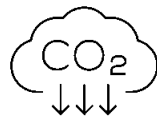
FY2021: 34.6%

**DIVIDEND**

35.0

**CPS**

48% payout ratio<sup>5</sup>



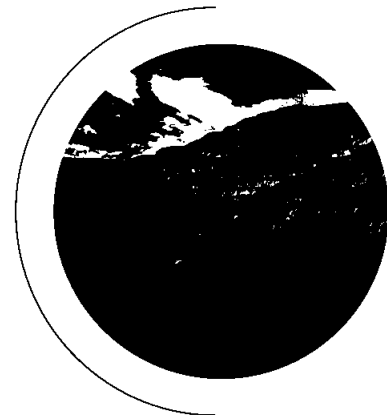
**TRAGICALLY  
WE REPORTED**

two  
fatalities<sup>6</sup>

**SICR<sup>7</sup>**

**0.157**

FY2021: 0.210





## TECHNOLOGY OFFERING STRENGTHENED THROUGH THE ACQUISITION OF AXIS MINING TECHNOLOGY AND INTRODUCTION OF 17 NEW PRODUCTS AND SERVICES

## MAINTAINED SECURITY OF PRODUCT SUPPLY FOR OUR CUSTOMERS IN A DISRUPTIVE MARKET

Enabled by the strength and resilience of our global manufacturing footprint and supply network

## INCREASED ACCOUNTABILITY FOR DELIVERING ON OUR SUSTAINABILITY COMMITMENTS

Announced a new target to source 100 per cent renewable electricity by 2040 and successfully deployed emissions abatement technology at Carseland, Canada

- (1) Equivalent to profit / (loss) before financing costs and income tax, as disclosed in Note 1(b) to the financial statements, before individually significant items. Includes contribution from discontinued operation (Minova).
- (2) Net profit/loss after tax attributable to shareholders of Orica Limited.
- (3) Target to reduce Scope 1 and 2 emissions by at least 40 per cent by 2030, from 2019 levels. FY2022 outcome of 14 per cent below FY2019 levels includes the surrender of 60,000 Australian Carbon Credit Units to proactively maintain our net emissions below a regulatory emissions limit in Australia.
- (4) Net debt/(net debt + equity), where net debt excludes lease liabilities, as disclosed in Note 3 to the financial statements.
- (5) Dividend amount/Net profit after tax before individually significant items attributable to shareholders of Orica Limited.
- (6) An incident at a customer site in remote far east Russia resulted in the fatality of one of our employees in July 2022. We are also reporting a contractor fatality in Kazakhstan from FY2021. The incident – a fall from an Elevated Work Platform (EWP) – was reported through our Whistleblowing channels and was subject to a thorough investigation. Further detail is provided on page 41 of this report.
- (7) Serious injury case rate (unit of measure: per 200,000 hours worked).



# FY2022 FINANCIAL PERFORMANCE

## Segment results

Our improved financial performance in FY2022 reflects solid volume growth, increased utilisation of manufacturing plants, improved commercial discipline in both customer and supply contracts and increased customer preference for premium products.

### AUSTRALIA PACIFIC AND ASIA



The 31 per cent increase in EBIT on the prior corresponding period (pcp) was largely driven by contract improvements, increased ammonium nitrate (AN), electronic blasting system (EBS) and cyanide volumes, a shift to premium products, and improved fixed cost recovery from higher utilisation of manufacturing plants.

#### External sales revenue

**\$2,723.6m**  
FY2021 \$2,105.9m

#### EBITDA<sup>1</sup>

**\$550.6m**  
FY2021 \$453.9m

#### EBIT<sup>2</sup>

**\$366.6m**  
FY2021 \$279.7m

#### AN and Emulsion Volumes

**('000 tonnes) 1,767**  
FY2021 1,745

### NORTH AMERICA



The 23 per cent EBIT increase on the pcp was largely driven by new contract wins in Canada, higher services contribution, improved contract terms negotiated and favourable foreign exchange.

#### External sales revenue

**\$1,570.9m**  
FY2021 \$1,229.6m

#### EBITDA<sup>1</sup>

**\$191.3m**  
FY2021 \$168.9m

#### EBIT<sup>2</sup>

**\$132.4m**  
FY2021 \$107.9m

#### AN and Emulsion Volumes

**('000 tonnes) 1,106**  
FY2021 1,013



## LATIN AMERICA



The significant increase in EBIT on the pcp was largely driven by commercial discipline on both customer and supply contracts, improved product mix and technology penetration.

### External sales revenue

**\$1,656.5m**  
FY2021 \$956.5m

### EBITDA<sup>1</sup>

**\$99.5m**  
FY2021 \$73.3m

### EBIT<sup>2</sup>

**\$53.2m**  
2021 \$28.9m

### AN and Emulsion Volumes

**('000 tonnes) 973**  
FY2021 929

## EUROPE, MIDDLE EAST AND AFRICA



The significant increase in EBIT on the pcp was driven by positive product mix benefits in Initiating Systems, contractual improvements and contribution from new growth projects in Africa and the Emirates.

### External sales revenue

**\$1,027.0m**  
FY2021 \$801.4m

### EBITDA<sup>1</sup>

**\$76.7m**  
FY2021 \$56.1m

### EBIT<sup>2</sup>

**\$45.5m**  
FY2021 \$25.0m

### AN and Emulsion Volumes

**('000 tonnes) 415**  
FY2021 406

## ORICA MONITOR



The growth in the Orica Monitor result was driven by growth in radar sales and recurring service plans and commercial discipline.

### External sales revenue

**\$118.4m**  
FY2021 \$114.5m

### EBITDA<sup>1</sup>

**\$48.5m**  
FY2021 \$43.6m

### EBIT<sup>2</sup>

**\$34.6m**  
FY2021 \$30.7m

(1) EBIT before individually significant items and depreciation and amortisation expense.

(2) Equivalent to profit(loss) before financing costs and income tax as disclosed in Note 1(f) within the financial statements.



# LETTER FROM OUR CHAIRMAN AND MANAGING DIRECTOR

The strength and resilience of our team, and a commitment to our refreshed strategy have resulted in improved financial performance and growth across our business. We faced risks and challenges, many outside of our control, however, our team has remained focused on our competitive advantages and opportunities to capitalise on current market conditions. While we have made progress this year, we are deeply committed to continually improving performance across all areas of our business.

**Beyond blasting, we are accelerating customer adoption of our new technologies and demonstrating our unique strengths and capabilities in providing digital workflows and solutions, from mine-to-mill.**

## SAFETY AND WELL-BEING

Safety is our most important priority, always. Tragically, we are reporting two fatalities, one relating to an incident at a customer site in far-east Russia this year, and an event in 2021 at a site in Kazakhstan.

Any workplace fatality has a devastating and profound impact on us. Our thoughts and sympathies are with the affected families, friends, and colleagues. We continue to support those affected and ensure we learn from the events and reinforce the critical safety measures in place to keep our people, customers, and communities safe.

Positively, this year we achieved a reduction in our Serious Injury Case Rate (SICR) compared to FY2021. A critical review of our key controls of the Major Hazard Management (MHM) program is underway and will remain our priority for the year ahead to improve our safety performance.

## OUR OPERATING ENVIRONMENT

This year has presented both challenges and opportunities for our business, including geopolitical tensions, trade sanctions, strong global commodity prices, and security of supply risks.

The Russia-Ukraine conflict caused significant pressure on global supply chains and input costs. The strength and flexibility of our global manufacturing and supply network remain a key competitive advantage for us and allowed Orica to respond quickly to a changing environment and focus on delivering the needs of our customers.

Elevated commodity prices have grown demand for copper, nickel, and other future-facing commodities, and the disruption of energy markets has increased demand for coal. With these being key commodity markets for Orica, this has driven demand for Orica's products and services around the world.

The escalation of the Russia-Ukraine conflict, and imposed sanctions and export restrictions, led to a responsible and structured exit from our Russian operations in FY2022. Our focus during this transition, was on the well-being of our employees, engaging regulators to ensure sanctions compliance, managing supply interruptions, and ensuring the safe and secure supply of our products across our global network.

Environmental Social and Governance (ESG) performance and climate change continue to gain momentum across our industry including changes to policy and growing societal expectations. Orica is committed to increasing our accountability and continuing to take tangible action to achieve our ambition of net zero emissions by 2050.

Inflation has emerged as a key driver of volatility and uncertainty for the global economy. While Orica is experiencing rising costs including salaries and raw material inputs, our increased commercial discipline and collaborative culture, and continued focus on sustainable cost reduction are providing a level of mitigation.

## OUR PERFORMANCE

In November 2021, we refreshed our strategy centred on optimising our operations, delivering smarter solutions, and partnering for progress across our four business verticals of mining, quarry and construction, digital solutions, and mining chemicals.



At the core, we continue to pursue organic growth from blasting. We identified and capitalised on further opportunities for growth in quarry and construction, and by expanding Orica's presence across future-facing commodities.

Beyond blasting, we are accelerating customer adoption of our new technologies and demonstrating our unique strengths and capabilities in providing digital workflows and solutions from mine-to-mill. Mining Chemicals also continues to present growth opportunities for our business.

Importantly, we are continuing to progress with our strategic priorities for climate change and understand the opportunities ahead of us to harness our technologies and support a lower-carbon future.

### Business performance

Our financial results in FY2022 are strong. Underlying earnings before interest and tax (EBIT) were \$579 million, an increase of 36 per cent on the previous year. Statutory net profit after tax (NPAT) in FY2022 was \$60 million

including a \$257 million significant items expense after tax.

This positive performance reflects the exceptional efforts of our team to deliver in line with our refreshed strategy. Our commercial discipline, combined with the strength of our global network has positioned us well to capitalise on the current market conditions and opportunities presented by a growing commodities market.

In a difficult operating environment, we strengthened our position as an independent and consistent source of supply with the ability to meet the rising demands of customers across the globe.

It was pleasing to see improved performance across all regions, with volume growth in Indonesia, and Latin America, and a greater demand for premium products across the globe, in particular Australia, Latin America, North America, Africa, and the Nordics.

In August 2022, we announced the acquisition of Axis Mining Technology to position Orica as a leading orebody intelligence provider and broaden our customer offering, from mine-to-mill. We also took

the opportunity to strengthen our balance sheet with an equity raise, which included funds towards incremental trade working capital requirements to manage volatility and capitalise on opportunities in our operating environment.

We continued our disciplined approach to the balance sheet and capital management, and we are focused on improving our operating cash generation.

We accelerated our customer adoption of premium products, blasting technologies and digital solutions, increasing our digital solutions adoption rate across the globe by 63 per cent on the previous year, well above target. In addition, our technology portfolio increased, with 17 new products and services introduced to the market, including our second generation WebGen™ 200, 4D™ bulk explosives technology, and Avate!™ in partnership with Epiroc.

This year we achieved a return on net assets (RONA) of 11.4 per cent which is within our target range of 10-12 per cent. The increase from the prior year was driven by our improved earnings performance.



## LETTER FROM OUR CHAIRMAN AND MANAGING DIRECTOR

The final ordinary dividend of 22.0 cents per share unfranked, brings the total dividend to 35.0 cents per share, reflecting a payout ratio of 48 per cent of underlying earnings, which is in line with our target range of paying out 40 to 70 per cent of underlying earnings.

### People and culture

To support our future growth, our people strategy focused on building our talent and capabilities.

In FY2022, we implemented our global culture and engagement survey *Our Say* to understand how we are tracking, and opportunities to enhance the employee experience. With a participation rate of 65 per cent, we achieved an overall engagement score of 88 per cent, outperforming global industry benchmarks.

While this is a good result, there is always work to do. The results of the *Our Say* survey identified opportunities for greater support in learning and development, increased recognition of performance, and flexibility and clarity of roles.

In response, we implemented a series of programs and actions designed to enhance the way we work and support new learning and development initiatives for our people. We also commenced the design of a new global reward and recognition program to strengthen our high-performance culture at Orica.

### Sustainability performance

Sustainability is at the heart of our purpose – to sustainably mobilise the earth's resources.

By accelerating our approach to decarbonisation through low-emissions technology and creating innovative and sustainable solutions, we are playing our role to advance a safer and more sustainable industry and society.

To reach our target and reduce operational emissions by at least 40 per cent by 2030 and achieve our ambition of net zero emissions by 2050, we are prioritising the decarbonisation of manufacturing processes, sourcing renewable energy and deepening engagement with suppliers across our value chain.

Our net Scope 1 and 2 emissions were 1,883 ktCO<sub>2</sub>-e, a one per cent decrease on the previous year. We remain on track to meet our targets with net Scope 1 and Scope 2 greenhouse gas emissions (GHG) 14 per cent below 2019 baseline levels.

In FY2022, we installed tertiary abatement technology in one of our nitric acid plants at our Carseland manufacturing site in Canada, which is now delivering 95 per cent abatement efficiency from unabated levels and enabling the production of a lower-carbon intensity ammonium nitrate (AN) for customers.

We continue to leverage our expertise in technology to respond to a growing interest in renewables, recycled, lower-carbon and circular solutions such as Cyclo™ and Fortis™ Protect.

We commenced the construction and installation of low-emissions technology at Kooragang Island, Australia and formed Hydrogen Hub partnerships with Origin Energy and The Hydrogen Utility™ to develop future green hydrogen and ammonia opportunities.

Additionally, we announced our commitment to source 100 per cent renewable electricity by 2040 and signed our first Power Purchase Agreement (PPA) with Lightsources bp for renewable electricity. We also converted \$1.3 billion of existing bank debt facilities into sustainability-linked loans, aligning our financing strategy with our ESG goals.

Our Orica Impact Fund supports our communities with the aim to improve social equity and well-being, education, and environmental outcomes, and foster community togetherness. We increased our global contribution by 54 per cent this year to \$3.7 million helping build safe, resilient, and thriving communities.

### GOVERNANCE

In FY2022, we welcomed Gordon Naylor to the Orica Board as an independent, Non-executive Director. Gordon brings over 30 years of experience in operational and financial leadership roles and deep expertise in engineering, global supply chain, and information systems strategy and implementation.

In October 2022, we announced a change to our Executive Committee with Christopher Davis, Chief Financial Officer, leaving Orica and Kim Kerr appointed to the position. Kim joined Orica in September 2022 in the position of Vice President of Group Finance and brings over 16 years of experience in finance, treasury, investor relations, and commercial leadership.

We updated Orica's *Whistleblower Policy* and implemented important updates to our *Code of Business Conduct* to reflect changing societal expectations, support our culture of safety, and emphasise our strong position on respect for First Nations Peoples, human rights, modern slavery, and workplace sexual harassment.

### OUTLOOK

Safety remains our number one priority. We are committed to improving our safety performance, living up to our values and keeping our people, customers and communities safe.

Our customers' appetite for new technology and our refreshed strategy sets us on a clear pathway to drive growth from blasting technology and accelerate the adoption of our new technologies and digital solutions from mine-to-mill, growing beyond blasting.

By maintaining our disciplined approach to commercial management, we will continue to capitalise on opportunities presented by market conditions and diversify our portfolio in future-facing commodities and quarry and construction markets.



We expect the demand for critical minerals to remain strong in the year ahead, and we are well-positioned to navigate ongoing external challenges with the strengths of our global network and culture, and a strengthened balance sheet.

We are making significant progress towards a simpler, more efficient, and more sustainable organisation. We are committed to accelerating our sustainability agenda and helping our customers achieve their targets while remaining competitive in a lower-carbon future and delivering value for our shareholders and other stakeholders.

On behalf of our Board and the Executive team, we would like to thank the entire Orica team for their ongoing dedication and commitment in what has been another tough year. We are in a good position to continue our momentum and drive our strategy for growth.

We thank our shareholders, customers, and industry partners, for your continued support of Orica.

**Malcolm Broomhead AO**  
Chairman

**Sanjeev Gandhi**  
Managing Director and  
Chief Executive Officer



**"We are making significant progress towards a simpler, more efficient, and more sustainable organisation."**



# CHIEF FINANCIAL OFFICER'S REVIEW

I am pleased to present an improved financial performance this year, despite the volatile external environment. Underlying earnings before interest and tax (EBIT) increased by 36 per cent to \$579 million.



**Kim Kerr**  
Chief Financial Officer

The growth in earnings was driven by improved commercial discipline in both customer and supply contracts, solid volume growth from strong commodity market conditions, and customers moving to more premium products. We also increased our utilisation rates at our manufacturing plants to support increased demand, improving our returns from those assets and continued to grow earnings from our digital solutions.

Statutory net profit after tax (attributable to shareholders of Orica Limited) was \$60 million, which included \$257 million after tax of net unfavourable significant items. The charges reflect our decision to exit our operations in Russia given the difficult operating environment, the significant decline in the local economy in Turkey, and the flow on impacts across our EMEA region. It also includes the accounting implications of the sale of non-core businesses Nitro Consult AB and Minova. For further details of the significant items, refer to note 1(e) of the financial statements on page 137.

We continue to implement cost reduction initiatives across the business, in supply chain, manufacturing and overheads to address continued inflationary pressures, high energy costs, and supply chain dislocations, which will remain an ongoing challenge next year.

Now that we have stabilised the ERP system (SAP), we are using it to provide critical insights into customers and contracts to ensure pass-through mechanisms are operating effectively, debtors are being collected in a timely matter and we are prioritising quality contracts in a constrained supply environment. This will contribute to our focused effort on improving our cash generation.

Return on net assets (RONA) is a key measure of how efficiently we use our assets. This year we achieved 11.4 per cent which is within our target range of 10-12 per cent. The increase from prior year was driven by our improved earnings performance.

We continue to deliver on our strategic objective to monetise non-core asset sales. We completed the sale of Minova, and Nitro Consult AB, as well as the Nowra and Tappen land sales this year. Additionally, in response to the Russia-Ukraine conflict, we sold and exited our operations in Russia.

## INVESTING FOR GROWTH IN DIGITAL SOLUTIONS

During the year we entered into a binding agreement to acquire 100 per cent of Axis Mining Technology (Axis). The transaction was completed on 3 October 2022, when payment of the upfront acquisition purchase price of \$258 million was made. A deferred earn-out payment up to a maximum of \$90 million, contingent on financial performance and other conditions being met, was also agreed.



The transaction was funded by a fully underwritten share placement and a share purchase plan, which together raised \$691 million in gross proceeds. After providing for the upfront and deferred cost of the Axis acquisition and associated transaction and funding fees, the remaining proceeds are being used to fund incremental trade working capital requirements and provide balance sheet capacity.

The increase in trade working capital requirements was predominantly due to management's decision to increase inventory holdings in order to ensure security of supply for our customers, as well as the impact of higher input prices, both impacted by the Russia-Ukraine conflict.

I would like to thank our shareholders for their support as we invest in growth whilst ensuring we maintain a strengthened balance sheet.

### **OUR CAPITAL MANAGEMENT FRAMEWORK REMAINS UNCHANGED**

Our capital management framework is based on three key objectives:

- maintaining our investment grade credit rating;
- preserving the flexibility for growth investment and to respond to changes in the external operating environment; and
- maximising returns to shareholders.

Post completion of the successful equity raising, Standard & Poor's revised our BBB investment grade credit rating from 'negative watch' to 'stable'.

We continued to apply our disciplined approach to capital expenditure to support the base business and pursue growth opportunities. Total capital expenditure for the year was \$349 million, which was within the guidance range of \$340 million to \$360 million.

### **OUR STRENGTHENED BALANCE SHEET PROVIDES RESILIENCE DURING VOLATILE TIMES**

At year end, our net debt balance was \$912 million, our gearing of 19.7 per cent was below our target range of 30 to 40 per cent, and we had \$2,678 million liquidity available in cash and undrawn committed bank debt facilities. Note that these measures are before the \$258 million payment made in October 2022 for the acquisition of Axis.

We refinanced \$299 million of committed bank debt facilities during the year, and our average drawn debt maturity is now 4.3 years. We absorbed the redemption of a bond maturity in October via the utilisation of existing bank committed debt facilities and our next material bond maturity occurs in September 2023 which we are well placed to manage.

We recently converted \$1.3 billion of existing committed bank debt facilities into sustainability-linked loans. Our financiers have joined Orica in recognising and supporting our commitment to improving our sustainability performance.

The dividend for the first half of the year was 13.0 cents per share. The final dividend of 22.0 cents per share brings the full year dividend to 35.0 cents per share. This equates to a full year payout ratio of 48 per cent, which is in line with our range of paying out 40 to 70 per cent of underlying earnings.

### **OUR PATHWAY TOWARDS PROFITABLE GROWTH AND VALUE CREATION**

Our financial position is prudent in the current volatile external environment.

We remain focused on improving our operating cash generation and we will continue to apply our capital management framework to guide our investment decisions.

And as we continue to successfully progress against our strategic priorities, I am confident in our ability to create value for all our stakeholders.

I would also like to acknowledge and thank the Orica finance community for their support, and everyone across the business for their contribution to our improved results in FY2022.

**Kim Kerr**  
Chief Financial Officer



# REPORTING WHAT MATTERS

Each year, we perform a materiality assessment to understand the topics that matter most to our stakeholders. We use the results to inform our strategy, prioritise resources, establish sustainability targets and shape external reporting.

Our materiality assessment was refreshed this year in line with the International <IR> Framework. Integrated Reporting methodologies prioritise topics which can substantively affect Orica's ability to create enterprise value and are most relevant to stakeholders making economic decisions.

During FY2022 we confirmed existing topics remained relevant and considered major global and industry developments as well as Orica's sustainability commitments and strategies. Internal and external stakeholder insights and employee engagement surveys supported the validation of our material topics.

## Material topics in FY2022

Over 30 material topics have been identified and prioritised with our most material topics outlined in the table below. A full summary of material topics and our FY2022 assessment is available on our website.

TOP 10 MATERIAL TOPICS	SDG LINK
<b>Business resilience:</b> The ability to quickly adapt to disruptions while maintaining continuous business operations, security of supply and safeguarding people and assets.	8 9
<b>Economic performance:</b> Orica's financial performance, operational performance, and organisational effectiveness.	8 9
<b>Transition to a lower-carbon economy:</b> Resilience to climate-related impacts and risks, adapting the business to enhance competitiveness across the value chain.	12 13
<b>Product safety and security:</b> Transparent processes and systems for ensuring products are used for their intended purpose.	3 8
<b>Product quality and performance:</b> Product conformance to regulatory and industry standards to satisfy customer needs.	3
<b>Safety:</b> Worker health, safety and well-being throughout the supply chain.	3
<b>Ethical business conduct:</b> Ensuring our business activities and culture are responsible, transparent and compliant with our legal and ethical obligations (e.g., anti-bribery, trade sanctions, corruption, tax transparency).	8 16
<b>Corporate governance:</b> Oversight and accountability corporate governance; managing ESG risk; compliance with government sanctions and public disclosure requirements.	16
<b>Environmental risk and compliance:</b> Managing environmental risks and impacts and managing the environmental compliance of our operations and supply chain.	12 16
<b>Greenhouse gas emissions:</b> Arising in our operations and supply chain from material sourcing, manufacturing, transportation, workplaces and other business activities.	13

Our most material topics have remained largely unchanged however some changes were made to other topics outside our top 10, reflecting changing global and business circumstances.

- We changed the topic name *supply chain sustainability* to *responsible sourcing* for improved clarity. Supply chain and security of supply issues are covered in our *business resilience* topic, which has attracted greater focus this year due to the disruption of global AN supply.
- *Human rights, corporate culture and Indigenous/First Nations Peoples engagement* topics are a key priority reflecting growing scrutiny in our industry and greater focus on improving social outcomes in our communities.
- The focus on *biodiversity* has increased significantly as our stakeholders raise their expectations for companies to protect and enhance nature.

## FUTURE SUSTAINABILITY STANDARDS

Various standard setters and regulatory bodies<sup>(1)</sup> have begun to refine the concept of sustainability materiality with the introduction of double and dynamic materiality.

Double materiality acknowledges that businesses should assess both the risks and opportunities linked to ESG topics that can influence enterprise value creation (inward impacts) and the ESG impacts that a company can have on the planet and society (outward impacts). The concept of dynamic materiality recognises that the financial materiality of an ESG impact can evolve over time and what appears immaterial today, can become critical tomorrow and into the future. In response we have adjusted our approach and are increasingly embedding material financial-related ESG topics into our strategic and financial planning to better navigate the evolving ESG landscape and enhance our oversight of emerging risks and issues.

We continue to monitor and respond to evolving reporting standards and approaches to materiality.

<sup>(1)</sup> European Union Corporate Sustainability Reporting Directive (CSRD) and the International Sustainability Standards Board (ISSB).



# OUR BUSINESS

Orica Annual Report 2022 | 15



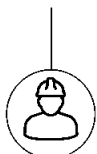
IN FY2021, WE SHARED OUR REFRESHED PURPOSE

# TO SUSTAINABLY MOBILISE THE EARTH'S RESOURCES

United with a common goal, our purpose is the compass that will help us deliver value to our stakeholders through our strategy, our behaviours and our commitments.

## Our values

We work as one team, always guided by our values. As a purpose-led, responsible business, how we deliver value to our stakeholders is as important as what we deliver.



### Safety is our priority. Always

The most important thing is that we all return home, safely, every day.



### We respect and value all

Our care for each other, our customers, communities, and the environment builds trusted relationships.



### We act with integrity

We are open and honest, and we do what is right.



### Together we succeed

Collaboration makes us better, individually, and collectively.



### We are committed to excellence

We take accountability for our business and for delivering outstanding results.





## Together we succeed

**Every day, our people bring our purpose and values to life through a commitment to safety, focus on teamwork and collaboration, and a drive to deliver positive outcomes for our customers, community and other stakeholders.**

Working with our customer, LKAB, we initiated our WebGen™ wireless technology at the Kiruna iron ore mine in Sweden. While the blast at Kiruna was one of many for Orica – WebGen™ has fired more than 125,000 units in over 4,000 blasts globally across our sites – it was also a unique milestone.

WebGen™ wireless technology delivers benefits in safety and productivity, with no need for downlines or connecting wires, and the ability to initiate blasts on-demand, reliably and safely, removing people from harm's way. As part of our early engagement with LKAB, our team

conducted surveys and testing at the Kiruna iron ore mine in 2018 to discover the wireless signal could not penetrate the magnetite ore. While WebGen™ wireless technology initiates groups of blastholes using communication through rock and water, the highly magnetic qualities of the magnetite ore created challenges for our system to achieve a communication signal and initiate blasts in this environment. This was the first time this challenge had been encountered. We engaged our global team of WebGen™ experts and worked in collaboration with LKAB to better understand the magnetite orebody properties and used advanced diagnostic tools to understand the surrounding environment.

The first blast using WebGen™ at Kiruna was successfully initiated in June 2022. This was an outstanding result in support of our customer's safety and productivity goals.



# OUR GLOBAL FOOTPRINT

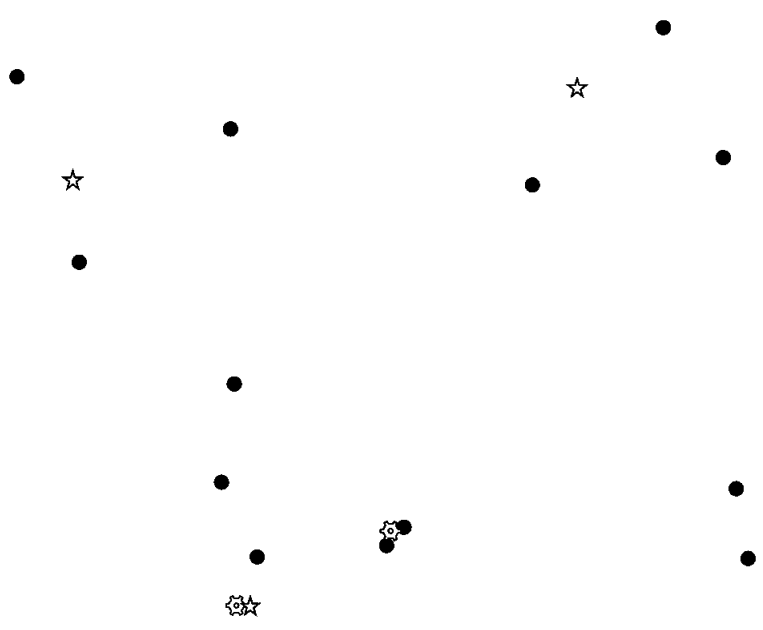
Our story began in 1874, when we first supplied explosives to the Victorian goldfields in Australia. Since then, we have grown to become one of the world's leading mining and infrastructure solutions providers.

## GLOBAL REACH

With nearly 150 years of expertise behind us, our community of on-site crew, operators, engineers, scientists, technologists and business specialists support customers in surface and underground mines, quarry, construction, and oil and gas operations.

Our global network comprises continuous and discrete manufacturing operations, technical and monitoring centres, and support offices. It is supported by a network of joint ventures, ammonium nitrate emulsion (ANE) plants and bulk depots strategically located to serve our customers around the world.

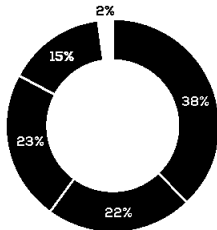
Sustainability is integral to our operations. Our approach to sustainability begins with ensuring we operate our business responsibly, and by prioritising the safety of our people, customers and communities. We are in a unique position to leverage our expertise in technology to create safer and more responsible solutions and deliver positive economic, social, and environmental contributions through our business activities.





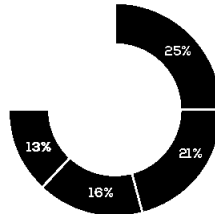
## DIVERSIFIED GLOBAL BUSINESS

Revenue by region<sup>(1)</sup>



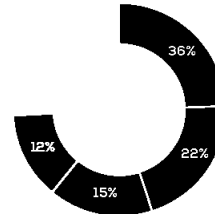
- Australia Pacific and Asia
- North America
- Latin America
- Europe, Middle East and Africa
- Orica Monitor

Revenue by commodity<sup>(1)</sup>



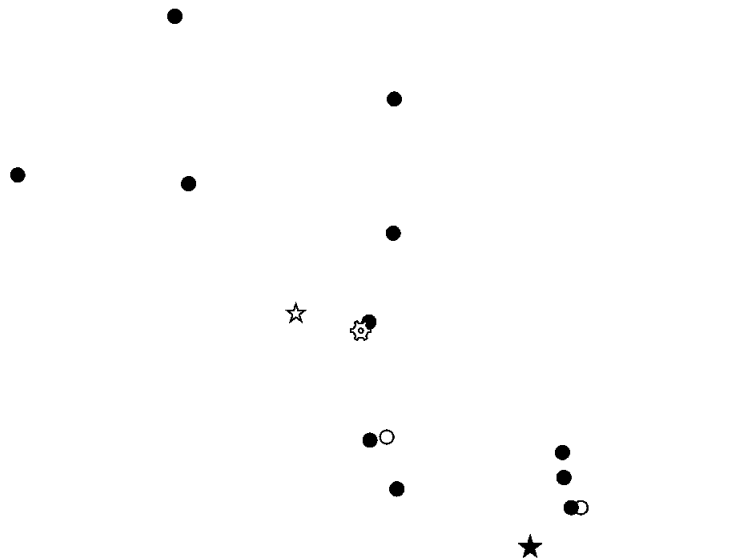
- Copper
- Gold
- Thermal Coal
- Quarry and Construction Other<sup>(2)</sup>
- Iron Ore
- Metallurgical Coal

Revenue by product/service type<sup>(1)</sup>



- Bulk Emulsion
- AN/ANFO
- Initiating Systems
- Onsite Services
- Packaged Products
- Mining Chemicals
- Other

(1) Based on external sales, excluding Minova.  
 (2) Includes Orica Monitor.



## CUSTOMERS IN MORE THAN

# 100 COUNTRIES

# 12,000+ EMPLOYEES

# \$6.8b<sup>(3)</sup> MARKET CAPITALISATION

## MAJOR OPERATIONS

- ★ Head Office
- ☆ Regional Head Office
- ⚙ Monitoring Centre
- Technology Innovation Centre
- Discrete Manufacturing for Initiating Systems and Packaged Explosives
- Continuous Manufacturing Ammonium Nitrate
- Continuous Manufacturing Sodium Cyanide
- Emulsion Plants
- Emulsifiers
- Orica Presence

(3) As at 18 November 2022.



# HOW WE CREATE VALUE

Operating safely and responsibly is the cornerstone of our business. Our safety and sustainability strategies underpin everything we do and are designed to empower our people to deliver enduring value to our stakeholders.

We leverage our experience in technology development, and our talented workforce, to advance our core products and services and innovate industry-leading, digital and automated technologies. The execution of our strategy and investment in growth

opportunities is also enabled through access to financial capital, optimising the use of natural resources, and the strength of our global manufacturing and supply network. We proactively collaborate with stakeholders including customers, industry partners and research bodies to drive sustainable growth, contribute to communities and solve shared challenges.

Our risk appetite guides our strategic decision-making, supporting the allocation of assets and resources.

**Orica's value creation process (below) is based on the <IR> framework. Our value creation reporting focuses on the key inputs and activities that lead to the outcomes aligned with achieving our vision of becoming the world's leading mining and infrastructure solutions company.**

We discuss each component in more detail throughout the *Our Business* and *Our Performance* sections.

## Our operating context

→ Page 22 We proactively monitor and respond to changes in our operating environment.



## What we rely on

Our value drivers

**SAFE AND RESPONSIBLE OPERATIONS**

FINANCE

TECHNOLOGY AND INNOVATION

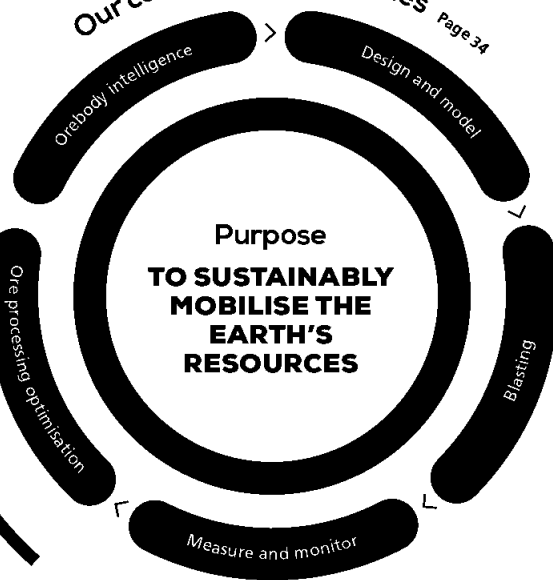
PEOPLE AND CAPABILITIES

CLIMATE AND THE NATURAL ENVIRONMENT

COMMUNITY AND RELATIONSHIPS



## Our core business activities



## Our strategy

→ Page 24

We deliver solutions and technology that drive productivity for our customers across the globe.

- Smarter solutions
- Optimised operations
- Partnering for progress

## Risk appetite

→ Page 28

We execute our strategy within the defined parameters of our risk appetite which includes zero appetite for fatalities, and a high appetite for growth and innovation.

## Our stakeholders

→ Page 38

We prioritise strong relationships with our stakeholders to identify opportunities to better respond to their needs.



## Sustainability

→ Page 25

Advancing safer, more productive and socially responsible practices to contribute the raw materials needed to support a net zero emissions economy and support societal ambitions.

## Outcomes

### SAFE AND RESPONSIBLE OPERATIONS

→ Page 41

We are a values-driven organisation that is relentlessly focused on preventing fatalities and serious injuries. The health and safety of our people, customers and communities is our number one priority.

### DELIVERING LONG-TERM SHAREHOLDER VALUE

→ Page 48

We aim to maintain a dividend pay-out ratio of 40 per cent to 70 per cent of underlying earnings and a gearing target of 30 per cent to 40 per cent so we can pursue growth opportunities while meeting our debt compliance obligations.

### ENABLING CUSTOMERS FOR THE FUTURE

→ Page 58

We are an agile and innovative organisation. We are responding to the changing technological landscape of the mining and infrastructure industries and supporting our customers growth and sustainability goals. We partner with industry stakeholders to solve shared challenges across the mining value chain.

### EMPOWERING A TALENTED AND DIVERSE WORKFORCE

→ Page 64

We strive to ensure our workforce is engaged through diversity of thought and a culture of collaboration. We are investing in a talent pipeline aligned with our net zero ambition and evolving technology and stakeholder needs.

### MINIMISING ENVIRONMENTAL IMPACT

→ Page 68

We aim to be a resourceful and resilient, solutions-focused business which prioritises the protection and stewardship of the environment. Managing physical and transitional climate risks is positioning our business to prosper in a lower-carbon economy.

### FOSTERING STRONG AND COLLABORATIVE RELATIONSHIPS

→ Page 81

We are maturing our stakeholder engagement processes to better understand and respond to changing stakeholder needs and expectations and contribute to local economic growth.

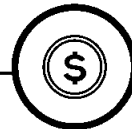
Our sustainability pillars guide our work, every day and everywhere

Innovating sustainable solutions

Building climate change resilience and circularity

Fostering relationships and transparency

Protecting our people, communities and the environment






# OUR OPERATING CONTEXT

The last year has seen unprecedented global volatility, creating both risks and opportunities that impact how we create value through our business model.

## CHANGING COMMODITY DEMAND


Link to key value drivers 

As much of the world continues to move towards an energy transition, the demand for copper, nickel and other future-facing commodities which are crucial for the manufacture of low-emission technologies (such as batteries for electric vehicles, solar panels and wind turbines for renewable energy) remains strong. To achieve the goals of the Paris Agreement, production of these commodities will need to continue to increase at pace, despite price fluctuations in several commodities.

The Russia-Ukraine conflict has created a global energy crisis. Energy flows and markets has been disrupted, leading many countries to continue to rely on thermal coal as a key part of their energy mix. While thermal coal production is still expected to decline, shorter term production remains strong, particularly in the United States (US) and Australia. We will continue to supply and service our coal customers throughout the energy transition.

We are continuing to actively grow our presence in future-facing commodities, which form a considerable proportion of Australia Pacific and Latin America's mining pipeline. This provides growth opportunities for our blasting business as well as digital solutions, particularly in exploration and resource definition activities, and processing phases of the mining value chain.

## EXPECTATIONS IN RELATION TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ACTIONS

Link to key value drivers 

Changing societal expectations for delivering positive ESG performance is impacting the global resources sector with market and policy momentum continuing to gather pace, particularly on climate change. Alongside climate, biodiversity, other environmental concerns and social issues such as diversity, equity and inclusion and worker well-being are poised to remain in the spotlight.

We are committed to addressing material sustainability issues and providing transparent disclosure on our performance.

We engage in regular, meaningful and inclusive dialogue with our stakeholders. Our collaborative, shared value approach helps us anticipate, assess and address risks, opportunities and impacts relating to increasing societal expectations.

 *Our Stakeholders page 38.*



## GEOPOLITICAL TENSIONS AND SECURITY OF SUPPLY

Link to key value drivers  

Our global network means we are inevitably impacted by geopolitical tensions and other global events that have the potential to disrupt our operations, as well as that of our customers. As countries prioritise their domestic chemical requirements over export and impose sanctions on many Russian chemical producers, security of supply of key production inputs has never been more important.

Despite the difficult operating conditions, the strength of our global manufacturing and supply network means we have been able to maintain security of supply for our customers. Our AN plants in Australia, Indonesia and Canada continue to provide an independent and consistent source of supply. Our ability to purchase third-party explosive grade AN at scale has enabled us to maintain continuity of supply in other regions, including Latin America and Africa. With global AN supply expected to remain constrained in the near term, our manufacturing and supply networks will continue to be a source of competitive advantage to Orica.

## INFLATION AND THE RISK OF RECESSION

Link to key value drivers  

Inflation has emerged as a key driver of volatility and uncertainty for the global economy.

Orica is not immune to inflationary impacts as we experience rising costs including salaries and raw material inputs. While our commercial discipline and pass-through mechanisms in contracts provide a level of mitigation to these rising input costs, our diverse customer and commodity portfolio and digital solutions business, also limits our strategic reliance on any one sector.

## TECHNOLOGICAL CHANGE

Link to key value drivers 

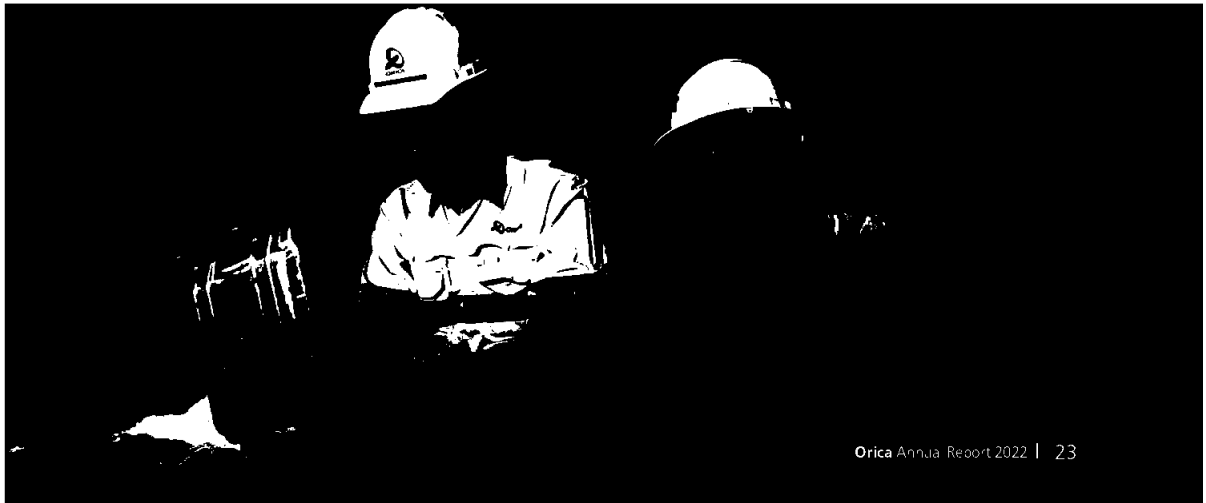
The pace of technological change is accelerating across the mining and infrastructure industries, including higher customer adoption rates for solutions that improve safety, sustainability and productivity. Competition is also increasing from businesses focused on blasting related technologies, and other players who are bringing digital technology to our customers from other industries. However, with our industry leading digital solutions and blasting technologies, we are uniquely positioned to service the industry as it evolves.

We continue to build our mine-to-mill portfolio of digital solutions. The acquisition of Axis Mining Technology strengthens our position in orebody intelligence and increases our exposure to the exploration and resource definition phase of the mining value chain. Building on established solutions, like BlastIQ™ and FRAGTrack™, our digital growth strategy seeks to expand our portfolio beyond blasting, through acquisition and product development.

Adoption rates for WebGen™ are increasing with the forthcoming commercial release of WebGen™ 200 expected to create opportunities in large-scale surface mines. Customer trials of 4D™ are proving successful and our first commercial trials of Avate!™ are scheduled to occur in late 2022.

With mineral conditions becoming more complex as miners develop new projects and prices fluctuate, we expect demand for digital and technological solutions that improve the understanding of orebodies and deliver efficiencies across the mining value chain to increase. Our digital solutions and other technology offerings are well placed to deliver value in this environment.

 **Our material risks and opportunities** on pages 32 and 33 reflect these trends and further detail how Orica is managing their impact.



# OUR STRATEGY

To deliver our vision in a focused way, we have a detailed strategy which sets the direction of our business.



## Smarter Solutions

**Excellence in service delivery**  
**Speed to market**  
**Proactively sell solutions to create and share value**



## Optimised Operations

**Safe and cost competitive manufacturing**  
**Optimised, reliable and secure supply chain**



## Partnering for Progress

**Empowering our diverse teams of talented people**  
**Champion for a safer, and more sustainable industry**

In FY2021, we refreshed our strategy to centre around optimising our operations, delivering smarter solutions and partnering for progress to drive profitable growth. While we continue to report our results based on geographic segment, to deliver on our strategy and position ourselves for the future, we are refocusing our strategic priorities based on our four key business verticals: mining, quarry and construction, digital solutions, and mining chemicals.

Blasting in mining for metals and coal remains the core of our business however we are growing our market share in quarry and construction and future-facing commodities. We have a strong presence in copper and are continuing to focus on growing our exposure to other future-facing commodities, particularly nickel and lithium in Australia.

Beyond blasting, we are taking our expertise in blasting solutions upstream and downstream, with our digital solutions vertical focusing on integrated workflows from mine-to-mill. Mining chemicals also offer a number of opportunities in the downstream processing phase of the mining value chain.

Our sustainability strategy is fundamental to our long-term success, and nothing is more important than keeping people safe. We are deploying technologies that improve safety outcomes for our people and customers. Considerable progress is being made to embed sustainability into our policies, business strategy and practices to capture new opportunities, more ambitious commitments and stakeholder propositions. We are well positioned to remain competitive in response to macro environments and trends, and the scale and pace of economic transition.

Accelerating decarbonisation is a critical component of our sustainability agenda. We will continue to reduce our operational GHG emissions and collaborate with our suppliers and customers to further reduce our value chain emissions.

To support the delivery of our commercial objectives, our people strategy was refreshed in FY2022 with a renewed focus on attraction, development and retention. Four key priority pillars support an improved employee experience to help build the distinctive capabilities we need to deliver our net zero ambition and meet evolving technology and stakeholder needs.

Robust governance and risk management processes are in place to support our strategy.

*Orica Investor Day Presentation 2022*



# What sets us apart

✓ **SUPERIOR, INNOVATION-LED CUSTOMER OUTCOMES**

✓ **SECURE, RELIABLE LOCATIONALLY-ADVANTAGED SUPPLY**

## ENABLING ENDURING BUSINESS PERFORMANCE THROUGH SUSTAINABILITY

As one of the world's leading mining and infrastructure solutions provider with global manufacturing capability, responsibly managing our impacts to society and supporting a transition to a net zero economy is fundamental to creating sustainable value for our stakeholders.

We recognise the responsibility we are entrusted with, and the unique opportunity to harness our technology and digital solutions to advance and champion for a safer and more sustainable industry. In FY2021, we developed our comprehensive sustainability strategy and roadmap. A core pillar of the strategy is our stated ambition to achieve net zero emissions by 2050<sup>(1)</sup>.

We have developed a range of measurable environment and social actions and targets to deliver our strategy, against which we will continue to transparently disclose progress. We are growing our in-house sustainability capabilities and progressively improving our own sustainability performance however, there is much more to do.

To support the global transition to a lower-carbon economy, ammonia and AN need to be decarbonised.

Today ammonia is made from natural gas, with carbon dioxide produced as a by-product. Green ammonia can, however, be made from hydrogen produced from renewable energy and sustainably sourced water.

Our industrial manufacturing facilities have long lifespans. This means the investment decisions we make in coming years will influence our efforts to decarbonise as we consider lower emissions technology options.

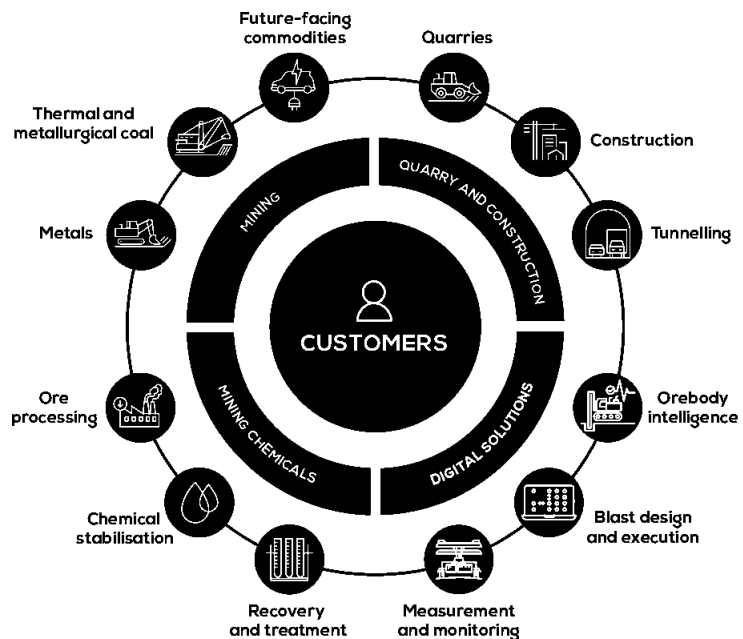
Demand for critical energy minerals is expected to grow dramatically. Major economic opportunities exist in mining and minerals extraction for copper, lithium, cobalt, nickel and other future-facing commodities.

We are actively partnering with our stakeholders to capitalise on these opportunities and drive sustainable growth.

<sup>(1)</sup> Our net zero emissions ambition covers our global Scope 1 and Scope 2 emissions under our direct control, and material Scope 3 emission sources. Achieving this ambition will require effective government policy frameworks, supportive regulation and financial incentives, and access to new lower-carbon technologies operating at commercial scale.

### Leveraging our competitive advantage

To successfully execute our strategy, our core strengths of delivering superior customer outcomes and security of supply are more important than ever. The strength of our global manufacturing and supply network, our ability to leverage our purchasing scale, logistics capabilities, commercial agility, and a commitment to excellence by our teams, has enabled us to continue to meet customer needs as we navigate difficult operating conditions, particularly the global AN market disruption arising from the ongoing Russia-Ukraine conflict and elevated energy prices in Europe.





# PROGRESS AGAINST OUR STRATEGY

We rely on our value drivers (page 20) and strong stakeholder relationships, drawing on our technical expertise and culture to deliver our strategy. We made good progress in FY2022 but there is more to be done to realise the full potential of our technology solutions and to support the global transition to a lower-carbon economy.



## MINING AND QUARRY AND CONSTRUCTION (Q&C)

### AUSTRALIA PACIFIC AND ASIA (APA)

Australia Pacific maintains a diverse commodity portfolio across iron ore, gold, other metals and coal, backed by world-class manufacturing plants at Kooragang Island (KI) (ammonia and AN), Yarwun (AN and cyanide), Burrup (AN) and Helidon (EBS).

Asia has a growing population with significant infrastructure needs translating into strong demand for quarrying and construction solutions. There is also exciting long-term growth potential for metals.

#### Strategic priorities

- Diversify and grow our metals portfolio while continuing to capture a deepening portion of future-facing commodities exposure.
- Maintain manufacturing efficiency and reliability to maximise volume growth in a tight global AN market.
- Decarbonise our operations and capture new growth opportunities to increase resilience and support the transition.
- Create value for our customers through our technology, including digital solutions WebGen™ and 4D™.
- Become a premium supplier of EBS, including to capitalise on the opportunity created by China's mandate to convert all detonators used in the country to electronic by 2026.
- Increase penetration into the Indian market.

#### Progress in FY2022

- Increased exposure to copper and gold.
- Continued strong technology uptake, notably in Digital Solutions.
- Strong commercial discipline resulted in favourable contract renewals and new contracts.
- Construction and installation of low emissions technology at Kooragang Island is underway.
- Hydrogen Hub partnerships formed with Origin Energy and The Hydrogen Utility™ to develop future green hydrogen and ammonia opportunities.
- New ammonium nitrate emulsions (ANE) plant in Malaysia on track to deliver growth in country.
- Developed Reconciliation Action Plan and implemented Industry Respect@ Work toolkit, reinforcing our strong position on Indigenous rights and appropriate workplace behaviour.

### NORTH AMERICA

North American mining activity remains resilient throughout the mining cycle. We are uniquely positioned to benefit from current AN market conditions due to our manufacturing footprint and long-term supply agreements.

#### Strategic priorities

- Maintain strong commercial discipline in an inflationary and tightening supply environment.
- Drive growth in Q&C, focusing on the US market following significant infrastructure spend commitments by the US government.
- Deliver profitable growth through products that enhance sustainability outcomes (e.g., explosives that reduce fume and nitrate run-off).

#### Progress in FY2022

- Executed successful commercial negotiations across several key contracts.
- Grew Q&C revenue by 11 per cent in FY2022.
- Carseland, Canada tertiary catalyst abatement delivering 95 per cent abatement of nitrous oxide emissions, from unabated levels.
- Strong sales of Fortis™ Protect emulsion that reduces risk of nitrate leaching.



## LATIN AMERICA (LATAM)

The LATAM mining industry is expected to make a strong recovery as the impacts of COVID-19 diminish. As a result of the global energy transition, the region is also poised to see significant growth in copper and other future-facing commodities.

### Strategic priorities

- Drive synergies and sourcing benefits through the discrete manufacturing network, including increased EBS assembly capacity and an increase in component manufacturing for initiating systems.
- Drive growth of digital solutions.
- Pursue customer growth in copper and gold sectors.

### Progress in FY2022

- Improved commercial discipline and pass-through mechanisms in contracts to mitigate rising costs.
- Increased technology penetration of digital solutions.
- Strong growth in copper.

## EUROPE, MIDDLE EAST AND AFRICA (EMEA)

Due to its large geographic footprint, EMEA has a broad commodity exposure. After exiting our Russia operations in FY2022, the region has restructured its business to focus on growth in mining (predominantly in West Africa) and Q&C.

### Strategic priorities

- Deliver technology-led differentiation in the African copper and gold segments, specifically in underground mining.
- Selective footprint expansion focused on global miners and future-facing commodities.
- Support our customers' ESG priorities, notably in Europe, leading to strong growth in EBS products that are less environmentally intense, and through specialised bulk emulsions

that allow for safer blasting in challenging environments.

### Progress in FY2022

- Delivered on our commitment to exit our Russia operations responsibly.
- Strong technology growth particularly in Digital Solutions.
- New contracts in Africa beginning to deliver profitable growth, particularly in copper.

## DIGITAL SOLUTIONS

### Strategic priorities

- Accelerate adoption of digital solutions.
- Integrate and optimise recently acquired orebody intelligence businesses including HIG, RIG Technologies International, RHINO and Axis Mining Technology.
- Expand GroundProbe technology offerings to cover all geotechnical solutions.

### Progress in FY2022

- Acquired Axis Mining Technology, positioning Orica to become the industry's first integrated solutions provider, from mine-to-mill. Commodities central to the energy transition, particularly copper and nickel,

are becoming more complex and expensive to mine. Digital orebody technologies that can reduce risks and cost will be vital.

- Increasing take-up of digital solutions, with a 63 per cent increase in adoptions in FY2022 compared to FY2021.
- Formulated an ESG Data Strategy and minimum viable IT solution deployed at our Kooragang Island manufacturing site. The platform will be progressively enhanced to support customer ESG provenance and data transparency from mine-to-mill.

Digital technologies are enabling blast automation and allowing us to connect, monitor and track information to make blasts more predictable, more productive and much safer. We are working to deliver a suite of digital solutions that integrate workflows, providing actionable data and insights, from mine-to-mill.



## MINING CHEMICALS

Our premium emulsifiers business with a manufacturing base in Deer Park, Australia, provides a critical component to explosives manufacturing across the world.

### Strategic priorities

- Increase cyanide production volumes at Yarwun through low-capital debottlenecking efforts.
- Convert cyanide customers to sparge product by leveraging our network of transfer stations, decreasing the risk of loss of containment.
- Drive technology-led services to support customers in optimising their leaching practices and maximising gold recovery.

### Progress in FY2022

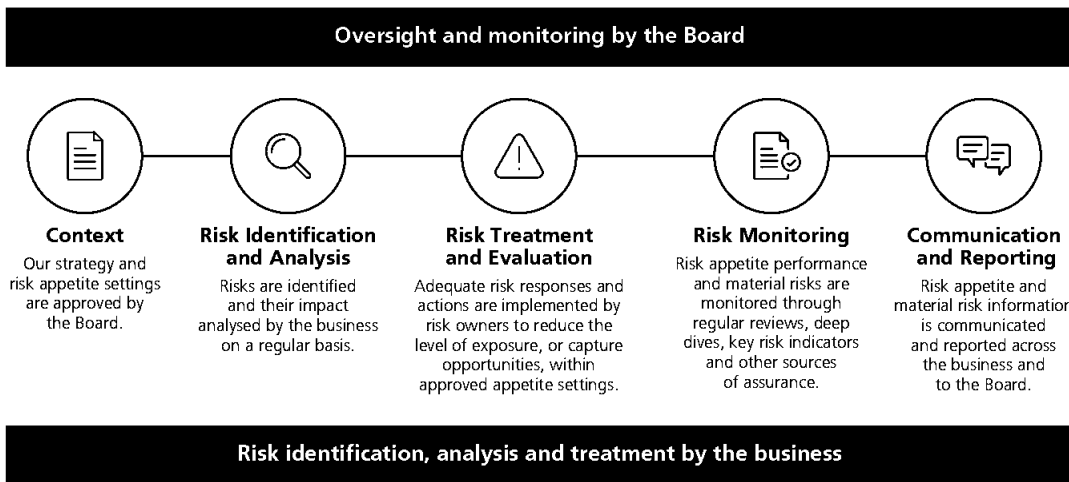
- Expanded our global cyanide distribution network with the opening of a transfer station in Port Klang, Malaysia, growing our ability to provide industry leading sparge technology.
- Expanded our customer base in an increasingly tight cyanide market, driven by strong global demand for gold resulting in a 10 per cent increase in cyanide volumes from prior year.



Our cyanide business, which services over 80 customers globally, is underpinned by our integrated manufacturing facility at Yarwun and supported by a network of transfer stations in key gold mining regions (Malaysia, Ghana and Peru).

# RISK

## Our approach to risk management



Our risk management system is informed and shaped by our strategic objectives, purpose, values and risk appetite.

It allows for a proactive approach to managing material risks and emerging risks which have the potential to significantly impact our operations. Our approach continues to evolve in response to the need for greater business agility in an environment of persistent and disruptive volatility.

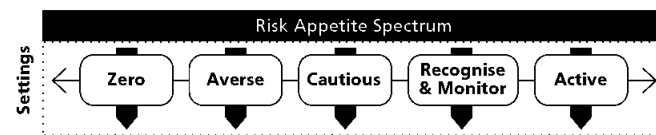
To manage threats and opportunities, risk management is embedded at every level of the organisation. Risk strategy, policy and processes are set at Group level with the business responsible for implementation.

Our risk management system provides a framework through which we can consistently identify, assess, prioritise, manage, monitor and report risks across the business and is aligned with the principles of the International Organization for Standardization's Risk Management Guideline, ISO 31000:2018.

### OUR RISK APPETITE

In FY2021 we enhanced our risk management system by defining risk appetite statements for the material risk categories of our business. Our risk appetite statements, settings and risk limits set the boundaries for our decision-making, ensuring we understand how to deliver our strategic objectives and manage our operations within the risk appetite set by the Board. Clear triggers for action were also established, should we approach the approved risk limits.

Our risk appetite settings assist with the efficient allocation of capital and resources, and the level of internal control required to reduce risk exposures.



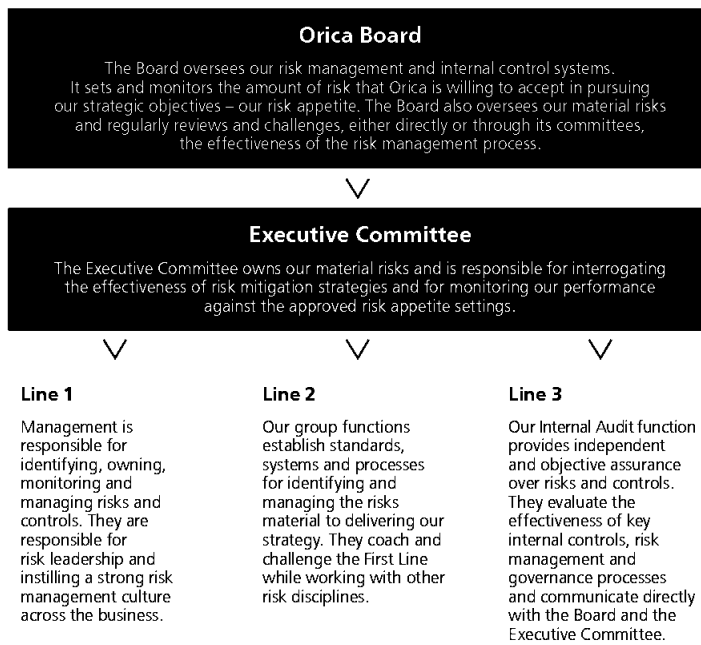
During FY2022, we continued to embed and refine our current risk appetite statements. Our risk appetite dashboard became part of regular risk reporting to enable effective monitoring and oversight which has further strengthened the Board's level of oversight, as well as risk awareness across the business.

We continue to evolve the scope of our risk appetite statements in response to our operating environment, stakeholder expectations and strategic priorities. Climate change and human rights risk appetite statements, and associated risk limits, are currently under development and review.



## RISK OVERSIGHT AND GOVERNANCE

The 'three lines model' provides assurance that risks are effectively managed in line with our policies, standards and procedures. It is the foundation of our risk oversight and governance approach.



In line with our FY2021 refreshed strategy, and in response to increased volatility in the external environment, a detailed business-wide risk assessment was undertaken in FY2022. We assessed the impact of risks across several dimensions including financial, safety, health, environment and security (SHES), reputation, legal and compliance, key projects, and customer and production. Our material risks are described on pages 32 and 33.

**We embed risk management at every level of the organisation to manage threats and opportunities.**





## Harassment and Respect@Work

We have a zero-tolerance approach to sexual harassment. To understand the adequacy of our existing support and investigation processes with regard to the reporting of sexual and other forms of harassment across our Australian operations, a review was conducted by our Group Risk function. Key activities included stakeholder discussions and a review of our policy and procedural framework against the Minerals Council of Australia's *Industry Code on Eliminating Sexual Harassment*. The Code establishes clear expectations for organisations to develop a culture of respect that empowers individuals to raise concerns in a supportive and protected way. As part of this process, we worked with external diversity and inclusion experts to understand the risks to our business and the industry more broadly and identified areas for improvement across our operations.

We have taken significant action to prevent sexual harassment through clear leadership statements and increased education and awareness of the reporting channels available. While important progress has been made, we continue to monitor the work environment and progress towards a more diverse and inclusive workplace.



## Russia-Ukraine conflict

As the conflict in Ukraine escalated and sanctions and export restrictions were imposed on Russia, our ability to do business in Russia was impacted. We immediately established a cross-functional team to conduct a review of our operations in Russia, which ultimately resulted in the divestment of our Russian operations. The team analysed plausible scenarios to better understand the critical outcomes and key risks associated with each scenario. In addition to sanctions, key risks which were considered included:

- safety and well-being of our people and communities
- sanctions compliance and reputation
- financial implications
- supply chain interruptions, specifically ammonium nitrate supply
- information technology including cyber-attacks
- loss of intellectual property
- insurance implications



# Material risks and opportunities

Risk	Risk movement from prior year	Our response
<p><b>Macroeconomic factors: commodity demand</b>                      Uncertainty in the economic growth outlook and material fluctuations in commodity demand could impact demand and margins of the products and services sold by Orica.</p>	<p>↑ The volatility in macroeconomic factors such as inflation, talent availability, constrained global supply chains and monetary policy, is elevating the risk of recession and uncertain macroeconomic outcomes.</p>	<p>Our climate change scenario analysis on future commodity demand helps us explore the relevant trends which have the potential to impact the market demand for our existing products and services.</p> <p>We employ leading macroeconomic indicators to inform our strategic planning.</p> <p>We maintain a globally diverse customer base.</p> <p>We continue to position our portfolio towards higher growth commodities, including future-facing commodities. We are servicing mines focused on future-facing commodities, particularly nickel and lithium in Australia.</p> <p>Our focus remains on ensuring contractual mechanisms reflect our cost base and regional pricing strategies.</p> <p>We continue to identify opportunities to improve profitability through supply chain efficiencies.</p>
<p><b>Political and regulatory</b>                      Uncertain geopolitical dynamics and regulatory changes could impact our operations, result in additional compliance obligations, and increase our cost of compliance.</p>	<p>↑ Geopolitical challenges are increasing with policy and security threats to globalisation, free markets and business continuity driving greater uncertainty.</p>	<p>We actively monitor the political situation around our operations and assess our exposure to political and regulatory risks before selling or operating in new countries.</p> <p>We engage regularly with stakeholders to remain informed, enabling us to respond quickly to comply with the latest regulations, economic sanctions and trade rulings.</p>
<p><b>Climate change</b>                      Transitioning to a lower-carbon economy and physical climate change effects have the potential to impact the demand for our products, disrupt our supply chain and impede our ability to maintain production levels and service customer demand.</p>	<p>↑ Climate-related risks and opportunities are increasing, affecting government policy, markets, the transition to a lower-carbon economy and rising stakeholder expectations.</p>	<p>We expanded our practice of shadow carbon pricing, established new commitments, deployed low emissions technology and partnered with Origin Energy to collaborate on the development of a green hydrogen production facility in the Hunter Valley, Australia.</p> <p>We are embedding climate risk into strategic and financial planning to accelerate decarbonisation and enable action across the value chain.</p> <p>We assessed physical climate change impacts to our assets, operating locations, major customer sites and critical ports to inform the physical climate exposure posed over three temperature scenarios.</p> <p>We identify short-term emissions reduction initiatives and exposure to carbon markets to increase resilience to transitional risks and position our business for future opportunities.</p> <p>We focus on opportunities to enhance our competitiveness by working towards offering lower-carbon AN products.</p>
<p><b>Increasing society and investor expectations</b>                      Failure to respond to the rapidly shifting ESG expectations of our key stakeholders could impact our reputation and ability to operate.</p>	<p>↑ Societal standards for businesses to act responsibly are increasing. Failing to anticipate or respond could see increased regulatory burden, supply and/or operational disruption, damaged stakeholder relationships and reputation.</p>	<p>We proactively engage our stakeholders to demonstrate plans and actions with respect to our sustainability strategy and roadmap.</p> <p>We are strengthening the due diligence related to identifying and managing the modern slavery and human rights impacts across our operational activities.</p> <p>We recognise the opportunity to create differentiation through continuing to contribute to local communities and lift our ESG ambitions, commitments and delivery.</p>
<p><b>Customer and technology disruption</b>                      Rising adoption of new technology and fast paced competitor development could impact our ability to commercialise or generate an adequate return on previous investments in technology and services.</p>	<p>↑ Competitor and customer investment in technology continues to accelerate with a focus on automation, digitalisation, data, hydrogen and renewable energy technology.</p>	<p>We continue to develop our products and maintain a focus on accelerating adoption of our technology and solutions to further support our customers in their growth and productivity goals.</p> <p>We are developing and implementing material and human capital resource plans that underpin our new technology growth aspirations and factor in speed-to-market and excellence in service delivery.</p> <p>We focus on the opportunities to accelerate the development and commercialisation of new products and technology to grow our market position.</p>

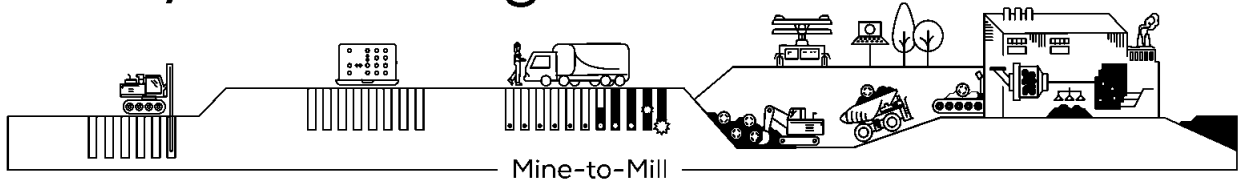


Risk	Risk movement from prior year	Our response
<p><b>Cyber security</b> A compromise to the confidentiality, availability and/or integrity of our critical technology services and data could impact our reputation and ability to operate.</p>	<p>↑ Global cyber threats continue to outpace societies' ability to effectively prevent and manage them. Increased sophistication of attacks drives the need for constant control environment improvement.</p>	<p>We continuously review and strengthen our information technology security controls to protect the confidentiality, availability and/or integrity of our business systems and operational technologies. We train our people to increase awareness of security threats and invest in systems and technologies to protect our data and network access. We assess our preparedness and response plans through simulated scenario exercises. We continue to focus on uplifting the security of our business and implementing a robust cyber security framework to attract new customers and suppliers.</p>
<p><b>Ethical business practices and good governance</b> Non-compliance with laws and regulations including those relating to competition, anti-bribery and corruption could expose us to penalties in the form of fines, criminal sanctions, civil suits and reputational damage.</p>	<p>↑ A greater focus on strengthening anti-bribery and corruption laws, increasing penalties and the adoption of protectionist measures by countries has increased the complexity of trade compliance requirements. Imposition of sanction regimes on countries across our global operations has increased the compliance risks of doing business.</p>	<p>We implement extensive compliance procedures and controls, including for entering or selling our products and services into new countries and screening our customers and vendors for potential non-compliance to sanction regimes. We maintain a comprehensive Code of Business Conduct and review our high-risk business partners and joint venture partners. We provide training to our people to ensure they do the right thing and provide an independent 'Speak-Up' service where they can raise concerns, anonymously if they wish. We exited our Russian business operations responsibly.</p>
<p><b>Safety, health, environment, and security (SHES)</b> The inherent nature of our business presents safety, environmental (including biodiversity), health and security risks. Improper management and response to these risks could directly impact our employees, customers and the communities in which we operate. Risk events could also disrupt our operations, lead to financial penalties and impact our reputation.</p>	<p>—</p>	<p>Our number one priority is the prevention of harm. Our key controls include compliance protocols, audit and inspection programs, plant and equipment design standards, and asset maintenance programs. Our Major Hazard Management (MHM) program defines key safety controls and establishes rigorous verification protocols. If harm were to occur, we have stringent first response and emergency response management plans in place across all our operations. Our performance requirements and expectations for environmental practices across our global network of sites, supply chain and other operations requires us to identify and understand our key environmental risks and to proactively manage them to prevent or minimise impact to the environment. We continue to explore opportunities to improve industry safety standards and embed a culture of continuous learning where we operate.</p>
<p><b>COVID-19 pandemic</b> Changes to government responses in relation to the COVID-19 pandemic, or increased rates of infection due to the emergence of new variants, could impact our ability to maintain reliable operations and financial outcomes.</p>	<p>↓ The COVID-19 curve continues to flatten as infection rates decrease and vaccination rates increase. Countries are emerging from lockdowns.</p>	<p>We monitor our comprehensive COVID-19 response plan and adjust as circumstances change. Our core priorities are protecting our people; maintaining reliable operations and supply chains; supporting our communities; and monitoring the impact of any disruption on our cash flow. Our technology and connectivity enhance mobility and collaboration in workplaces, creating further opportunities for knowledge sharing, cross-business deployments, and process efficiencies.</p>
<p><b>Supply chain disruption</b> Interruption to the integrity and/or continuity of our supply chain could impact our margins and our ability to maintain security of supply for our customers.</p>	<p>↑ Global supply chains have increased susceptibility to disruption and operational complexities due to demand increase, extreme weather events and geopolitical tensions which have resulted in capacity constraints on the major shipping lanes and pricing pressures.</p>	<p>Our supply partners undergo risk assessments and our assets have preventative maintenance programs in place. Detailed planning and forecasting allow us to predict ongoing demand and build capacity into our supply chains. This reduces our reliance on key suppliers, where possible. We explore opportunities to improve our supply chain efficiency by optimising and diversifying our resources and relationships. We focus on securing AN supply to meet customer needs and drive growth opportunities.</p>
<p><b>Product quality</b> Poor-quality products or services could impact performance against required outcomes causing harm to people and the environment, impacting our reputation and resulting in regulatory actions or penalties.</p>	<p>—</p>	<p>We monitor our sites against clear performance metrics and enact improvement programs where required. We focus on global and regional supplier due diligence processes to assess capability of our suppliers, establish contractual quality requirements, and monitor their ongoing performance. We continue to implement systems and methodologies across the key pillar areas of People and Culture, Supplier Quality Management Process Quality Control, and Management of Change.</p>



# OUR BUSINESS MODEL

## Beyond blasting



### Our business activities

#### OREBODY INTELLIGENCE

Upstream from blasting, we are actively taking steps to help our customers better understand the orebody. Recent digital acquisitions, including Axis Mining Technology, give us a market position in orebody intelligence.

#### DESIGN AND MODEL

We are collaborating with customers and industry to develop technologies and integrate vast amounts of complex geotechnical data into the blast design processes. Our SHOTPlus™ Blast Design and OREPro™ 3D modelling software helps to ensure the right explosives are delivered into the right holes and initiated at the right time to achieve desired customer outcomes.

#### BLASTING

The blasting segment of the mining value chain remains at the core of our business. The convergence of new technologies and solutions such as WebGen™ and 4D™ is enabling us to adjust and optimise customers' mine plans, allowing them to operate more efficiently, precisely and responsibly.

#### MEASURE AND MONITOR

We have made significant investments in post-blast monitoring, including GroundProbe™ technologies and measurement technologies that deliver insights around blast outcomes. FRAGTrack™, for example, captures 2D and 3D blast fragmentation imagery and data with auto-analysis capability.

#### ORE PROCESSING OPTIMISATION

Further downstream, we deliver mining chemicals and technologies to aid with processing and we are building capability and technologies in ore processing with digital tools like IES and Design for Outcome (DfO), helping our customers to optimise their entire mining value chain.

### Our products and services



#### Digital solutions

- Orebody intelligence (e.g., RIG, HIG Technologies International, RHINO™, Axis Mining Technology)
- Blast design and modelling (e.g., SHOTPlus™, OREPro™ 3D)
- Blast execution (e.g., BlastIQ™, LOADPlus™)
- Blast measurement (e.g., FRAGTrack™, ORETrack™, BlastVision™)
- Process optimisation (e.g., Integrated Extraction Simulator (IES))



#### Explosives

- Ammonium nitrate (AN)
- Ammonium nitrate emulsion (ANE)
- Bulk explosives (e.g., 4D™)
- Packaged explosives



#### Blasting systems

- Boosters
- Conventional initiating systems
- Electronic blasting systems (e.g., i-kon™ III)
- Wireless blasting systems (e.g., WebGen™ 200)



#### Monitoring

- Radar and laser-based monitoring systems (e.g., GroundProbe™ RGR-Velox™)
- Advanced processing and analytic software (e.g., MonitorIQ™)



#### Mining chemicals

- Sodium cyanide
- Emulsifiers
- Sodium cyanide delivery systems (e.g., Sparge)
- Analysers and mineral processing optimisation (e.g., PROService™)
- Process simulator software (e.g., LeachIT™)



#### Service and support

- Technical and specialist services
- Delivery systems (e.g., Bulkmaster™ 7)
- Avate!™
- Cyclo™





# KEY PERFORMANCE INDICATORS

Orica uses a range of financial and non-financial metrics to measure the Group's performance. These metrics, and associated targets, are regularly reviewed in response to changes in our operating environment, stakeholder expectations and strategy.

## Externally assured data

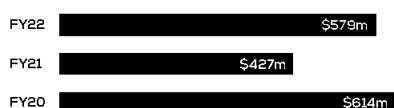
Denotes information subject to limited assurance by EY.

## Link to Executive remuneration

Denotes a KPI which is directly linked to FY2022 Executive STI performance metrics.

### KPI: EBIT<sup>1</sup>

Earnings prior to deducting interest and tax expenses from continuing operations, before individually significant items.



### KPI: RONA – continuing operations<sup>1</sup>

A measure of how efficiently we use our assets. RONA is calculated by dividing 12-month EBIT by rolling 12-month average operating net assets where operating net assets = property, plant and equipment, intangibles, equity accounted investees and working capital excluding environmental provisions, excluding Minova.



### KPI: Cash generation efficiency – continuing operations<sup>1</sup>

Our ability to generate cash from current business operations. Calculated as earnings before interest, tax, depreciation and amortisation (EBITDA) less (average trade working capital movements, income tax paid, net dividends/(earnings) from associates, and sustaining capital expenditure) divided by EBITDA.



### KPI: Serious injury case rate including fatalities<sup>1</sup>

The number of serious injuries or illnesses that occur in the workplace for every 200,000 hours worked. Serious injuries are those which result in lost work time, and include fatalities, temporary or permanent disablement, hospitalisations, and less significant injuries where the affected person is unable to attend work for a day or more.



### KPI: Women in senior leadership

The percentage of high level executive positions within the Band D (Senior Manager) level and above (i.e., CEO 2 (Band D+)) that are held by women.



### KPI: Scope 1 and 2 emissions<sup>1</sup>

The total amount of net greenhouse gas emissions measured in kilotonnes of carbon dioxide equivalent that can be directly attributed to Orica's business activities (Scope 1, i.e., chemical processes) or indirectly from purchased electricity, heat, steam, or cooling (Scope 2).



<sup>(1)</sup> Refer section 3.2 of our Remuneration Report for the formal definitions used for FY2022 STI purposes.



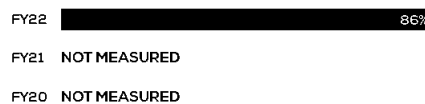
### KPI: Loss of containment<sup>1</sup>

The number of incidents where a contained substance escapes from containment and results in a Severity 1 or greater environmental impact on water or soil.



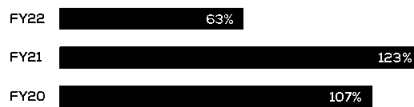
### KPI: Inclusion index

An index used to measure sense of belonging and inclusion by our people. This data is collected through our employee engagement survey 'Our Say'.



### KPI: Digital technology adoption

Global adoption of our digital technologies represented as percentage increase year on year.



### KPI: Total community investment

The amount of investment in supporting community projects and initiatives, contributing to society, and benefiting future generations.



Remuneration of Orica executives and employees is aligned to the successful delivery of our strategy. We use several of our KPIs as specific measures in determining incentive plan outcomes to ensure incentives are linked to actual performance.

Those KPIs not explicitly linked to Executive short-term incentive (STI) performance outcomes are considered important measures of strategic performance and long-term value creation, and form part of key internal management reporting and decision-making.

The Board has an overriding discretion to adjust final outcomes under the terms of the STI plan, to ensure Executive reward outcomes are reflective of our overall financial and non-financial performance and aligned to shareholder experience.

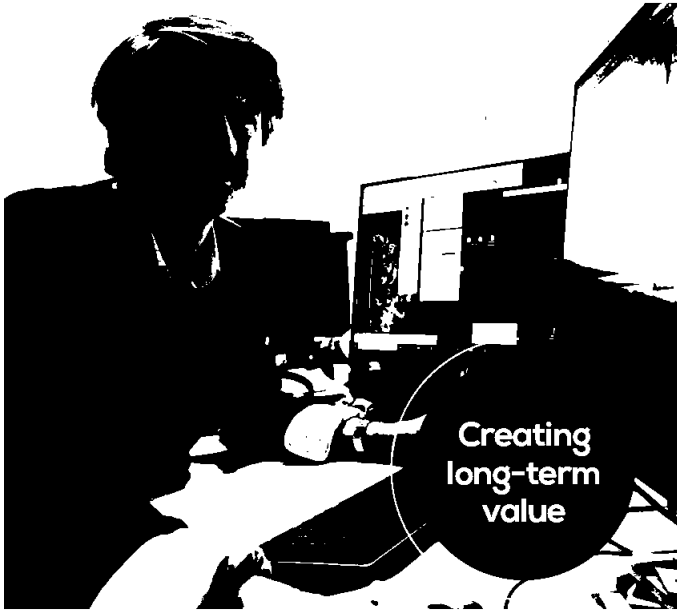
[Remuneration Report on pages 99 to 123.](#)

*Where applicable with respect to our non-financial metrics, prior period information has been restated to align with the presentation in the current period to reflect updated methodologies or classifications.*

<sup>(1)</sup> Refer section 3.2 of our Remuneration Report for the formal definitions used for FY2022 STI purposes.



# OUR STAKEHOLDERS



We proactively engage with a diverse set of global stakeholders who express an interest in our business. Our engagement is collaborative, proactive and transparent to build trust, support the delivery of our business strategy and create long-term value.

This year has been challenging as we have navigated the COVID-19 pandemic, geopolitical events, extreme weather and disrupted global AN supply chains. Throughout, we have sought to be transparent and responsive.

To engage our stakeholders, we undertake a range of activities that enable us to better understand their interests and concerns and identify opportunities to better respond to their needs. See our website for more details.

We also work with and engage civil society including industry associations, non-government organisations, research and technical institutions.

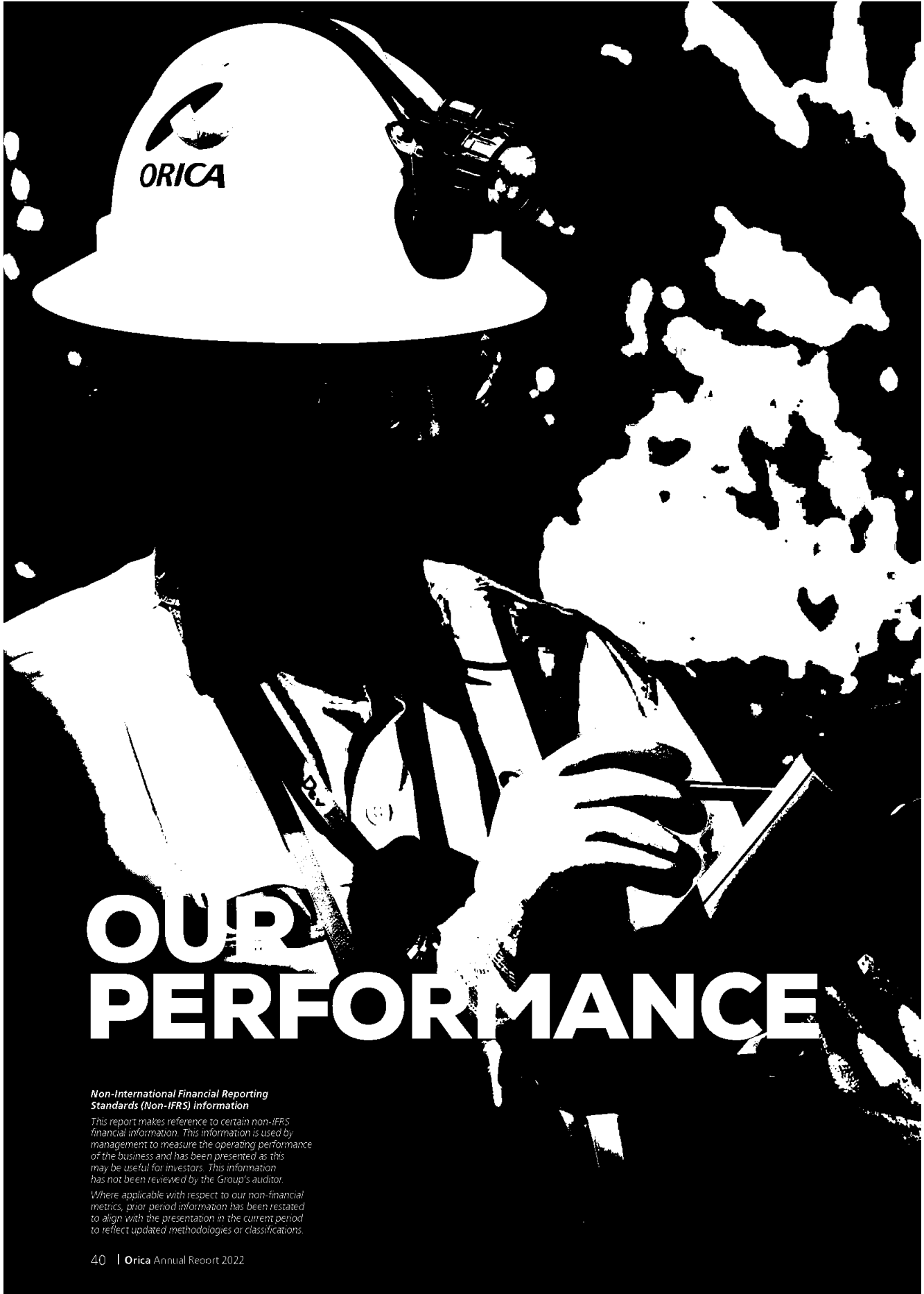
[Our Performance on page 40](#)

Stakeholder	How we engage	What issues are important to them?	Examples of how we responded
<p><b>Employees and contractors</b></p> <p>Our people are key to delivering on our purpose. Their engagement and dedication are essential to making our strategy a reality. We communicate with and listen to our people and strive to provide them with development opportunities within an inclusive workplace.</p>	<ul style="list-style-type: none"> <li>– Global culture and engagement survey 'Our Say'.</li> <li>– Interactive webcasts with CEO and Executive Committee.</li> <li>– Direct people leader communication.</li> <li>– Performance and development reviews.</li> <li>– Internal communications channels, including intranet and Yammer.</li> </ul>	<ul style="list-style-type: none"> <li>– Skills and capability development.</li> <li>– Safety, health and well-being.</li> <li>– Diversity and inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>– Implemented three global programs of work to support employee engagement: leadership development; recognition and reward; and New Ways of Working.</li> <li>– Upgraded major hazard controls for flyrock and elevated platform work risks following fatality events this year.</li> <li>– Refreshed our Flexible Working Policy for Australian employees.</li> <li>– Updated our Code of Business Conduct strengthening our positions on workplace sexual harassment and rights of First Nations Peoples.</li> <li>– Implemented Australian industry Respect@Work toolkit.</li> </ul>
<p><b>Customers</b></p> <p>We aim to deliver solutions and technology that drive productivity for our customers across the globe. Listening to their feedback helps identify opportunities to improve our products and customer service. We aim to raise awareness of automation and digital solutions in enabling more productive and safer mining.</p>	<ul style="list-style-type: none"> <li>– 'Voice of Customer' platform capturing feedback on customers' experience.</li> <li>– Contract reviews.</li> <li>– Executive engagements.</li> <li>– Sustainability forums.</li> </ul>	<ul style="list-style-type: none"> <li>– Security of supply.</li> <li>– Sustainability of products and services.</li> <li>– Product innovation and new technology.</li> </ul>	<ul style="list-style-type: none"> <li>– Maintained security of product supply while meeting growing demand for premium products and technology.</li> <li>– Commercialised WebGen™ 200 increasing productivity, safety and reducing operating costs.</li> <li>– Technology offering strengthened through acquisition of Axis Mining Technology.</li> <li>– Delivered solutions to improve efficiency and sustainability outcomes e.g. Cyclo™ and Fortis™ Protect.</li> <li>– Progressed the decarbonisation of our operations helping our customers reduce their value chain impacts.</li> </ul>



Stakeholder	How we engage	What issues are important to them?	Examples of how we responded
<p><b>Suppliers and business partners</b></p> <p>Orica provides important economic contributions to many people and businesses working in our supply chain. We aim to treat suppliers fairly and ethically and seek to be a partner of choice. Collaborating with others across our supply chain helps us to address social and environmental challenges and deliver on our strategic goals.</p>	<ul style="list-style-type: none"> <li>– Sourcing and procurement activity.</li> <li>– Contract reviews.</li> <li>– Supplier sustainability questionnaires.</li> <li>– Supplier forums.</li> </ul>	<ul style="list-style-type: none"> <li>– Security of supply.</li> <li>– Managing supply chain risks, including sustainability risks.</li> <li>– Sustainable product offerings.</li> </ul>	<ul style="list-style-type: none"> <li>– Exited Russia operations and increased resilience of supply chains to maintain security of product supply.</li> <li>– Established new AN supply arrangements and supplier partnerships.</li> <li>– Our guidance to suppliers on our safety and sustainability requirements continued to evolve. We: <ul style="list-style-type: none"> <li>– sought more detailed information on supplier modern slavery risks as part of our due diligence practices;</li> <li>– engaged ammonia and AN suppliers on their product footprints to improve the accuracy of our Scope 3 emissions accounting; and</li> <li>– worked with suppliers to address growing legislative requirements and societal expectations on ethical supply chains.</li> </ul> </li> <li>– Collaborated on future product roadmaps for our Mobile Manufacturing Units and switching to electric or alternative zero emissions fuels.</li> </ul>
<p><b>Investors and financiers</b></p> <p>Engaging with providers of financial capital is key to promoting a strong understanding of Orica's value proposition, strategy, and performance. As investment decisions increasingly integrate environmental, social, and governance criteria, we are confident our sustainability performance is driving competitive advantage.</p>	<ul style="list-style-type: none"> <li>– Interim and full-year results briefings.</li> <li>– Investor Day.</li> <li>– Annual General Meeting.</li> <li>– Disclosure documents, including results announcements, investor presentations and other ASX lodgements.</li> <li>– Annual Reporting Suite.</li> </ul>	<ul style="list-style-type: none"> <li>– Financial performance.</li> <li>– Business strategy and growth opportunities.</li> <li>– Corporate governance.</li> <li>– Sustainability approach, commitments and progress.</li> </ul>	<ul style="list-style-type: none"> <li>– Delivered investor returns as a result of our commercial discipline, and strong global manufacturing and supply network.</li> <li>– Strengthened our balance sheet with net debt of \$912 million, and \$2,678 million liquidity available in cash and undrawn committed bank debt facilities at year end.</li> <li>– Continued to execute strategic initiatives including accelerating our approach to decarbonisation through low-emissions technology and creating innovative and sustainable solutions.</li> <li>– Hosted an investor day to enhance understanding of our strategy, performance and technology offerings.</li> <li>– Continued to increase disclosure and transparency of financial and non-financial performance.</li> <li>– Engaged proactively and constructively with shareholder interest groups such as Climate Action 100+.</li> <li>– Improved our performance on human rights and modern slavery. See our Modern Slavery Statement.</li> </ul>
<p><b>Local communities</b></p> <p>From understanding grievances and local expectations to forming close partnerships, engaging with local communities helps inform our strategy, define our priorities, and advance sustainable solutions to common challenges.</p>	<ul style="list-style-type: none"> <li>– Stakeholder engagement plans.</li> <li>– Community investment programs.</li> <li>– Local stakeholder engagement sessions.</li> <li>– Grievance mechanisms and other feedback.</li> </ul>	<ul style="list-style-type: none"> <li>– Product safety and security.</li> <li>– Strong partnerships.</li> <li>– Investment in communities.</li> <li>– Local operational impacts including water, air, and noise.</li> <li>– Support following natural disasters.</li> <li>– Economic opportunities including employment and procurement.</li> </ul>	<ul style="list-style-type: none"> <li>– Using technology to help customers protect Indigenous cultural heritage in Queensland.</li> <li>– Sought input and feedback from a variety of Australian community stakeholder groups on our Reconciliation Action Plan.</li> <li>– Increased our financial contributions to local communities through the Orica Impact Fund and provided financial assistance in America and Australia following natural disasters.</li> <li>– Installed a new prill tower scrubber at Kooragang Island reducing particle emissions by 99 per cent.</li> <li>– Performed an assessment of our Yarwun facility's economic contribution to the local community and identified opportunities to enable green jobs in Queensland.</li> </ul>
<p><b>Government and regulators</b></p> <p>Dialogue with national and local governments and regulators allows us to understand their priorities and concerns and share our views and objectives. We engage with governments and regulators on topics that may impact trade, competition, operating licenses and operational competitiveness.</p>	<ul style="list-style-type: none"> <li>– Meetings with political stakeholders, public officials and regulators.</li> <li>– Hosting site familiarisation tours.</li> <li>– Submissions to government and regulatory consultations.</li> <li>– Applications for grant funding.</li> </ul>	<ul style="list-style-type: none"> <li>– Regulatory compliance, good governance and ethical business conduct.</li> <li>– Effective policy development and probity.</li> <li>– Innovation, research and development.</li> </ul>	<ul style="list-style-type: none"> <li>– Deepened engagement with regulators in relation to our safe AN storage practices following the Beirut blast in 2020<sup>1</sup>.</li> <li>– Hosted international and domestic officials and their representatives at our major manufacturing sites to build understanding of our socio-economic contribution and key issues.</li> <li>– Responded quickly to sanctions against Russia.</li> <li>– Responded to government consultations in Australia and Canada including Safeguard Crediting Mechanism; Safeguard Mechanism Reform; Technology Innovation and Emissions Reduction Regulation Review.</li> <li>– Met obligations pertaining to grant funding agreements for the Kooragang Island Decarbonisation Project and Alpha HPA project in Australia.</li> </ul>

(1) In late 2020, improperly stored AN stockpile in the Port of Beirut exploded.



# OUR PERFORMANCE

**Non-International Financial Reporting  
Standards (Non-IFRS) information**

*This report makes reference to certain non-IFRS financial information. This information is used by management to measure the operating performance of the business and has been presented as this may be useful for investors. This information has not been reviewed by the Group's auditor.*

*Where applicable with respect to our non-financial metrics, prior period information has been restated to align with the presentation in the current period to reflect updated methodologies or classifications.*

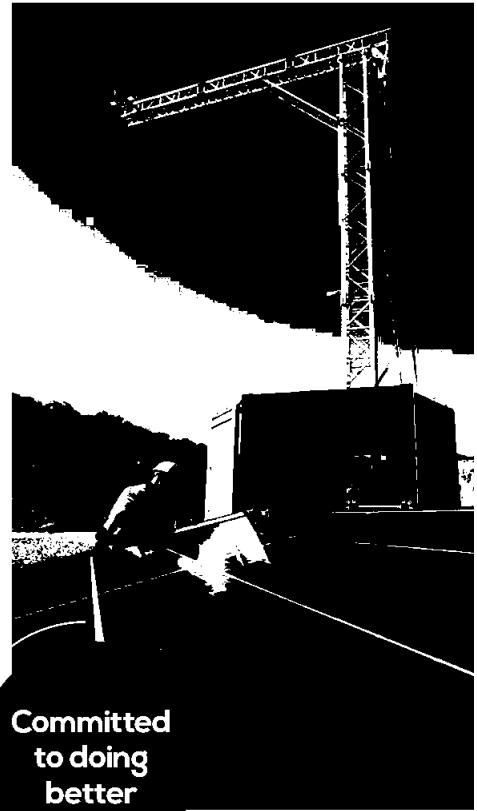


# SAFE AND RESPONSIBLE BUSINESS

We operate in a complex global environment. The decisions we make at work can have far reaching impacts on our business, our colleagues, our customers, our communities and the world we live in.

Orica has an unwavering commitment to health and safety. This year we fell short of our promise to keep people out of harm's way. We are reporting two tragic fatalities. We are committed to doing better, upgrading critical controls and learning from the past.

2  
**FATALITIES**  
0.157<sup>1</sup>  
**SICR**  
0.017<sup>2</sup>  
**SLICR**



**Committed to doing better**

## Workplace safety

Tragically, we are reporting two fatalities this year relating to an event in FY2022 and a previously unreported event in FY2021. In response to the incidents, we conducted a detailed review of key controls in our Major Hazard Management (MHM) program relating to flyrock and elevated work platform (EWP) risks. We have taken disciplinary action in response to the unreported fatality in FY2021, which breached our Code of Business Conduct (Our Code).

We are deeply disappointed with this performance and know we must do better. We are committed to re-establishing the trust of our stakeholders and living up to our values to keep people safe, always.

### **FY2022 AND FY2021 FATALITIES**

#### **Flyrock fatality, Russia**

In July 2022, an Orica blasting crew were performing a trial blast at a customer site in far-east Russia when flyrock was ejected outside the designated blast exclusion zone. Two Orica employees were struck and tragically, an Orica bench assistant was fatally injured. The second employee was seriously injured requiring medical treatment.

We activated emergency services and initiated support for family and colleagues. We immediately ceased all blasting operations, including a safety stand-down across all sites in Russia. A full internal investigation was conducted, supported by Orica's Surface Expert Panel.

The investigation found a number of factors contributed to the tragedy. We are working to apply these learnings within our MHM program and reinforce critical safety measures.

#### **Elevated Work Platform (EWP) fatality, Kazakhstan**

We are also reporting a contractor fatality in Kazakhstan from FY2021. The incident – a fall from an EWP – was reported through our Whistleblowing channels and was subject to a thorough investigation.

In response, we are updating our procedures for working from heights to provide additional guidance around work from EWPs. We are reviewing contractor management processes and requirements around monitoring contractor work on site.

Disciplinary action has been taken against site management personnel who were aware of the event and did not report it. These actions are not reflective of Orica's values and are in breach of Our Code.

(1) Serious injury case rate (unit of measure: per 200,000 hours worked).  
(2) Serious life-changing injury case rate (unit of measure: per 200,000 hours worked).

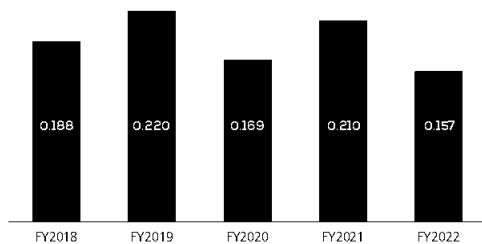


**SAFE AND RESPONSIBLE BUSINESS**

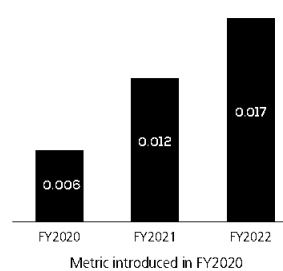
**SERIOUS INJURY PERFORMANCE**

In FY2022 we recorded 0.017 Serious Life-Changing Injuries (SLICR) per 200,000 hours worked against a target of 0.030. Our Serious Injury Case Rate (SICR) was 0.157, which is a 25 per cent improvement on our FY2021 performance, but above our target of 0.138 serious injuries per 200,000 hours worked.

**Serious Injury Case Rate**



**Serious Life-Changing Injury Case Rate**



# Orica's smarter solutions to remove people from harm's way



**WEBGEN™ 200**

WebGen™ is the world's first fully wireless initiation system which can communicate through hundreds of metres of rock, air and water to initiate blasts. By eliminating the need for downlines and surface connecting wires, WebGen™ allows mine personnel to spend less time in the dangerous zones of the mine compared to traditional blasting systems. This year we commercialised the second generation of WebGen™.

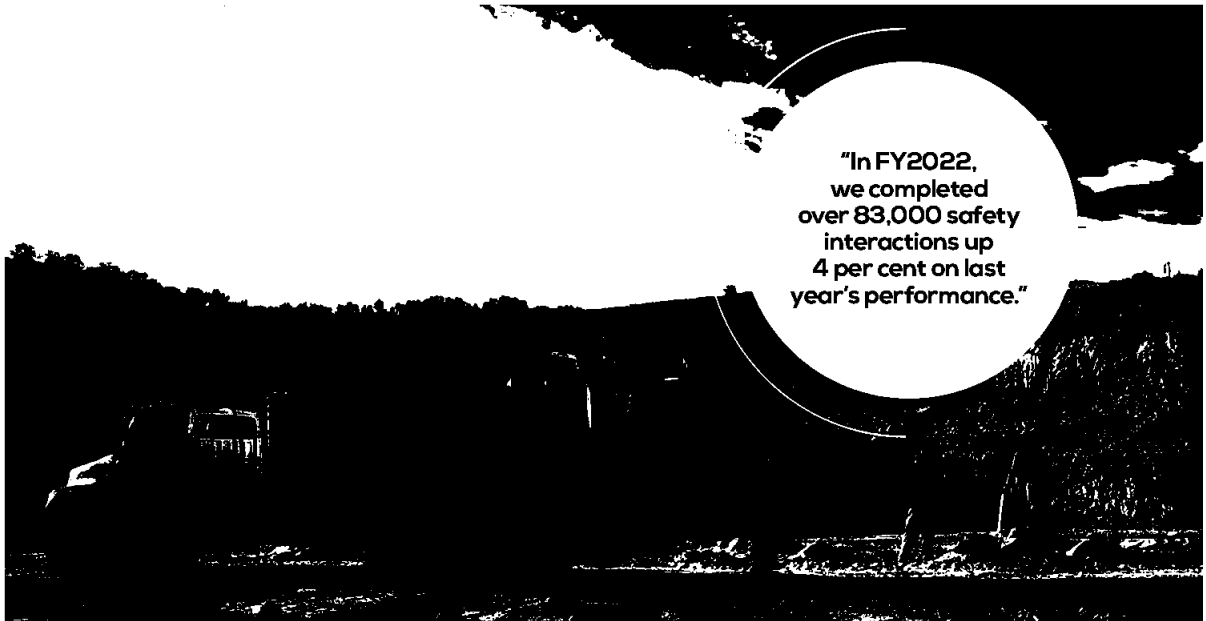
WebGen™ 200 has enhanced safety and security capabilities including a beacon system and LockSafe. The beacon improves procedural controls to ensure the correct blast is fired, which is a unique hazard of wireless blasting. Each beacon is encoded to a specific blast and must be present for the blast to fire. LockSafe uses Inertial Movement Units and an algorithm to detect if the primer has moved from the hole and sends a disarm signal to the unit to prevent the unit from receiving the firing signal, which helps customers avoid potentially unsafe blasting outcomes. LockSafe is progressing toward commercialisation.

**i-kon™ DETONATORS**

The i-kon™ III electronic detonator is our most sophisticated EBS, designed to perform safely and reliably under extreme conditions. The detonators have multiple safety features enabling protection against the high voltage electrostatic discharge which occurs in lightning strikes. Work continues on incorporating GPS tracking capability into our next generation i-kon™ detonators, which would make it impossible to initiate a blast from within a digital exclusion zone.

**AVATEL™**

Our partnership with Epiroc is progressing toward commercialisation of our Avatel™ system, the world's first mechanised development charging system. The technology allows a single operator to locate, clean, prime and load our bulk explosives and wireless initiating systems from the safety of an enclosed cabin, several metres from the face and out of harm's way.



**"In FY2022, we completed over 83,000 safety interactions up 4 per cent on last year's performance."**

### **IMPROVING VEHICLE SAFETY**

In FY2022, we conducted a driver assistance trial in LATAM to identify new ways to improve vehicle safety. The trial tested a 'virtual co-pilot' to provide real-time information on the risks and hazards of the defined route to drivers. We are also working with our contractors to provide training and awareness sessions on our requirements and fundamentals of vehicle stability and encourage immediate feedback about driver behaviour and performance.

### **STRENGTHENING AND EXPANDING OUR MHM PROGRAM**

Our MHM program is integral to our strategic safety focus areas, defining key safety controls and establishing rigorous verification protocols. This year, our leaders completed over 18,500 independent verifications of our key hazard controls.

Following the fatality in Russia this year, our Surface Expert Panel commenced a review of key controls for Major Hazard 'Struck by Flyrock'. Recommendations from the review will be implemented, upgrading our controls as appropriate to keep people safe.

MHM is reinforced in everyday work through our Safety Leadership Interaction program. This program leverages the relationship between supervisor and worker to enhance communication around safety controls. In FY2022, we completed over 83,000 safety interactions up 4 per cent on last year's performance.

Creating a culture of safety in which all employees are empowered and expected to call an immediate stop to work if they observe a potentially hazardous situation is core to our MHM program and reinforced by the recent updates to Our Code and Whistleblower Policy. We regularly communicate MHM stops internally to encourage our people to speak-up and call a stop if they feel unsafe.

In FY2022, the number of stops called increased to over 2,700, up from approximately 1,700 in FY2021, signalling our employees are aware they have this option and feel empowered to exercise it.

Our MHM program was expanded during the reporting period to include contractors, with MHM elements included in contractor site inductions. A trial pre-qualification approach for contractors was conducted, based on a tiered risk approach using MHM and will lead to further refinements.

### **MENTAL AND PHYSICAL HEALTH IN THE WORKPLACE**

With mental and physical well-being critical for our people to thrive, our employee engagement survey was updated to include leading indicators on mental health and well-being. A review of risk assessment tools has also been undertaken to identify and assess psychosocial factors in the workplace and will be deployed in key business areas where increased risk is prevalent.

In FY2022, we:

- reviewed and updated our Orica Assignee Deployment Medicals to ensure people are medically fit to undertake international assignments;
- published a standardised Occupational Exposure Limit and Biological Exposure Indices Listing in the Group Standard for Health; and
- developed a respiratory Health Surveillance Guideline to establish the minimum requirements and frequency of testing for respiratory health surveillance. This is currently being reviewed by the regions.



## SAFE AND RESPONSIBLE BUSINESS

### PRODUCT SECURITY

As a manufacturer of commercial explosives and blasting initiating systems, we have specific responsibilities to ensure we partner with and sell to organisations that will use our products for their intended purpose. We also have a responsibility to eliminate or minimise any risks to safety, health or the environment across the lifecycle of our products and services.

We take our product security responsibilities seriously and strive to be champions of a safe and secure value chain. We select our partners following detailed due diligence covering security across the product lifecycle, from transport to storage and final end-use. No product security incidents categorised as a Severity 3<sup>(1)</sup> or higher were recorded in FY2022. Through deep engagement with our carriers and increasing the security posture during transport, we have observed reduced product security events related to transport this year. Of the six Severity 2<sup>(2)</sup> product security events that occurred, one was related to transport, compared to four out of six in FY2021.

Track and Trace is being implemented in line with our product stewardship. This technology, while enabling higher accuracy inventory control, will enable us to provide detailed information to authorities in the event of lost or stolen product, or product recovered in the hands of unauthorised persons.

We participate in global discussions and organisations to contribute to industry security standards and approaches. Orica is a member of the Global Congress on Chemical Security and Emerging Threats Industry Advisory Group, which is focused on preventing access of explosives precursor chemicals. The Global Congress is co-sponsored by INTERPOL, the US Department of Homeland Security, the FBI and US Defence Threat Reduction Agency.

### CYBER SECURITY

Cyber security is key to protecting Orica's people, products, sites and sensitive information. Orica's cyber strategy is focused on three key outcomes:

- appropriate cyber controls across Business, Customer and Manufacturing systems;
- detect and respond rapidly to malicious software or intruders in our network; and
- improved data security, safeguarding our own and our customers data.

In FY2022, we strengthened our cyber controls, including priority controls at our key sites to protect against cyber-attacks. Our Cyber Security Management team has doubled in size in the last 12 months, and we have embedded additional dedicated cyber experts with manufacturing expertise into the manufacturing team to improve capabilities.

We have matured our cyber awareness program with regular training and phishing email simulations that build company-wide capability. We also provide bespoke training for higher risk roles, so our people are well equipped to raise and address cyber security concerns and prevent potential cyber-attacks.

Progress against our internal cyber security roadmap and cyber key risk indicators is reported to the Board quarterly and we obtain external independent assessments to gauge the effectiveness of our cyber security measures.

#### Vendor cyber controls

We have commenced work to assess the cyber controls of our top 260 vendors – representing around 80 per cent of our vendor spend – to understand how they manage confidential data and if their cyber controls meet Orica's standards.

### Crisis Response Preparedness

Our cyber security posture is tested with crisis simulations, penetration testing and by using external cyber professionals to perform ethical hacking exercises. To prepare for malicious cyber events and ensure our corporate crisis management processes and procedures have been adopted correctly, we have performed simulations of a cyber-attack at one of our manufacturing sites. The response to the simulation was positive.

### ETHICAL BUSINESS CONDUCT

#### Our Code of Business Conduct (Our Code)

Our Code is our guide to doing the right thing. It establishes how we will conduct ourselves to deliver on Orica's purpose, vision, strategy and values as outlined in Our Charter.

As our company evolves, so too does Our Code. We updated Our Code in July 2022 to reflect changing societal expectations, strengthen our culture of safety and emphasise our strong position on respect for First Nations Peoples and cultural heritage, human rights, modern slavery and workplace sexual harassment. The updates highlighted everyone's authority and obligation to stop work to protect our people, the environment and Indigenous cultural heritage.

The update reinforces the importance of speaking up and we are committed to ensuring everyone can raise concerns freely and without fear. Concerns are dealt with swiftly, fairly and confidentially using our Speak-Up service (operated by third-party provider Navex) and authorised internal and external recipients as per the Whistleblowing Policy.

Our Code is publicly available at [orica.com](https://www.orica.com).

(1) Severity 3: Misuse of security sensitive Orica product to cause actual harm while Orica has no control of the product; or Significant regulatory action taken with total cost of legal action/fines or prosecution between \$1,000,000 and \$10,000,000; or Sustained adverse media reporting at the national level.

(2) Severity 2: Loss of a security sensitive Orica product. The product may or may not be recovered and if recovered was in the possession of an unauthorised third party; or Significant regulatory action taken with total cost of legal action/fines or prosecution between \$100,000 and \$1,000,000; or Sustained adverse media reporting at the sub-national level.



### Respect@Work

We take a strong and unequivocal stance on sexual harassment. In August 2022, we released updates to our Respect@Work approach which applies to Orica Australia, including:

- a revised 'Respectful Behaviours At Work' policy;
- end-to-end approach in place to investigate, and support individuals who make a claim regarding behaviours that are inconsistent with our values; and
- mandatory leader and employee learning modules to understand the expectations and obligations of our Orica team.

Our policy is in line with the Minerals Council of Australia's *Industry Code on Eliminating Sexual Harassment*.

### Reporting issues and grievances

In FY2022, we updated our Whistleblower Policy in line with the Australian Securities and Investments Commission's (ASIC) recommendations. This included revising our language to provide clarity on what should be reported, key steps involved in handling and investigating reports, what protections are afforded to whistleblowers, and how Orica enforces these protections. We also translated the updated Whistleblower Policy into 13 languages to increase accessibility. Following the communication of our revised Whistleblower Policy, reports were received regarding the unreported fatality incident in Kazakhstan.

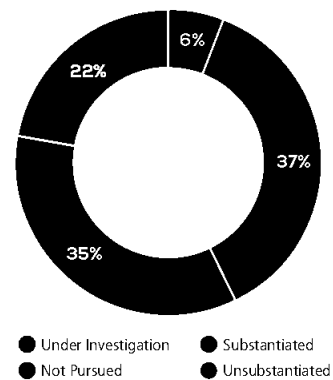
Our Whistleblower Policy is in place to support people, including all employees, their families and other Orica stakeholders (including customers, suppliers, contractors and visitors) to report misconduct via our external and confidential Speak-Up Service. Employees can also raise misconduct concerns with Authorised Recipients, who are identified in the policy. Externally, reporters can also raise concerns with ASIC, the Australian Prudential Regulation Authority (APRA), and the Commissioner of Taxation for reports that relate to Orica's tax affairs.

A breach of our Whistleblower Policy is considered a breach of Our Code and may have serious consequences. Retaliatory behaviour against reporters is not tolerated and will be subject to disciplinary action, up to and including termination of employment.

During the reporting period we received 107 whistleblowing reports, equivalent to 0.9 reports per 100 employees. Based on benchmarking supplied by our Speak-Up service provider Navex, 1.3 reports per 100 employees represents an optimal rate that is high enough to demonstrate broad employee awareness of whistleblowing processes but low enough to indicate there are not excessive issues and grievances.

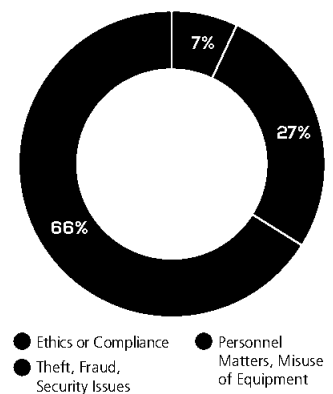
In FY2022, 66 per cent of whistleblower reports related to workplace and personal grievances. Quarterly whistleblowing reports are provided to the Board Audit and Risk Committee.

### Report by Outcome



When concerns are raised through available mechanisms, a review process is undertaken, and a response determined according to the framework in our Group procedure. In FY2022, 35 per cent of reports were substantiated. Where allegations were substantiated, appropriate action was taken to remedy and prevent re-occurrence, including termination of contract.

### Report by Category





**SAFE AND RESPONSIBLE BUSINESS**

**Ethics and compliance**

Our Ethics and Compliance system supports us to act with integrity and is the system used to log proposed gifts, entertainment, sponsorship and donations, and to receive information, advice and approvals from the Ethics and Compliance team.

In FY2022, we improved our Ethics and Compliance system to make it more user friendly, with streamlined forms to log a transaction and automated alerts to track the transaction.

 *Our Code*

**Tax transparency**

Tax transparency is a critical element of ethical business behaviour. We comply with all relevant taxation laws in a responsible manner, with all taxes properly due, accounted for and paid. A tax standard and relevant procedures are in place to ensure our tax compliance obligations are managed. Our effective tax rate before individually significant items is 32.2 per cent, which is in line with FY2021.

 *FY2022 Tax Transparency Report*

**HUMAN RIGHTS**

We are committed to respecting and upholding the human rights of our people and those who may be impacted by our operations and business activities. With the mining and metals industry facing increased scrutiny over its human rights obligations and approaches, we continue to work to meet stakeholder expectations and support the industry in raising human rights protections and processes.

Our approach to respecting human rights is guided by internationally recognised standards such as the UN Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at work. Our approach is embedded within Our Charter, Our Code, risk management approach and organisational policies.

**First Nations engagement and cultural heritage protection**

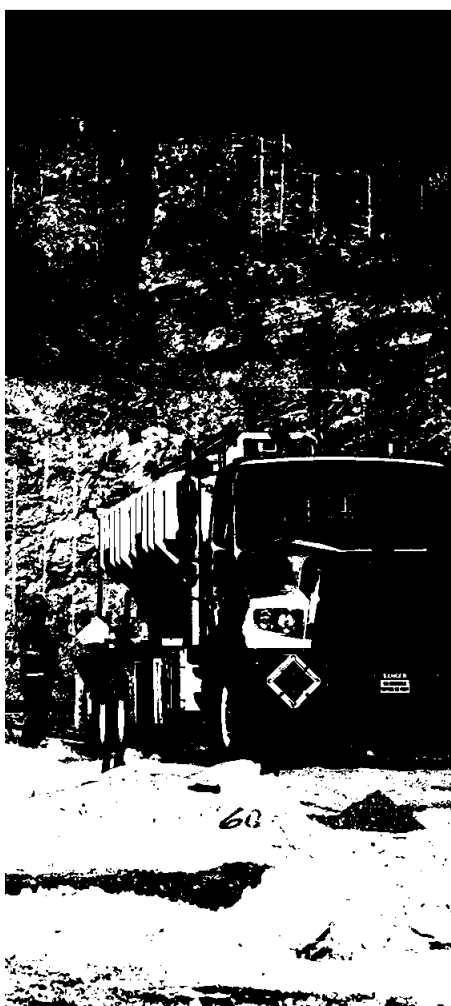
In FY2021, we developed our First Nations Engagement and Cultural Heritage Protection Roadmap. This followed a third-party assessment of our First Nations engagement and cultural heritage management, benchmarked against the United Nations Declaration on the Rights of Indigenous Peoples and external stakeholder expectations.

The roadmap includes commitments to strengthening our policies and governance, risk management and stakeholder engagement systems, and maps opportunities for improving Indigenous relationships and increasing participation in employment, procurement, community investment, as well as building Orica's cultural competency.

In FY2022 we:

- strengthened our position on respect for First Nations Peoples and their cultural heritage in the refresh of Our Code, by embedding a 'stop work' directive to empower our people to cease work if they identify a risk to Indigenous cultural heritage;
- drafted a Human Rights Risk Appetite Statement (RAS) which includes monitoring of cultural heritage protection across our operations. This will be finalised and included in our risk management framework in FY2023; and
- laid the groundwork for improving our engagement approach with Aboriginal and Torres Strait Islander stakeholders in Australia, including drafting our first Reconciliation Action Plan (RAP) in association with Reconciliation Australia.

Our Australian Reflect RAP will be launched in early FY2023. A Reflect RAP is the first stage in an organisation's reconciliation journey and allows us to scope and develop relationships with Aboriginal and Torres Strait Islander stakeholders, outlining our vision for reconciliation, exploring our spheres of influence and establishing meaningful actions for participation around the pillars of Respect, Relationships and Opportunities. We will review and report on progress made against the goals outlined in our RAP and work with Reconciliation Australia to renew our plan.





## Using our technology to protect cultural heritage

We continue to explore how our blast monitoring technology can protect Indigenous cultural heritage located close to mining and construction activity.

The Children Dreaming rock structures are of cultural significance to the Yulluna people, a First Nations community located south of the Selwyn Range in north-west Queensland, Australia. To help protect the structures and minimise impact from blasting, Orica was engaged by a customer to conduct trial blasting to capture ground vibration transmission characteristics and the vibration frequency response of the rock structures.

Using customised accelerometers and GroundProbe Geotech Monitoring LiDAR, we provided our customer with an accurate vibration prediction model to support the development of initial blast timing sequences and instantaneous charge weights to avoid generating disruptive frequencies that would damage the rock structures. This indicated no permanent displacement or deformation of the rock structures would occur and provided confidence to the Yulluna people, the community and the customer that blasting could be executed safely without compromising this cultural heritage site.

### Modern slavery

Addressing modern slavery requires ongoing, dedicated and collaborative effort from many stakeholders including governments, non-government organisations and business. We continue to strengthen our approach to managing our modern slavery risk across our operations and supply chain but recognise there is much more to do.

In FY2022, we made progress against our commitments, deepened our understanding of incoming

global legislative changes and trends and their implications for our business, and worked to enhance the human rights (including modern slavery) due diligence approach in our operational activity.

This included a third-party review of our current approach, identification of gaps and opportunities, and delivery of a process and tools to support broader organisational understanding and human rights due diligence.

[FY2022 Modern Slavery Statement](#)

### → FY2023 Priorities:

- Publish our first Australian RAP.
- Continued development of our Major Hazard Management (MHM) program to integrate fatality lessons.
- Roll-out of a Safety Leadership program for Supervisors in key areas.
- Completion of a psychosocial risk profiling program to understand potential mental well-being challenges.



# FINANCIAL PERFORMANCE

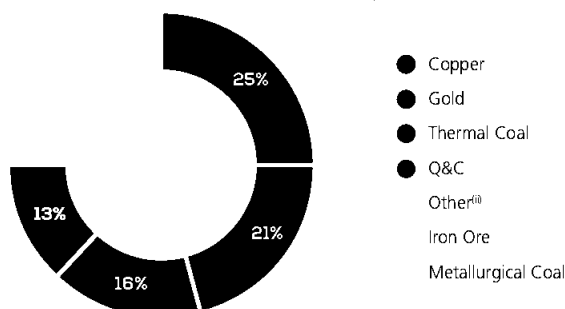
Footnotes that apply to financial performance are described on page 57.

## Group results

Year ended 30 September	2022 ASM	2021 ASM	Change %
Sales revenue from continuing operations	7,096.4	5,207.9	36%
EBITDA from continuing operations <sup>(i)</sup>	949.6	762.7	25%
<b>EBIT from continuing operations</b>	<b>563.8</b>	<b>404.6</b>	<b>39%</b>
EBIT from Minova (discontinued operations)	14.7	22.0	(33%)
<b>Total EBIT<sup>(2)</sup></b>	<b>578.5</b>	<b>426.6</b>	<b>36%</b>
Net interest expense	(100.3)	(105.6)	(5%)
Tax expense before individually significant items	(154.0)	(102.7)	50%
Non-controlling interests before individually significant items	(7.2)	(9.9)	
<b>NPAT before individually significant items<sup>(4)</sup></b>	<b>317.0</b>	<b>208.4</b>	<b>52%</b>
Individually significant items after tax	(256.9)	(382.2)	
<b>NPAT/(NLAT) after individually significant items (statutory)<sup>(3)</sup></b>	<b>60.1</b>	<b>(173.8)</b>	

## GROUP COMMODITY EXPOSURE

Revenue by commodity from continuing operations<sup>(i)</sup>



Commodity prices remained elevated through the year, driving increased demand for Orica products and services in most markets.

Copper became the highest commodity exposure for Orica during the year, driven by strong recovery in customer demand, particularly in Latin America.

Q&C revenue grew in each region, however at a slower pace than other commodities.

Demand for thermal coal increased in the United States and Indonesia driven by strong commodity prices being fueled by high energy costs globally.

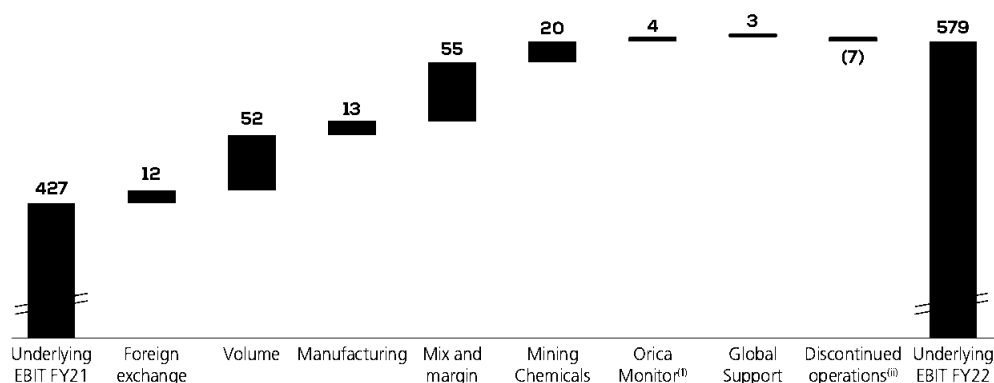
(i) Excludes Minova previously included in the "Other" category.

(ii) Includes Orica Monitor.





## GROUP COMMODITY EXPOSURE



(i) Nitro Consult AB sold in February 2022.  
(ii) Change in underlying EBIT contribution from Discontinued operations.

## Financial performance

The improved full year result reflects solid volume growth, increased utilisation of manufacturing plants, improved commercial discipline in both customer and supply contracts and increased customer preference for premium products.

### Foreign exchange

In 2022 the US dollar strengthened against the Australian dollar resulting in a favourable impact to EBIT on translation of foreign denominated earnings.

### Volume

Total ammonium nitrate (AN) volumes increased 4 per cent on the prior corresponding period (pcp) from increased mining activity driven by strong commodity prices, and Orica's ability to provide security of supply to customers in a tight supply market.

Electronic blasting systems (EBS) volumes were up 10 per cent on the pcp as mining activity increased and customers shifted away from conventional detonators. EBS accounted for 38 per cent of the volume uplift contribution in EBIT.

### Manufacturing

Manufacturing performance improved as a result of increased volumes at the large continuous plants in Australia and Indonesia, partially offset by higher costs for alternate sourcing of AN during the Carseland plant turnarounds in North America.

The pcp result included costs incurred from an incident at the La Portada manufacturing plant in Latin America which have not been repeated in the 2022 financial year.

### Mix and margin

Margin growth was led by commercial discipline and emphasis on quality of earnings across the regions.

Rise and fall mechanisms worked effectively to pass through volatile ammonia and gas prices.

Product mix improved as customers adopted more technology and shifted to premium products as strong commodity prices increased focus on productivity gains.

### Mining Chemicals

Cyanide volumes were 10 per cent up on the pcp from new business and higher demand from existing customers in Australia and Asia. Higher utilisation of the cyanide plant also led to lower conversion cost.

### Orica Monitor

Strengthened radar sales and growth in recurring contracts, couple with improved pricing led to growth in EBIT contribution from Monitor.

The pcp result included full year earnings for Nitro Consult AB which was sold in February 2022.

### Discontinued operations

The Minova business sale completed in the first half of 2022, resulting in only five months of earnings contribution versus a full 12 months in the pcp.



**FINANCIAL PERFORMANCE**

# Business Summary

A summary of the performance of the segments for the 2022 and 2021 financial years is presented below:

	2022			2021		
Year ended 30 September A\$M	External sales revenue	EBITDA <sup>(1)</sup>	EBIT <sup>(2)</sup>	External sales revenue	EBITDA <sup>(1)</sup>	EBIT <sup>(2)</sup>
Australia Pacific and Asia (APA)	2,723.6	550.6	366.6	2,105.9	453.9	279.7
North America	1,570.9	191.3	132.4	1,229.6	168.9	107.9
Latin America	1,656.5	99.5	53.2	956.5	73.3	28.9
Europe, Middle East and Africa (EMEA)	1,027.0	76.7	45.5	801.4	56.1	25.0
Orica Monitor	118.4	48.5	34.6	114.5	43.6	30.7
Global Support	–	(17.0)	(68.5)	–	(33.1)	(67.6)
<b>Continuing Operations</b>	<b>7,096.4</b>	<b>949.6</b>	<b>563.8</b>	<b>5,207.9</b>	<b>762.7</b>	<b>404.6</b>
Minova (discontinued operations)	231.1	14.7	14.7	474.3	33.7	22.0
<b>Total</b>	<b>7,327.5</b>	<b>964.3</b>	<b>578.5</b>	<b>5,682.2</b>	<b>796.4</b>	<b>426.6</b>

## Australia Pacific and Asia

Year ended 30 September	2022	2021	Change
External sales revenue (A\$M)	2,723.6	2,105.9	29%
EBITDA <sup>(1)</sup> (A\$M)	550.6	453.9	21%
EBIT <sup>(2)</sup> (A\$M)	366.6	279.7	31%
Total AN and Emulsion Volumes ('000 tonnes)	1,767	1,745	1%

Tight global supply of ammonia has led to a significant increase in AN prices and cost inflation continued to rise sharply.

COVID-19 absenteeism and labour shortages continue to impact mining activity and supply chains.

### Segment performance

The 31 per cent increase in EBIT on the pcp was largely driven by contract improvements, increased AN, EBS and cyanide volumes, a shift to premium products, and improved fixed cost recovery from higher utilisation of manufacturing plants.

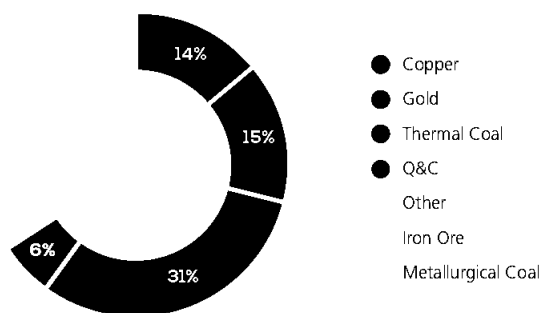
Sustainable growth has been achieved through commercial discipline on new and renewed contracts including improved rise and fall terms, investments in the resilience and flexibility of plants and supply chains, and security of supply provided to customers.

The region saw strong revenue growth across all commodities and products. While wet weather conditions in Eastern Australia constrained AN volume growth, it led to a shift towards more premium products.

Record production was achieved at Yarwun and Bontang continuous plants. The Yarwun turnaround was completed in November 2021 and the Kooragang Island turnaround for installation of tertiary abatement technology commenced in September 2022.

A new sparge site was commissioned in Malaysia, enabling the sale of safer cyanide across our Asian markets.

External revenue by commodity



### Market conditions

Elevated commodity prices and strong mining activity drove high demand for ammonium nitrate (AN), electronic blasting systems (EBS), cyanide and blasting services. This increased demand, coupled with commercial discipline enabled contract improvements. Market conditions are also increasing customers interest in productivity gains from technology.

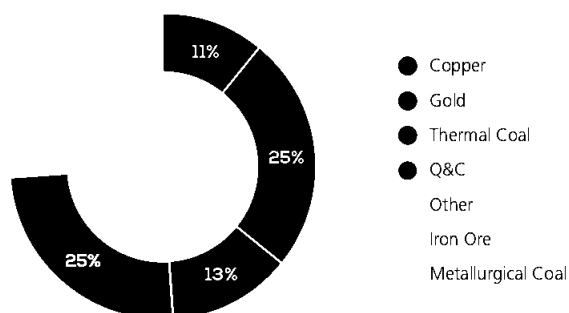
Across the region there was growth in the metals sector, primarily driven by increased activity in gold and copper markets in Australia and copper in Indonesia. Demand in the thermal coal sector in Indonesia and south-east Asia increased, however, has reduced in Australia due to wet weather on the east coast and lower domestic consumption.



## North America

Year ended 30 September	2022	2021	Change
External sales revenue (A\$M)	1,570.9	1,229.6	28%
EBITDA <sup>(1)</sup> (A\$M)	191.3	168.9	13%
EBIT <sup>(2)</sup> (A\$M)	132.4	107.9	23%
Total AN and Emulsion Volumes ('000 tonnes)	1,106	1,013	9%

External revenue by commodity



### Market conditions

Operating conditions in North America were strong across the region during the year.

Mining activity improved due to high commodity prices, with labour shortages in a high inflationary environment being the major constraint.

High domestic energy prices in the United States led to increased demand for thermal coal.

Quarry and construction activity in the United States and in Canada, remained flat year on year, project growth is being constrained by labour shortages and inflation. Gold and copper mining activity across the region increased, driving higher demand for Orica products and services.

All commodity sectors were impacted by global supply chain challenges including increased freight costs and some raw material and product shortages. Industrial action in Mexico towards the end of the last quarter further tightened supply in the region.

### Segment performance

The 23 per cent EBIT increase on the pcp was largely driven by new contract wins in Canada, higher services contribution, improved contract terms negotiated and favourable foreign exchange.

Revenue from all commodities and product types increased due to higher demand and increased customer activity, which coupled with commercial discipline, enabled contract improvements.

Discrete network optimisation, supply chain initiatives and pass-through mechanisms were effective in reducing the impacts of supply chain challenges from raw material shortages, inflationary pressure and increased gas and freight costs.

Major planned maintenance turnarounds were completed at the Carseland AN manufacturing plant. Tertiary catalyst abatement technology installed is performing above expectations.

The US dollar appreciated against the Australian dollar, resulting in a favourable impact to EBIT on translation of foreign denominated earnings.



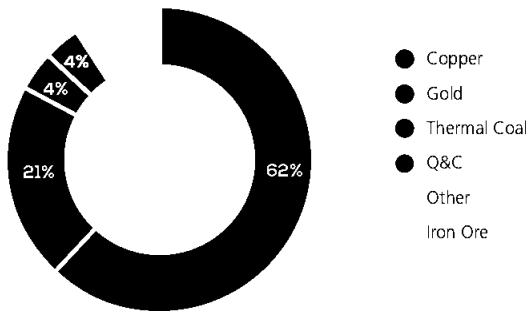


**FINANCIAL PERFORMANCE**

**Latin America**

Year ended 30 September	2022	2021	Change
External sales revenue (A\$M)	1,656.5	956.5	73%
EBITDA <sup>(1)</sup> (A\$M)	99.5	73.3	36%
EBIT <sup>(2)</sup> (A\$M)	53.2	28.9	84%
Total AN and Emulsion Volumes ('000 tonnes)	973	929	5%

External revenue by commodity



**Market conditions**

Mining activity in the region was stable on balance compared to the pcp.

Increases in ammonia prices and sea freight costs along with general cost inflation continued to drive higher costs. Improved commercial discipline and changes to rise and fall clauses were implemented.

Security of supply for customers was paramount as AN trade flows into Latin America from Russia were constrained due to the Russia-Ukraine conflict. Alternative AN sourcing options were used to continue servicing customers.

**Segment performance**

The significant increase in EBIT on the pcp was largely driven by commercial discipline on both customer and supply contracts, improved product mix and technology penetration.

Demand for premium products and electronic blasting systems increased on the pcp. Technology adoption in the region is growing at pace with Orica leading the mining digital transformation in Latin America.

Supply initiatives including negotiating improved supplier terms, and changes to shipment loadings and movements also contributed to the region's improved performance.

AN previously supplied from Russia was largely replaced with product from alternative sources, albeit at higher costs and shorter payment terms.

Rise and fall pass through mechanisms have been shortened and are working effectively to fully pass through higher costs. Terms in many customer contracts were updated to include clauses for the pass through of freight costs.

Global manufacturing optimisation plans, including the rationalisation of initiating systems manufacturing, are on track in the region. Exsa is performing above the business case.

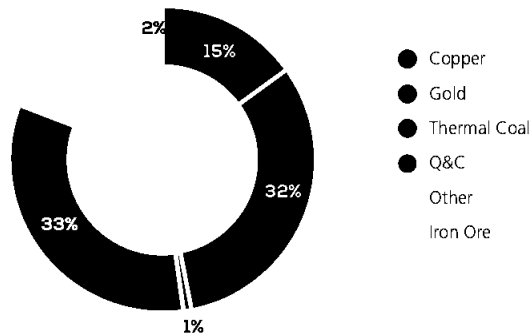




## Europe, Middle East and Africa

Year ended 30 September	2022	2021	Change
External sales revenue (A\$M)	1,027.0	801.4	28%
EBITDA <sup>(1)</sup> (A\$M)	76.7	56.1	37%
EBIT <sup>(2)</sup> (A\$M)	45.5	25.0	82%
Total AN and Emulsion Volumes ('000 tonnes)	415	406	2%

### External revenue by commodity



### Market conditions

European gas prices increased significantly during the year, leading to the closure of several ammonia plants in the region and driving a tightening of supply.

The Russia-Ukraine conflict has created further uncertainty around activity in Russia and the surrounding region with significant disruption to ammonia, ammonium nitrate (AN) and energy trade flows.

Following the sanctions placed on Russia, Orica completed the exit of its operating business in Russia in September 2022 and related assets have been fully impaired.

Copper activity in Africa remained strong. The economic outlook in Europe has deteriorated since the first half, resulting in lower than expected quarry and construction activity in the Nordics and Western Europe.

### Segment performance

The significant increase in EBIT on the pcp was driven by positive product mix benefits in Initiating Systems, contractual improvements and contribution from new growth projects in Africa and the Emirates.

Initiating System volumes grew with a favourable mix shift towards electronic blasting systems for new projects in the Nordics and Africa. AN volumes remained stable with the pcp.

Supply to the region was secured from alternative sources following the initial quotas put in place by the Russian authorities effective December 2021.

Rise and fall mechanisms were effective in passing through elevated sourcing and logistics costs to customers.

Revenue from gold and copper customers increased as Orica's exposure to Africa grows.



## FINANCIAL PERFORMANCE

### ORICA MONITOR

Year ended 30 September	2022 A\$M	2021 A\$M	Change
External sales revenue	118.4	114.5	3%
EBITDA <sup>(1)</sup>	48.5	43.6	11%
EBIT <sup>(2)</sup>	34.6	30.7	13%

The growth in the Orica Monitor result was driven by growth in radar sales and recurring service plans and commercial discipline. Growth was suppressed by the loss of contribution from Nitro Consult AB which was sold in the first half, and the cessation of sales to Russia. Shipping delays and increased freight costs were mitigated by effective supply chain improvements in place from the second half.

Synergies are being achieved by leveraging the wider Group's existing customers. In addition, there was strong growth in contracts for care plans and geotechnical remote monitoring support services, particularly in Brazil where we opened a new regional geotechnical support services office.

Demand for radars is expected to grow, driven by sustainability

objectives of customers globally. A second assembly line is underway in North America to double production capacity, reduce landed cost and improve speed to global markets.

Growth is also expected from the broadening and integration of Orica Monitor's sensors and software suite with Orica Digital Solutions end-to-end digital workflows.

### GLOBAL SUPPORT

Year ended 30 September	2022 A\$M	2021 A\$M	Change
EBIT <sup>(2)</sup>	(68.5)	(67.6)	(1%)

Global Support costs were in line with the pcip.

### GROUP CASH FLOW

Year ended 30 September	2022 A\$M	2021 A\$M	Variance A\$M
Net operating cash flows	362.3	618.9	(256.6)
Net investing cash flows	(229.2)	(195.9)	(33.3)
<b>Net operating and investing cash flows</b>	<b>133.1</b>	<b>423.0</b>	<b>(289.9)</b>
Dividends – Orica Limited	(90.6)	(72.4)	(18.2)
Dividends – non-controlling interest shareholders	(7.0)	(7.2)	0.2
<b>Adjusted net cash flows</b>	<b>35.5</b>	<b>343.4</b>	<b>(307.9)</b>
Movement in borrowings and other net financing cash flows <sup>(8)</sup>	613.1	(669.0)	1,282.1
<b>Net cash inflow/(outflow)<sup>(9)</sup></b>	<b>648.6</b>	<b>(325.6)</b>	<b>974.2</b>

#### NET OPERATING CASH FLOWS

Whilst earnings were higher in FY2022, net cash generated from operating activities was lower compared to the pcip due to an increase in trade working capital (TWC). This is predominantly due to the business decision to maintain higher levels of inventory in order to ensure security of supply, as well as higher input prices, both impacted by the Russia-Ukraine conflict.

#### NET INVESTING CASH FLOWS

Net investing cashflows were higher than the pcip, reflecting increased investment in growth projects, further spend on sustainability-related projects, and lower proceeds from sales of non-core assets.

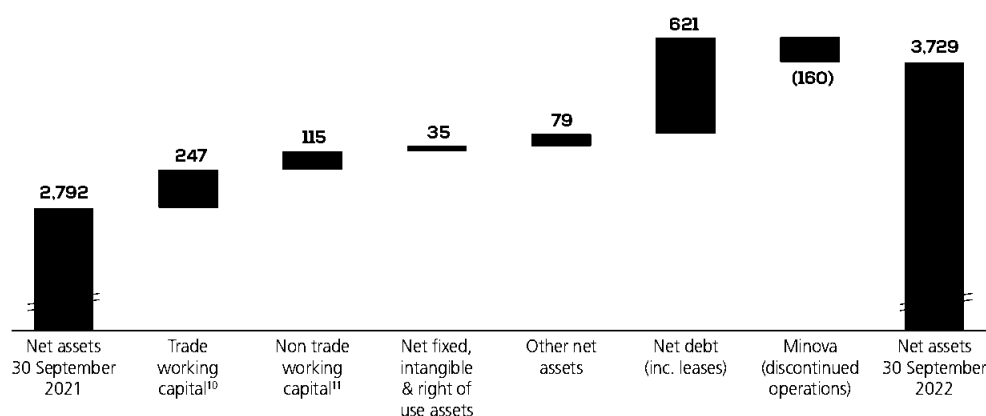
#### NET FINANCING CASH FLOWS

Cash generated from financing activities in the current year includes net proceeds of \$682 million from the successful completion of the equity raise. The prior year included the US Private Placement (USPP) bond redemption which was repaid in October 2020.



## GROUP BALANCE SHEET

### Movement in net assets (A\$M)



**Trade working capital<sup>(10)</sup>** was \$247 million higher than the pc. Trade debtors increased by \$225 million driven by higher sales revenue, partially offset by improved collections. Inventory increased by \$237 million predominantly due to the decision to increase inventory holdings in order to ensure security of supply, as well as rising input prices, both impacted by the Russia-Ukraine conflict. Trade creditors increased by \$215 million driven by increased purchasing activity associated with higher sales volume as well as higher input costs.

**Non trade working capital<sup>(11)</sup>** net liability was lower by \$115 million due to a reduction in the defined benefits provisions by \$126 million as a result of an increase in discount rates and the sale of Nitro Consult AB; and a reduction of \$77 million in environmental and decommissioning provisions due to payments from provisions and an increase in discount rates.

Other payables increased by \$120 million due to an increase in employee provisions and the RIG Technologies acquisition deferred earn-out consideration. The increase in other receivables is due to the remaining receivable from the sale of Minova.

**Net fixed, intangible and right of use assets** increased by \$35 million against the pc. Additions of \$418 million and foreign exchange translation of \$155 million was largely offset by depreciation and amortisation expense of \$386 million, impairment expense of \$100 million, disposals of \$31 million and a net decrease in capitalised provisions of \$21 million.

**Other net assets** increased by \$79 million from the pc, driven by increases in the carrying value of investments in associates and an increase in the revaluation of financial instruments with the weakening of the Australian Dollar, partially offset by an increase in current and deferred tax liabilities.

**Net debt (incl. leases)** liability was \$621 million lower than the pc due to the net cash flow generated from operating and investing activities across the year, and funding from the equity raise undertaken during the year. The \$258 million upfront payment for the acquisition of Axis Mining Technology was made on 3 October 2022.

**Minova (discontinued operations)** net assets decreased by \$160 million upon disposal of the business.



## FINANCIAL PERFORMANCE

### DEBT MANAGEMENT AND LIQUIDITY

As at 30 September	2022	2021	Variance
Net debt – continuing operations <sup>(6)</sup> (A\$M)	(912.2)	(1,521.4)	609.2
Net debt – held-for-sale <sup>(6)</sup> (A\$M)	–	42.4	(42.4)
Lease liabilities – continuing operations (A\$M)	(239.5)	(250.8)	11.3
Lease liabilities – held-for-sale (A\$M)	–	(9.6)	9.6
Net debt including lease liabilities – continuing operations (A\$M)	(1,151.7)	(1,772.2)	620.5
Net debt including lease liabilities – held-for-sale (A\$M)	–	32.8	(32.8)
Gearing % – excluding Lease liabilities <sup>(7)</sup> (%)	19.7%	34.6%	(14.9 pts)

Interest bearing liabilities of \$2,168 million comprise \$2,161 million of US Private Placement bonds and \$7 million of committed and other bank facilities. The average tenor of drawn debt is 4.3 years (September 2021: 5.4 years).

Cash increased by \$662 million to \$1,255 million<sup>(i)</sup> from \$594 million in the pcp primarily as a result of the equity raise completed in

August that generated \$691 million in gross proceeds.

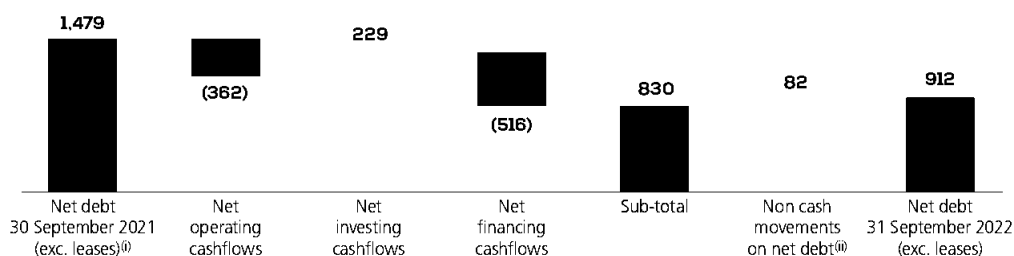
Use of the proceeds will be applied to fund the acquisition of Axis, incremental trade working capital requirements, and to provide balance sheet capacity. The cash balance provides for a strong liquidity position, complemented by undrawn committed bank facilities of \$1,423 million.

Gearing excluding lease liabilities at 19.7 per cent is below the Group's target range of 30 to 40 per cent and is below the 57.5 per cent covenant default measure. The interest cover ratio at 6.5x is above the minimum 2.0x requirement.

The chart below illustrates the movement in net debt from 30 September 2021.

<sup>(i)</sup> Includes \$258 million up-front consideration paid on 3 October 2022 for the Axis acquisition.

### MOVEMENT IN NET DEBT (A\$M)



<sup>(i)</sup> The net debt balance at 30 September 2021 includes Minova cash of \$42 million.

<sup>(ii)</sup> Impact of foreign exchange translation.

### INDIVIDUALLY SIGNIFICANT ITEMS

Year ended 30 September 2022	Gross ASM	Tax ASM	Net ASM
Impairment expense	(167.9)	(1.8)	(169.7)
Gain on sale of Nitro Consult AB before FCTR release	18.5	–	18.5
FCTR release on sale of Nitro Consult and Russia	(39.6)	9.3	(30.3)
<b>Individually significant items from continuing operations</b>	<b>(189.0)</b>	<b>7.5</b>	<b>(181.5)</b>
Non-controlling interests in individually significant items	18.3	–	18.3
<b>Individually significant items attributable to shareholders of Orica from continuing operations</b>	<b>(170.7)</b>	<b>7.5</b>	<b>(163.2)</b>
Gain on sale of Minova before FCTR release	10.7	(2.1)	8.6
FCTR release on sale of Minova	(95.7)	(6.6)	(102.3)
<b>Individually significant items from discontinued operations</b>	<b>(85.0)</b>	<b>(8.7)</b>	<b>(93.7)</b>
<b>Individually significant items attributable to shareholders of Orica</b>	<b>(255.7)</b>	<b>(1.2)</b>	<b>(256.9)</b>



## Impairment expense

### Russia

The escalation of the Russia-Ukraine conflict, and imposed sanctions and export restrictions, led to our decision to exit our Russian operations.

On 9 September 2022, the Group executed a contract to sell JSC "Orica CIS" Joint-Stock Company for cash consideration of \$13 million. Orica has risk adjusted the proceeds given the trade sanctions imposed on Russia.

The Group has recognised a gross expense of \$131 million consisting of an impairment charge of \$90 million reducing the value of the Russian business to nil and \$41 million relating to the release of foreign currency translation reserve as required by Australian Accounting Standards on the sale of this business. \$8 million was booked as a credit to tax expense.

### Turkey

The significant decline in the local economy and the devaluation of the Lira has resulted in the impairment of Orica's investment in Turkey during the year. The total impairment charge is \$33 million after tax, of which \$18 million is attributable to non-controlling interest.

At 30 September 2022 there was a foreign currency translation reserve balance of \$92 million debit (of which \$46 million is attributable

to non-controlling interests) which would be released on sale, liquidation, repayment of share capital or abandonment of the entity.

### EMEA Goodwill

Following the impairments for Russia and Turkey the future cash flows for EMEA were reviewed, resulting in the remaining \$45 million of goodwill being impaired.

### Sale of Nitro Consult AB

On 7 March 2022 Orica completed the sale of Nitro Consult AB, recording a net profit after tax of \$20 million including \$1 million gain on release of non-cash foreign currency translation reserve.

### Sale of Minova

On 28 February 2022 Orica completed the sale of the Minova business to Aurelius Group. Cash of \$149 million was received at completion. A further \$28 million for debt and working capital true ups is expected to be received in FY23. Orica recorded a cash net profit on sale of \$11 million, offset by the release of \$96 million of non-cash foreign currency translation reserve and tax of \$9 million, resulting in a net statutory loss after tax of \$94 million.

## OUTLOOK

- 2023 financial year EBIT from continuing operations is expected to increase on the pcg attributable to:
  - Anticipated growth in global commodities demand
  - Continued commercial discipline
  - Increased adoption of advanced technology offerings, and contributions from the newly acquired Axis Mining Technology business
  - Inflationary pressures and higher energy costs, as well as supply chain dislocations, will remain an ongoing challenge in the 2023 financial year. Orica will continue to implement cost reduction initiatives to reduce the impact from these pressures
- Capital expenditure expected to be within \$400 million to \$420 million, higher than pcg due to sustainability and sustenance projects; depreciation and amortisation to be in line with the pcg
- Continued focus on balance sheet and cash flow optimisation, with gearing expected to remain below the stated range of 30-40 per cent
- Net finance costs expected to increase on pcg due to higher interest rates, and the effective tax rate to be within the range of 30-32 per cent

Going forward we expect the FY2023-FY2025 3-year average RONA to be 10.5-13.0 per cent.

### Financial Performance Footnotes:

- (1) EBIT before individually significant items and depreciation and amortisation expense.
- (2) Equivalent to profit(loss) before financing costs and income tax as disclosed in Note 1(b) within the financial statements, before individually significant items.
- (3) Equivalent to net profit(loss) for the year attributable to shareholders of Orica limited, as disclosed in the Income Statement within the financial statements.
- (4) Equivalent to profit after income tax expense before individually significant items attributable to shareholders of Orica Limited, as disclosed in Note 1 (b) within the financial statements.
- (5) Equivalent to net cash flows from financing activities (as disclosed in the Statement of Cash Flows within the financial statements) excluding proceeds and repayment of borrowings.
- (6) Interest-bearing liabilities – excluding lease liabilities less cash and cash equivalents, as disclosed in Note 3 within the financial statements.
- (7) Net debt / (net debt + total equity), where net debt excludes lease liabilities.
- (8) Equivalent to net cash flows from financing activities (as disclosed in the Statement of Cash Flows within the financial statements) excluding dividends paid to Orica ordinary shareholders and non-controlling interests.
- (9) Equivalent to net increase(decrease) in cash held, as disclosed in the Statement of Cash Flows within the financial statements.
- (10) Comprises inventories, trade receivables and trade payables, as disclosed in the Balance Sheet within the financial statements.
- (11) Comprises other receivables, other payables, and provisions, as disclosed in the Balance Sheet within the financial statements.



# TECHNOLOGY AND INNOVATION



**148 years**  
of experience  
and expertise in  
innovation, research  
and technology  
development

We bring together talented people, leading technology and a collaborative approach to find solutions for the challenges of today and into the future.

With almost 150 years of experience and expertise in innovation, research and technology development, we are committed to unlocking value for our customers along every stage of the mining value chain.

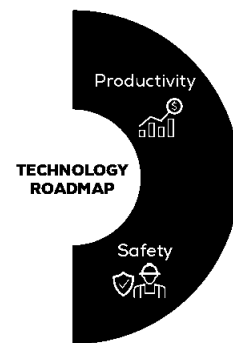
We respond to the changing needs of our industry and customers and focus on delivering technologies and solutions to remove people from harm, drive recovery and productivity, and reduce the overall footprint of mining and infrastructure operations.

Our blasting solutions are automated, digitised and connected, providing actionable data and insights for our customers to improve downstream benefits. Beyond blasting, we are growing our digital products and solutions and are the first to market with digital workflow solutions from mine-to-mill.

Driven by our purpose to sustainably mobilise the earth's resources, our extensive network of scientists, engineers and technology experts work together with our customers, industry and world-leading academia to solve shared challenges.

We invest in research and new technologies, from the early stages of innovation through to product development and commercialisation, with our dedicated technology centres located in Australia, the United States, Canada, Sweden, Germany, Singapore, United Kingdom and Chile.

## OUR TECHNOLOGY ROADMAP



### Safety

We aim to reduce, or completely remove, safety risks for our customers and reduce the need for human intervention in mining and mineral extraction.

We continue to introduce technologies focused on the safety needs of our customers, including Avate!™, the world's first mechanised development charging system. This new technology was developed in partnership with Epiroc, and enables the operator to remotely locate, clean, prime and load our bulk explosives and WebGen™ wireless initiating systems. In FY2022, the technology was tested in collaboration with Epiroc.

The safety and productivity of our BlastVision™ technology continues to improve. Using artificial intelligence (AI) learning algorithms, BlastVision™ translates high-quality drone blast footage to record measurements of ground movement. Originally designed to monitor highwall stability immediately after blasting, this product is providing further benefits in blast performance during initiation.

### Sustainability

We are harnessing our technology to help enable improved social and environment outcomes. WebGen™, 4D™ and Avate!™ are helping our customers improve safety and productivity, while recycled or lower-carbon and circular solutions such as Cyclo™ are helping to lower environmental footprints.



Integrated Extraction Simulator (IES), a cloud-based software platform, is helping our customers reduce the use of energy and water in mining by applying simulation, optimisation and machine learning. Developed by the Cooperative Research Centre for Optimising Resource Extraction (in Australia), IES integrates with our blasting design technologies to provide a comprehensive and integrated workflow solution, from mine-to-mill.

At our Carseland manufacturing site in Canada, we implemented low-emissions abatement technology, reducing nitrous oxide emissions by 95 per cent from unabated levels, and enabling lower-carbon AN for our customers.

### Productivity

With blasting at the core of our business model, new technologies and solutions such as WebGen™ and 4D™ are enabling industry to think and mine differently, and operate more efficiently, precisely and responsibly.

Advancements in orebody intelligence, including our recent acquisitions of RIG, HIG Technologies International, RHINO™ and Axis Mining Technology, has provided us with a full suite of orebody intelligence solutions, expertise and leading products to better understand the geology of the rock prior to blasting. This is enabling digital workflow solutions, from mine-to-mill.

The integration of complex geotechnical data into products such as SHOTPlus™ blast design and OREPro™ 3D modelling software, ensures we deliver the right explosives into the right holes at the right time to achieve the desired outcomes for our customers.

At the other end of the blasting process, FRAGTrack provides customers with increased visibility over fragmentation and assists in the management and productivity of blast operations and downstream processes.

Our technology solutions and digital integration from mine-to-mill, is driving us closer to our goal of improving productivity for our customers by up to 25 per cent by 2025.

### Recovery

We focus on precision across the blasting process to help achieve better recovery rates and reduce energy usage for our customers.

In the exploration process, geospatial tools (such as the new capabilities in orebody intelligence available with the acquisition of Axis Mining Technology), help our customers identify the location of drill holes with the highest levels of precision. Additional technology solutions from our orebody intelligence offering, provides geophysical measurements for each hole allowing for detailed and timely characterisation of the orebody.



We achieve further precision with products such as RHINO™, a geophysical sensor mounted on a drill that provides unconfined compressive strength using fine spatial sampling, while drilling and streaming in real-time to the cloud. Customers combine this intimate knowledge of the orebody with our new 4D™ bulk explosive technology to match the rock conditions and enable a greater range of explosive energy. This results in optimised blast outcomes and improved recovery of ore.

### PROGRESS IN FY2022

By uniting our market-leading explosives, unique wireless initiating systems, digital workflow optimisation, and advanced automated delivery systems with automated solutions, we focused on creating world-leading solutions, from mine-to-mill.

We expanded our capabilities and expertise within our global network, acquiring Axis Mining Technology (Axis) in August 2022, to further strengthen our portfolio of digital solutions and provide customers with the most comprehensive orebody intelligence available in the market today. The Axis acquisition was completed in October 2022.

Our team of experts continues to grow, with specialists at every step of the mining value chain, including geophysicists to better understand the ore, engineers to enhance our drill and blasting, geotechnical specialists focused on slope stability, metallurgists and mineral experts to solve challenges, and developers and data scientists to progress our approach to innovation and automation.

We introduced 17 new products and services to the market, including the release of our second generation WebGen™ 200 range, the latest offering to surface and underground mining, and enabling automation with Avatel™.

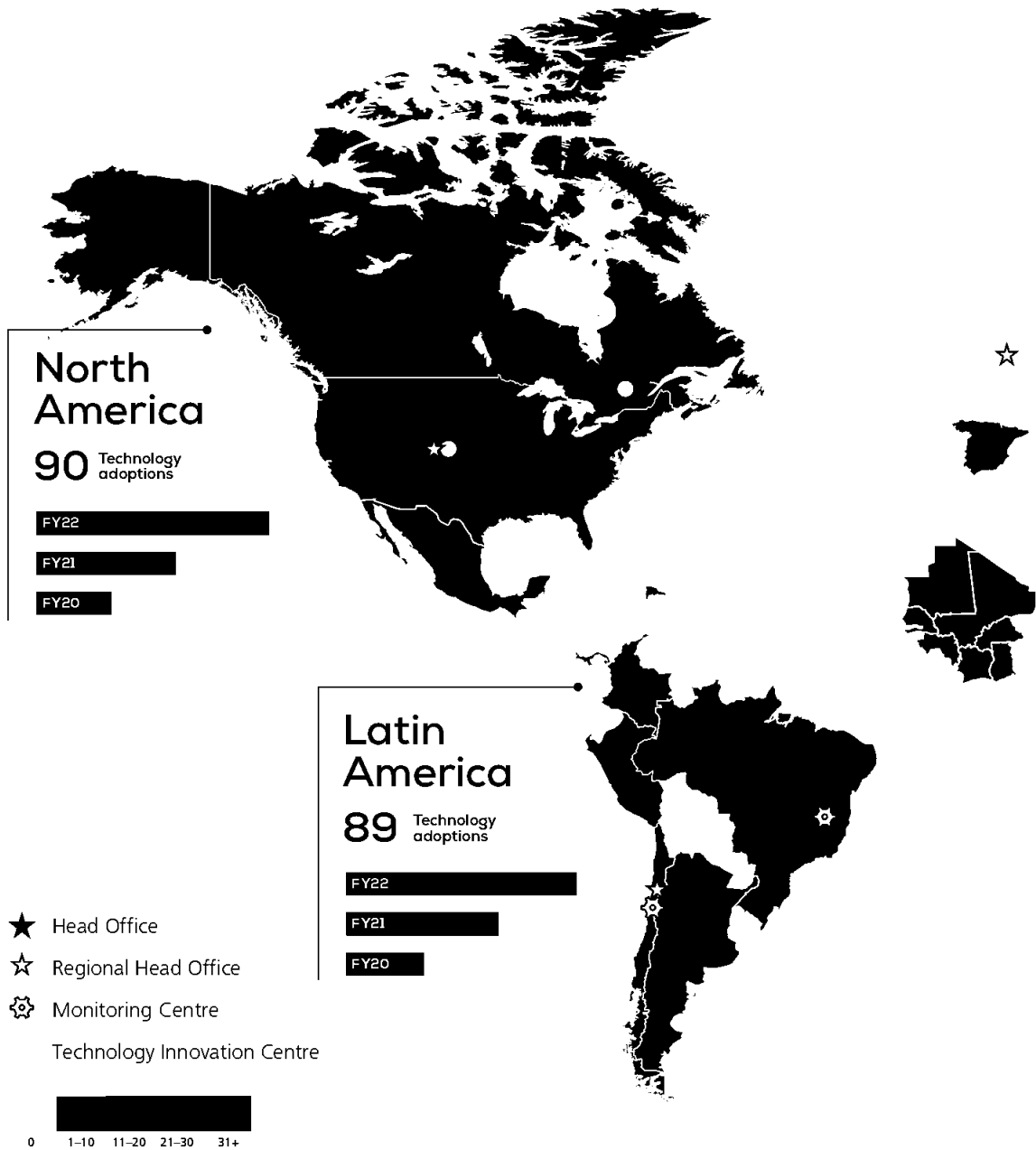
We released our new 4D™ bulk explosives technology, an exciting product development with benefits in blasting efficiencies and recovery. We completed commercial trials of our 4D™ Coal products at customer sites in Australia and Asia, and our 4D™ Clear range of bulk explosives successfully demonstrated further benefits of 4D™ in reducing fume risk during blasting.

We remained focused on responding to market needs, and in partnership with Epiroc, introduced new technologies with our Avatel™ product, completing advanced testing during FY2022 in Sweden, and progressing towards production trials scheduled for FY2023.

The adoption of our new technology continues to grow, increasing our digital solutions adoption rate by 63 per cent on the previous year.



# DIGITAL SOLUTIONS & BLASTING TECHNOLOGY ADOPTIONS



Bar graph represents number of adoptions during each financial year.



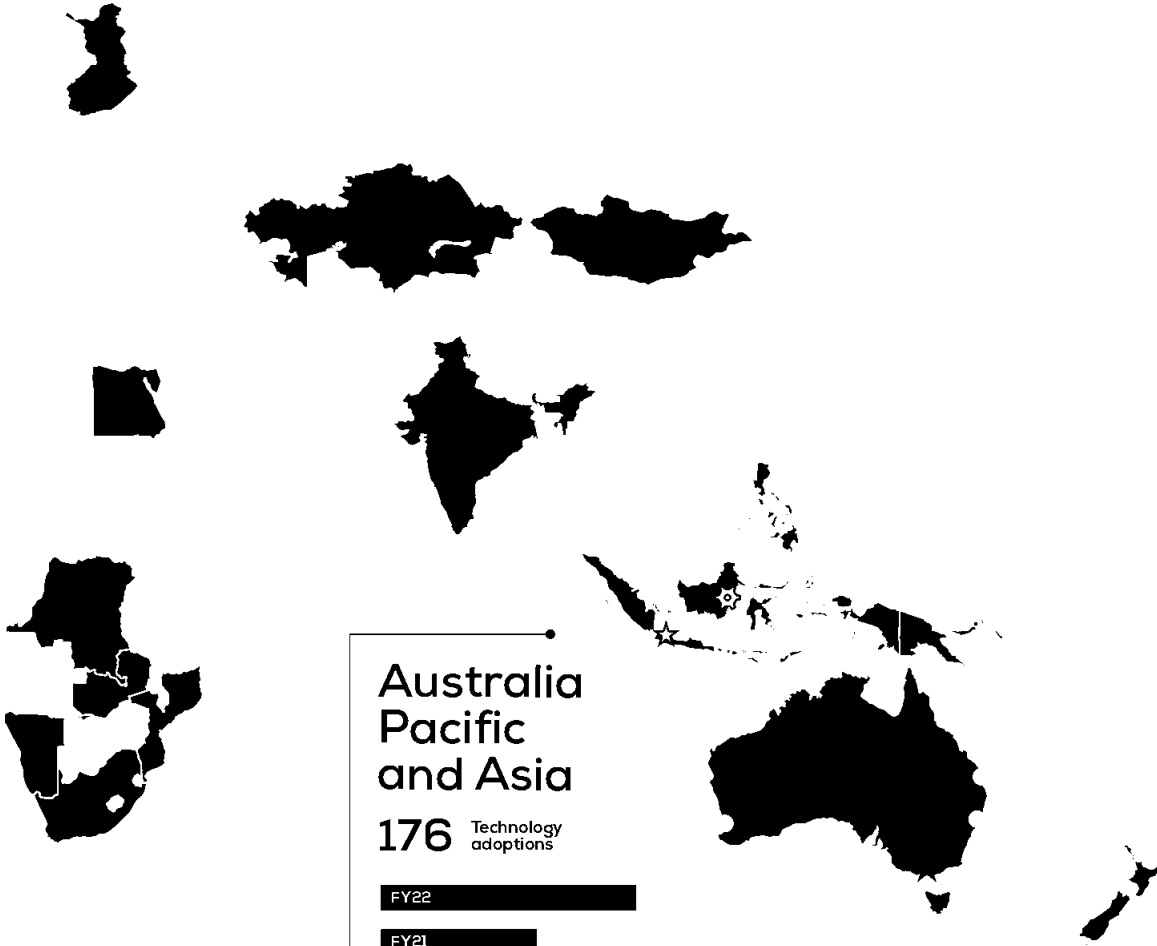
## Europe, Middle East & Africa

**62** Technology adoptions



# 417

**TECHNOLOGY ADOPTIONS GLOBALLY**



## Australia Pacific and Asia

**176** Technology adoptions





## Blasting Technologies

Together with Canadian gold company, Agnico Eagle, we initiated our WebGen™ 100 wireless blasting technology to help improve outcomes in the uphole stopes at the LaRonde complex in Quebec, Canada.

WebGen™ enables flexibility to change the blasting sequence to suit the available void without exposing workers to the hazards of re-entering the stope to connect blast holes. This type of optimisation is usually not possible with conventional blasting methods or wired initiation systems.

Our WebGen™ specialists, together with the team at Agnico Eagle, reviewed the uphole stope design at the underground gold mine and implemented improvements to optimise the void for each blast. The team also changed the drill pattern and hole angles for the first initial blast by 25 per cent. Following the success of the first uphole stope, several upper stopes were mined using WebGen™ 100.

Agnico Eagle's Mining Engineer, Vincent Bouillon said the implementation of WebGen™ 100 greatly improved recovery in their upper stopes, allowing them to perform several blasts and have an adequate void volume.

"The success of our WebGen trials allow us to believe in the possibility of applying this technology to perform mining in sectors previously not possible. This is a significant gain for us."

## Digital Technologies

Drury Quarry is one of the largest quarries in New Zealand, producing approximately three million tonnes of aggregate each year. Operated by Stevenson Aggregates, the quarry has been in operation since 1939 and is committed to sustainability and operational efficiencies using technologies and innovation.

Stevenson Aggregates had identified challenges in gaining valuable data from post-blast fragmentation analysis conducted in-pit using manual sampling. This was time-consuming and not a sustainable process for the long-term. Orica proposed FRAGTrack™ Crusher, an automated pre-crusher fragmentation measurement tool delivering operational continuity in a safe and reliable way. The technology leverages the latest deep neural network artificial intelligence (AI) framework along with the industry-proven hybrid 2D and 3D particle size distribution (PSD) processing methods to deliver a fully autonomous adaptive fragmentation monitoring solution at the crusher dump pocket and enabling customers to measure material on the truck during tipping operations. The smart trigger settings ensure only true samples are recorded and every image is processed and uploaded to the FRAGTrack™ website to view at any time. This allows managers and engineers to assess the blast fragmentation performance on a continuous loop.

Stevenson Aggregates Performance Manager, Daniel Topp said: "FRAGTrack is allowing us to obtain

information that we've never typically had. What we're getting is information to better understand our rock and resource. This is data we can feedback and analyse and that's pretty revolutionary."

The data can also be correlated to the crusher throughput analytics to measure production rates, blockages and amount of primary crushing versus secondary crushing. This helps the customer assess the wear and tear on components in the crusher at various stages throughout the process.

Stevenson Aggregates General Manager, Kurt Hine said: "Having a partner like Orica is great for us. We love our supply partners coming to us so that we can continue to innovate, improving our processes and deliver a quality product to our customers in a more sustainable way."

FRAGTrack has saved Stevenson Aggregate over 800 hours of manual processing and provided access to more than 5,000 fragmentation images, delivering an accurate and unbiased PSD baseline for optimum sizes, maximising crusher performance and reducing scalp yield.

FRAGTrack Crusher has been adopted by Drury Quarry to reduce overall cost per ton of aggregate, provide critical data for specific Drill and Blast optimisation, and help reduce carbon footprint as the demand for aggregate production in the region continues to rise.



**Since 2017, WebGen™ has been deployed in 12 countries across six continents, enabled seven revolutionary mining methods and delivered unprecedented value for customers across six unique industries.**



## How we go about it

How we deliver value for our customers is as important as what we deliver. Our extensive network of scientists, engineers and technology experts are driven by a shared purpose to sustainably mobilise the earth's resources.

In FY2022, our wireless blasting technology team reached a significant milestone, firing the 125,000 units WebGen™ primer across more than 4,000 blasts. This was an exceptional team effort involving thousands of hours of research and development, testing, collaboration and teamwork.

Blasting is core to our business, and rapid commercialisation of our products is key to our technology strategy. Our team of engineers and technology experts understand the importance of every blast design and execution and bring an energy to unlocking maximum value for our customers.

Orica Senior Manager Technology Digital Solutions, Alison McDonald said: "With every blast design, we focus on the elements that are unique. We carefully examine the environment, the various blast techniques and the desired outcomes. We design a tailored solution for our customers with the priorities of safety and productivity. We are very fortunate to have an

experienced and diverse team of experts to draw from, and every day presents an opportunity to learn and contribute to our success."

With Orica technology centres located around the world, recent acquisitions in orebody intelligence further expand our expertise and digital capability, with a particular focus on geophysics measurements and sensor technology.

Orica Principal Research Fellow Digital Solutions, Tim Hopper said: "We are excited by the opportunities to bring together our advanced geophysics expertise, measurements, and instrumentation into the broader Orica system. This expansion of our digital capability will further support our customers with their goals to operate more efficiently, sustainably, and safely, from mine to mill."

The best outcomes are always achieved through genuine teamwork. Our commitment to customer collaboration and skills across our global network enables us to reduce risks, increase speed to market, and find efficiencies and value for our customers.

This unrivalled experience and deep expertise of our people gives us a clear advantage.

### → FY2023 priorities

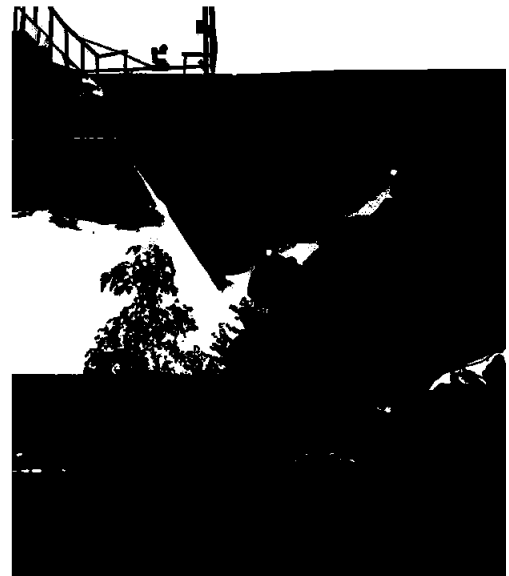
#### *Blasting technologies*

- Expand market adoption of new blasting technologies.
- Commercialise second generation WebGen™ 200 and grow surface market penetration.
- Expand 4D™ explosives technology growth beyond Australia Pacific region.
- Enhance our collaboration programs with key customers to focus on sustainability and automation outcomes.
- Extend Orica's ESG data strategy and IT platform.

- Introduce Avatel™ automation technology into Newcrest, Cadia mine.

#### *Digital technologies*

- Integrate and optimise acquired orebody intelligence businesses including HIG, RIG Technologies International, RHINO™ and Axis Mining Technology.
- Increase delivery of digital solutions to optimise workflows from mine-to-mill.
- Expand GroundProbe production and technology offerings to cover all geo-technical solutions.



# PEOPLE AND CAPABILITIES

88%  
EMPLOYEE  
ENGAGEMENT

We are cultivating an inclusive and respectful environment to empower our people to fulfill their potential and shape Orica's future.



## CHARTING A COURSE DURING A PERIOD OF UNPRECEDENTED CHANGE

Our people are our most valuable resource and we are committed to strengthening the capabilities of our talented and diverse team. In FY2022, our focus was on continuing the progress made against our people strategy, amidst the ongoing global disruption caused by geopolitical events and the COVID-19 pandemic. This was compounded by shifting employee expectations, a highly competitive talent market and our ongoing work to mitigate inflationary pressures. Safeguarding the health, safety and well-being of our people, ensuring our team are resilient and adaptable, and that we have the right team in the right place at the right time, remains our priority despite the challenges faced.

Several key initiatives have focused on strengthening the quality and diversity of our internal talent pipeline. This includes our flagship Frontline Leadership Development program, Enterprise Executive Mentoring program and targeted regional and functional initiatives to support the delivery of our global people strategy.

## EMPLOYEE ENGAGEMENT: GAINING EMPLOYEE INSIGHTS THROUGH ORGANISATIONAL-WIDE LISTENING

In FY2022 our global culture and engagement survey, 'Our Say', was deployed across the organisation, with a participation rate of 65 per cent. Despite internal and external pressures, the results showed our people are engaged, energised and enabled with a score of 88 per cent outperforming global industry benchmarks. Safety results continue to be an area of key strength, demonstrating that our people feel safe coming to work every day.

Overall, the results were similar to the results of our 2019 Organisational Health survey.

- Our people are proud to be associated with Orica (92 per cent), and willing to recommend Orica as a great place to work (85 per cent).
- Our frontline workforce is one of the most engaged groups, leading the way with motivation, satisfaction and intent to stay. In comparison, our senior leaders and middle managers remain engaged but scored lower across the overall engagement category (82 per cent).
- The categories of role clarity and development (76 per cent) and work environment and well-being (80 per cent) were among the lowest scoring.

The feedback received from the 'Our Say' survey has shaped three global programs of work:

- leadership and career development;
- recognition and reward program; and
- new ways of working.

We have moved away from a 'one size fits all' action planning approach to a more personalised employee experience, recognising that engaging the workforce is a shared responsibility. Our regions and functions are empowered to take ownership of their own focus areas, each rolling back up to the enterprise plan, with progress and impact to be measured by ongoing pulse listening strategies throughout FY2023.

## REFINING AND REFOCUSING OUR PEOPLE PRIORITIES

To align with the results of the 'Our Say' survey, our people strategy was refreshed with a renewed focus on attraction and retention. Four key priority pillars support an improved employee experience to help build the distinctive capabilities we need to deliver on our business imperatives.

- **Engaging our people and enhancing a performance culture:** Empowering our people to achieve their potential and fulfil their passion means a continued focus on a culture of empowerment, inclusive leadership and a clearly defined employee value proposition.
- To strengthen the alignment between our values and culture, Our Code was revised in FY2022, strengthening our positions on modern slavery, sexual harassment and the protection of Indigenous cultural heritage sites. Our Code applies to anyone who works for us or on our behalf and sets out clear expectations for the way we work.
- **Developing capabilities to drive our competitive advantage:** Our targeted capability strategy continues to focus on developing and deploying leadership development programs which address the unique challenges faced by our management teams.
- **Talent and career management:** Career development will be supported through enterprise and regional mentoring programs, talent assessment and high performing teams. In addition to pro-actively sourcing, accelerated pathways for early and emerging talent will be enabled.
- **Standardising and automating employee self-service:** Digitizing the employee experience helps streamline, standardise and improve employee self-service, transform our workforce footprint and build the skills we need for the future.



## Executive Mentoring program

**Strengthening and diversifying our leadership and talent are core workforce transformation initiatives. The Executive Mentoring program is helping develop a strong pipeline of future enterprise leaders.**

Mentoring takes many forms but at its core, is about connecting people and ideas. The Executive Mentoring program enables mentees across 14 countries to take a proactive and targeted approach to professional development, providing experience, education and exposure to diverse environments across the organisation.

Key development activities throughout the 10-month program include high-quality partnerships with Executive Committee members to expand mentees' leadership skills and business context, and tackling real-life issues directly aligned to our refreshed strategy to enable cross-functional problem solving.

The enterprise program has been refined for another cohort extending into FY2023, providing opportunities to implement recommendations across greater mentoring meeting effectiveness and line leader engagement.

*"Building a mentoring relationship with our CEO – learning from their insights, guidance and experience has helped to shape and grow my career. I also deepened my understanding of the Orica strategy, and how I can support the execution of this. I expanded my Orica network with future leaders, shared knowledge, and worked on a real business challenge outside our areas of expertise."*

**Rachael Sandel**  
Head of Digital Workplace, Australia

*"I was able to develop a professional relationship with a member of the executive committee based on honest and transparent discussions. The discussions around family and work balance were also very enriching."*

**Eric Dumaresq**  
Area Business Manager, Canada

*"I was able to get support from my mentor as I was transitioning into a new role. Additionally, I built connections with peers across the organisation to move completely outside of my comfort zone, giving me exposure to challenges faced by other parts of the business."*

**Tomas Carmona**  
Manufacturing Centre Manager,  
Discrete Manufacturing, Chile



**PEOPLE AND CAPABILITIES**

**Strengthening our operational leadership pipeline**

The Frontline Leadership Program (FLP) is an initiative directly linked to the global 'Our Say' survey focus areas and is designed to address the unique challenges faced by operational management across our Commercial and Manufacturing functions. Self-awareness, personal effectiveness, communication and applied leadership emerged as key capability topics.

With a blend of virtual workshops and self-led activities, participants were encouraged to maximise their extended networks gained from the program. FLP deployment will extend into FY2023 and FY2024, ensuring our 1,200+ frontline leaders are provided with opportunities to participate.

**Improving visibility of career pathways across Technology and Innovation**

Feedback from the Technology and Innovation function highlighted the need to provide greater visibility of career journeys across different teams. Three core pathways were identified, allowing employees to move between different functional streams:

- deepening expertise: increases career options for subject matter experts who wish to continue building knowledge in their chosen field;
- vertical progression: development experiences that enable upward career mobility; and
- building lateral experience: movement across different streams and programs of work to gain broad experience and exposure.

The career framework has been intentionally designed with options available across leadership and technical pathways, allowing employees to fulfill with their own career preferences and discover new opportunities in an environment structured for sustainable growth.

**FOSTERING A DIVERSE, EQUITABLE AND INCLUSIVE CULTURE**

To attract and retain a diverse workforce, we are enabling and fostering the right culture and inclusive work environment. A renewed focus on our diversity, equity and inclusion agenda is critical and with the constrained talent market across our geographic areas of operation, a priority focus in FY2022 – FY2024.



**1,200+**  
**FRONTLINE LEADERS**

Our ambition is to accelerate our progress in talent diversification and representation to align with our refreshed people strategy. We have three priorities:

- **build an attractive talent brand** to further strengthen our talent pipeline and attract a diverse pool of talent to Orica;
- **enable an inclusive culture and new ways of working** by empowering our people to embrace new ways of working through systems, policies and behaviours; and
- **increase leadership accountability** through clear leadership expectations and measurable behavioural outcomes.





### KEY MEASURES THAT REFLECT OUR DIVERSE AND TALENTED WORKFORCE

We employ over 12,000 people in more than 45 countries, bringing together a diverse range of backgrounds, experiences and skill sets. We are committed to creating a respectful and inclusive work environment, where differences are valued as strengths and our people can reach their full potential. Our Diversity and Inclusion Policy outlines our continued vision, commitment and approach and is available in the **Governance** section of our website.

#### Inclusion index

In FY2022, an Inclusion Index measuring our people's sense of opportunity, belonging and impartiality was introduced. Overall, our workforce has a positive outlook on inclusion (86 per cent) reflective of high-performing organisations. However, differences exist among self-reported demographics in selected areas of the business. Meaningful action at a local level remains the most impactful to driving change and ensuring all employees have confidence they can be their best selves at work.

#### Cultural diversity

With a global workforce across four regions, employees representing over 80 nationalities collaborate to deliver on Orica's immediate, medium and long-term goals.

Our employees are led by a senior leadership team comprised of 16 different nationalities, helping to foster diversity of thought and a culture of innovation. A greater focus on global career mobility will enable more diverse teams and different perspectives to flourish in an inclusive environment.

#### Women in our workforce

The representation of women in our workforce, 18.6 per cent, is aligned to industry norms. The percentage of women in our senior leadership population marginally increased from 28.0 per cent in FY2021 to 28.9 per cent in FY2022, reflecting voluntary attrition in an extremely competitive talent market and a reduction in the senior leadership population (due to restructures and lateral movements). Significant progress is required if we are to address our current gender diversity gap.

Female representation on our Board remained at 33.3 per cent (three of our nine Directors), exceeding our target of  $\geq 30$  per cent.

#### Actions for further progress

Our medium and long-term commitments aim to foster an environment of inclusion and equitable opportunity for under-represented groups in the workforce. Progress will be monitored as part of our continuous listening strategies and to assess progress towards

our FY2024 diversity, equity and inclusion objectives.

A full scorecard for FY2022 (and FY2023 targets) is disclosed as part of the ESG Data Centre on our website.

#### → FY2023 priorities

- Deploy leadership accountabilities and subsequent leadership development programs.
- Review of employee benefits and deployment of global recognition program.
- Complete global collaboration-ways of working review.

**80+**  
**NATIONALITIES**

**18.6%**  
**WOMEN IN OUR WORKFORCE**



# CLIMATE AND THE NATURAL ENVIRONMENT

We continue to demonstrate strong environmental stewardship across our value chain. From decarbonising our own operations and optimising our use of resources to innovating sustainable customer solutions, we are working toward our own sustainability goals and helping our customers with theirs.

We accept human activities are influencing the climate and support efforts to limit global warming in line with the goals of the Paris Agreement. We believe a transition to a net zero emissions economy is required and are committed to doing our part.

Despite difficult operating conditions, particularly the global AN supply chain disruption arising from the ongoing Russia-Ukraine conflict, we achieved important milestones this year towards our climate change goals of building economic resilience, accelerating decarbonisation, and embedding climate in decision-making.

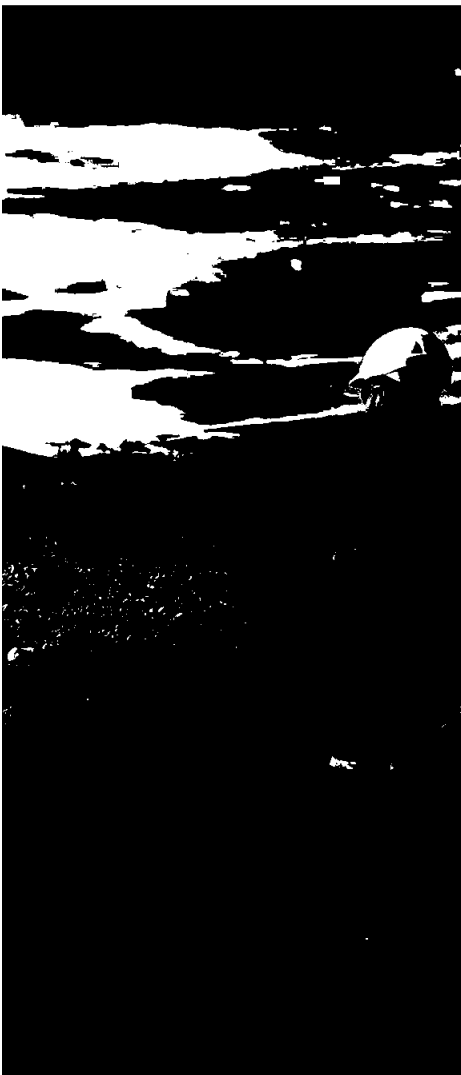
As a global leader in mining services, we recognise we have a role to play in mobilising the commodities, raw materials and technologies fundamental to the lower-carbon transition. Advanced computing, manufacturing, lower-emissions energy systems and transport electrification are all made possible by future-facing commodities and critical minerals. We are advancing strategies to rebalance our commodity portfolio and reimagine our manufacturing processes to enhance our competitiveness for a lower-carbon future.

For detailed climate disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) see our *FY2022 Climate Action Report (CAR)*.

(1) Covers our global Scope 1 and Scope 2 GHG emissions under our direct control, and material Scope 3 GHG emission sources. Material means the GHG emissions embodied in purchased ammonia and ammonium nitrate included in the Scope 3 reporting category of purchased goods and services. These comprise around two-thirds of Orica's Scope 3 emissions footprint.

(2) Includes the surrender of 60,000 Australian Carbon Credit Units to proactively maintain our net emissions below a regulatory emissions limit in Australia.

(3) The renewable electricity target boundary excludes small sites (e.g. single remote offices, depots etc), markets where total consumption is less than 100 MWh per year, and countries where credible renewable electricity sourcing options do not exist. This approach is consistent with industry standards. Steam, heat and cooling energy is excluded.



## Climate change

### Net zero

ambition by 2050<sup>(1)</sup>.

### 0.8% reduction

in global net Scope 1 and 2 GHG emissions; 14% below 2019 baseline levels<sup>2</sup>.

### New target to source

### 100%

renewable electricity by 2040, with an interim step of 60 per cent by 2030<sup>3</sup>.

### 46%

revenue contribution from gold and copper markets.

### 95%

nitrous oxide emissions reduction from unabated levels at Carseland following installation of tertiary catalyst abatement technology.

### Signed

### 10-year PPA

securing renewable electricity from 2025 via the Wellington North Solar Farm in Australia.



## FY2022 PERFORMANCE

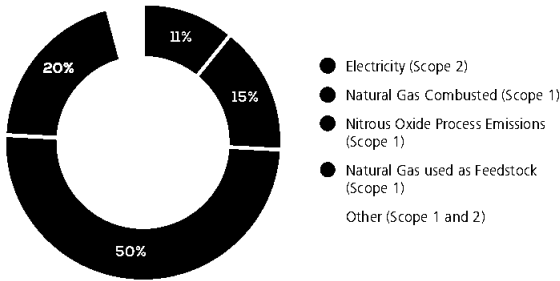
Our gross Scope 1 and 2 emissions in FY2022 were 1,943 ktCO<sub>2</sub>-e, a two per cent increase since FY2021. We surrendered 60,000 Australian Carbon Credit Units (ACCUs) to meet our forecast compliance obligations under the Safeguard Mechanism in Australia, bringing our net Scope 1 and 2 emissions to 1,883 ktCO<sub>2</sub>-e. We remain on track to meet our targets with net Scope 1 and 2 GHG emissions 14 per cent below 2019 base year levels.

This year, we increased our accountability for reducing operational Scope 2 GHG emissions by committing to source 100 per cent renewable electricity by 2040.

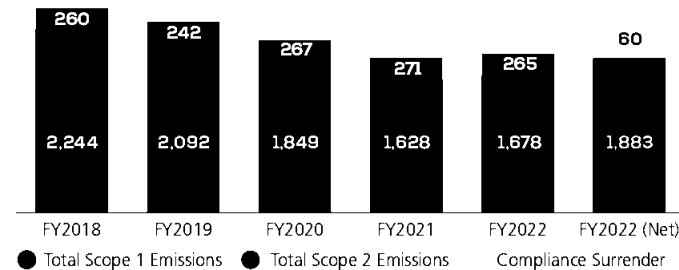
We have signed a 10-year Power Purchase Agreement (PPA) securing renewable electricity from the Wellington North Solar Farm Australia which will supply around 50 per cent of Orica's Australian electricity needs from 2025.

[Wellington North solar farm case study on page 73](#)

### Global GHG emissions by source (Scope 1 and Scope 2)



### Global Scope 1 and Scope 2 GHG emissions (ktCO<sub>2</sub>-e)



## IMPACT OF GEOPOLITICS AND CONFLICT IN UKRAINE

In FY2022, the ongoing Russia-Ukraine conflict disrupted global AN supply chains and trade conditions, impacting how we do business. Global demand for AN increased as commodity prices spiked while supply decreased due to trade sanctions imposed on Russia and rising energy prices curtailing European production. We responded by increasing manufacturing output to compensate for reduced purchase volumes and to ensure security of supply for our customers.

This has caused a shift in the distribution of our GHG emissions from Scope 3 (purchased AN) to Scope 1 and 2 (manufactured AN).

Most notably, production volumes and emissions increased from our manufacturing facilities at Bontang, Indonesia and Yarwun, Australia. Both sites produced record product volumes this year. Yarwun is one of our higher product emissions-intensity continuous manufacturing plants. This reinforced our efforts to complete pre-feasibility for the Yarwun Nitrates Decarbonisation Project in 2023, which commenced in January 2022.

Net Scope 1 and 2 GHG emissions compared to FY2021 remained relatively stable despite increased AN production volumes through the continued implementation of our decarbonisation strategy.

We surrendered 60,000 ACCUs to meet our forecast compliance obligations at Yarwun, Australia under the Safeguard Mechanism.

Our *FY2022 Climate Action Report* provides details on the eligible ACCUs surrendered this year and our approach to managing and accounting for carbon credits.

## FUTURE-FACING COMMODITIES FOR A LOWER-CARBON ECONOMY

The mining, metals and raw material sectors are enabling the energy transition and decarbonisation technologies. Vast quantities of metals and minerals such as lithium, copper and rare earth elements are needed to drive the massive technological transition ahead. This represents a significant opportunity for the industry and Orica.

We continue to diversify our commodity exposure and position our portfolio towards higher growth commodities, including future-facing resources. We have a strong global presence in copper and are serving future-facing mines, particularly nickel and lithium in Australia.

Our commodity mix reflects a diversified portfolio across coal and metals markets. Gold and copper markets remain the largest commodity exposure, collectively representing 46 per cent of FY2022 revenue with copper growing this year across all operating regions. Copper as a proportion of total revenue grew by 6 per cent in FY2022. Thermal coal revenue exposure was 16 per cent in FY2022.

In Latin America, the ongoing shift in the region's commodity exposure reflects strong recovery in copper customer demand and the large proportion of our customers' mining pipelines focused on future-facing commodities.

To increase revenue exposure to the growing battery technology market, we advanced our partnership with Alpha HPA in Gladstone, Australia. We also established two new partnerships along the east coast of Australia, the Hunter Valley Hydrogen Hub and H2-Hub™ Gladstone, offering new product and market opportunities in green hydrogen and green ammonia.



## CLIMATE AND THE NATURAL ENVIRONMENT



### Engaging constructively with investors

We maintain proactive and transparent engagement with investors on our sustainability initiatives.

Climate Action 100+ (CA100+) tracks the progress of companies against several key indicators through regular engagement, progress reporting and benchmarking.

The positive dialogue maintained this year with Orica has been acknowledged by our lead investor, Australian Retirement Trust (ART). ART's latest published on 31 October 2022, highlights Orica's progress in relation to the setting of a net zero emissions ambition by 2050 covering Scope 1 and 2 GHG emissions and its most material Scope 3 emissions; a reduction in Scope 1 and 2 GHG emissions since 2019, and the setting of a credible roadmap to achieve the targets in place by prioritising technology solutions, collaborating with suppliers and customers, and providing better disclosure of performance against targets in line with the Task Force on Climate-related Financial Disclosures requirements.

Decarbonisation of our operations is underway, and we are mitigating the risks and capturing opportunities presented by climate change.

We anticipate our ongoing engagement with CA100+ will further improve investor understanding of our climate strategy and progress towards meeting our commitments.

Global infrastructure developments are driving quarry and construction presenting opportunities for Orica. We are well positioned in our core quarry business regions (North America and Europe), and increasing our exposure in developing markets, particularly in the Asia Pacific, as ongoing urbanisation continues to drive demand over the long term.

We believe the transition to a lower-carbon economy is necessary and must be responsible and co-ordinated. We will:

- continue to service our coal customers in the medium term, acknowledging the right to the development of emerging economies, while seeking opportunities to become a partner in our customers' efforts to transition to a lower-carbon economy;
- leverage our expertise in science and technological innovation to help develop sustainable products and services for our customers, and foster smarter, safer mining with the potential to enable emissions savings across the mining sector's value chain;
- minimise exposure to carbon pricing by accelerating our own decarbonisation; and
- continue to strengthen our scenario analysis, assess and capture growth and diversification opportunities.

### DECARBONISING INDUSTRIAL PROCESS EMISSIONS

Eliminating Scope 1 nitrous oxide emissions from our Nitric Acid Plants (NAPs) continues to be central to our decarbonisation efforts. Nitrous oxide currently accounts for 50 per cent of our operational emissions. Over the fiscal year, we invested \$21 million in low-emissions technology and emissions reduction initiatives. This year, we realised NAP emission intensity reductions following the commissioning of tertiary catalyst abatement at one of two NAPs at Carseland, Canada.

In the first year of operation, the Carseland project reduced nitrous oxide emissions on one plant by 95 per cent from unabated levels, and reduced Scope 1 and Scope 2 emissions intensity per tonne of AN produced by 46 per cent.

Important milestones were achieved towards the Kooragang Island Decarbonisation Project. Three tertiary abatement reactors were delivered in August 2022, with installation proceeding at NAP No. 1 in September 2022, and commissioning to occur during October and November 2022.

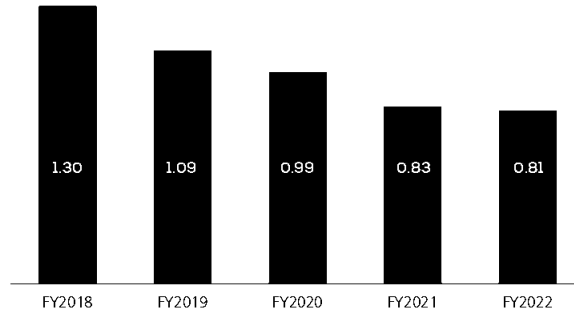


The tertiary catalyst abatement technology will be deployed across the remaining two NAPs in FY2023. The \$37M project represents a partnership with the NSW government and the Clean Energy Finance Corporation.

Our continuous manufacturing site at Yarwun, Australia, has three NAPs and is in the early stages of pre-feasibility engineering. This year, we registered an Emissions Reduction Fund project with the Clean Energy Regulator and secured a Carbon Abatement Contract with the Australian Government. While these steps are fundamental to realising the underlying investment case for the Yarwun Nitrates Decarbonisation Project, we have temporarily set aside a final investment decision.

Changing climate policy and regulatory settings present increased investment uncertainty in Australia

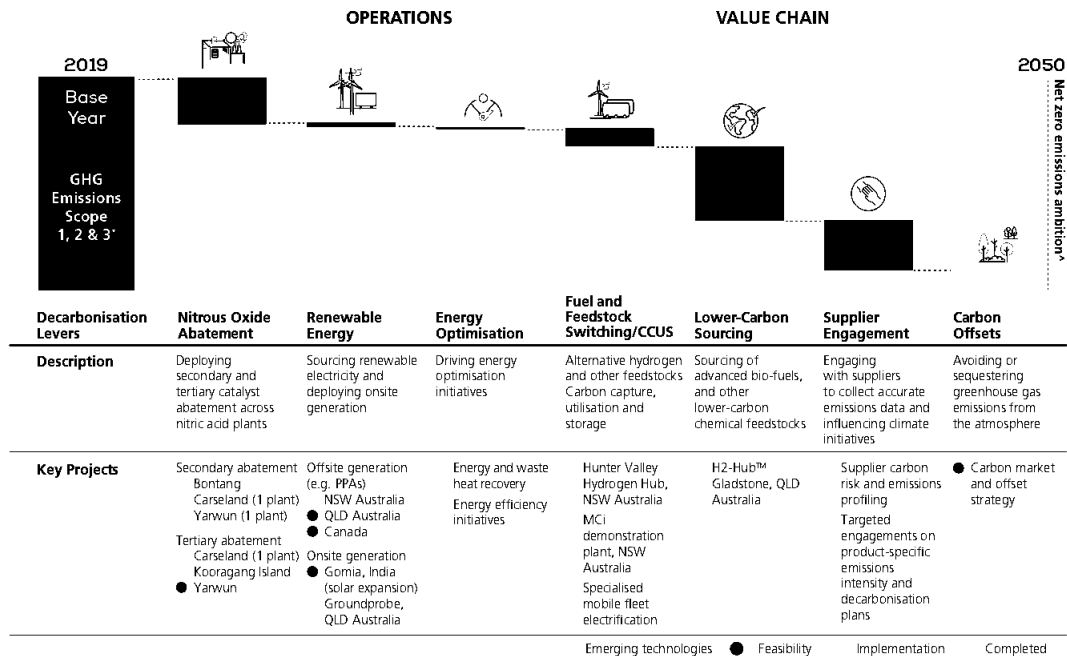
**Global nitric acid plant emissions intensity (Scope 1 Nitrous Oxide) (tCO<sub>2</sub>-e per tonne of nitric acid produced)**



and a final investment decision is dependent upon the Australian Government finalising Safeguard Mechanism reforms and a review of the Australian carbon market.

Overall, nitric acid nitrous oxide emission intensity fell 2.4 per cent to 0.81 tCO<sub>2</sub>-e per tonne of nitric acid produced.

## OUR DECARBONISATION PATHWAY



<sup>\*\*</sup> Our net zero emissions ambition covers our global Scope 1 and 2 emissions under our direct control, and material Scope 3 emission sources. Material means the GHG emissions embodied in purchased ammonia and ammonium nitrate included in the Scope 3 reporting category of purchased goods and services. These comprise around two-thirds of Orica's Scope 3 emissions footprint. Achieving this ambition will require effective government policy frameworks, supportive regulation and financial incentives, and access to new lower-carbon technologies operating at commercial scale.

Refer to our FY2022 Climate Action Report for more information on our decarbonisation initiatives at a continuous manufacturing asset level.



CLIMATE AND THE NATURAL ENVIRONMENT



## Catalysing green hydrogen and ammonia technologies and markets

Orica is positioning as a key collaborator for lower-carbon industrial precincts, which offer new markets, partnerships and commercial opportunities. This year, we formalised partnerships in our Australian manufacturing regions to develop and deploy green hydrogen and green ammonia technologies for hard-to-abate sectors.

Our partnership with Origin Energy assesses the viability of the Hunter Valley Hydrogen Hub, a green hydrogen production facility and associated value chain in the Hunter Valley, Australia. The Hub aims to deliver a safe, reliable and commercial scale green hydrogen supply chain in the Newcastle industrial and port zone. Under the plan, green hydrogen would be produced from sustainably sourced water and renewable electricity from Origin's portfolio, using a grid connected 55MW electrolyser.

*"Both Origin and Orica are well established in the Hunter region and bring considerable expertise in different aspects of the hydrogen value chain, which will help contribute to the continued development of this emerging industry."*

Frank Calabria, Origin Energy CEO

Our partnership with H2U – Hydrogen Utility<sup>®</sup> initiates the master plan study for the H2-Hub™ in Gladstone, Australia, a proposed multi-billion industrial-scale green hydrogen and green ammonia production facility with export potential. We will explore opportunities for an exclusive green ammonia offtake and supply agreement that would see green ammonia supplied directly to our Yarwun manufacturing plant from H2U's proposed Yarwun green ammonia production plant. The partnership will also explore the potential of a green ammonia export terminal at the Port of Gladstone, leveraging our existing ammonia storage capacity at the Fisherman's Landing Wharf and the associated connecting infrastructure in the Gladstone State Development Area, to facilitate large-scale exports.



## RENEWABLE ELECTRICITY

This year, we announced a renewable electricity target which will see our business powered by 100 per cent renewable electricity by 2040, with an interim step of 60 per cent by 2030<sup>(1)</sup>. This commitment expands our focus from Scope 1 industrial process emissions to address our Scope 2 emissions and will enhance our competitiveness in a lower-carbon economy.

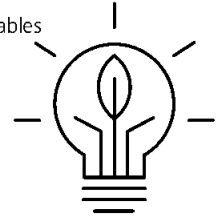
With volatile global energy prices this year, we are focused on finding value

in the energy market to reduce costs and our environmental footprint. In addition to optimising our energy use, corporate Power Purchase Agreements (PPAs) were identified as a useful mechanism in avoiding volatile market prices. PPAs secure a fixed renewable electricity price and can help hedge against market risks.

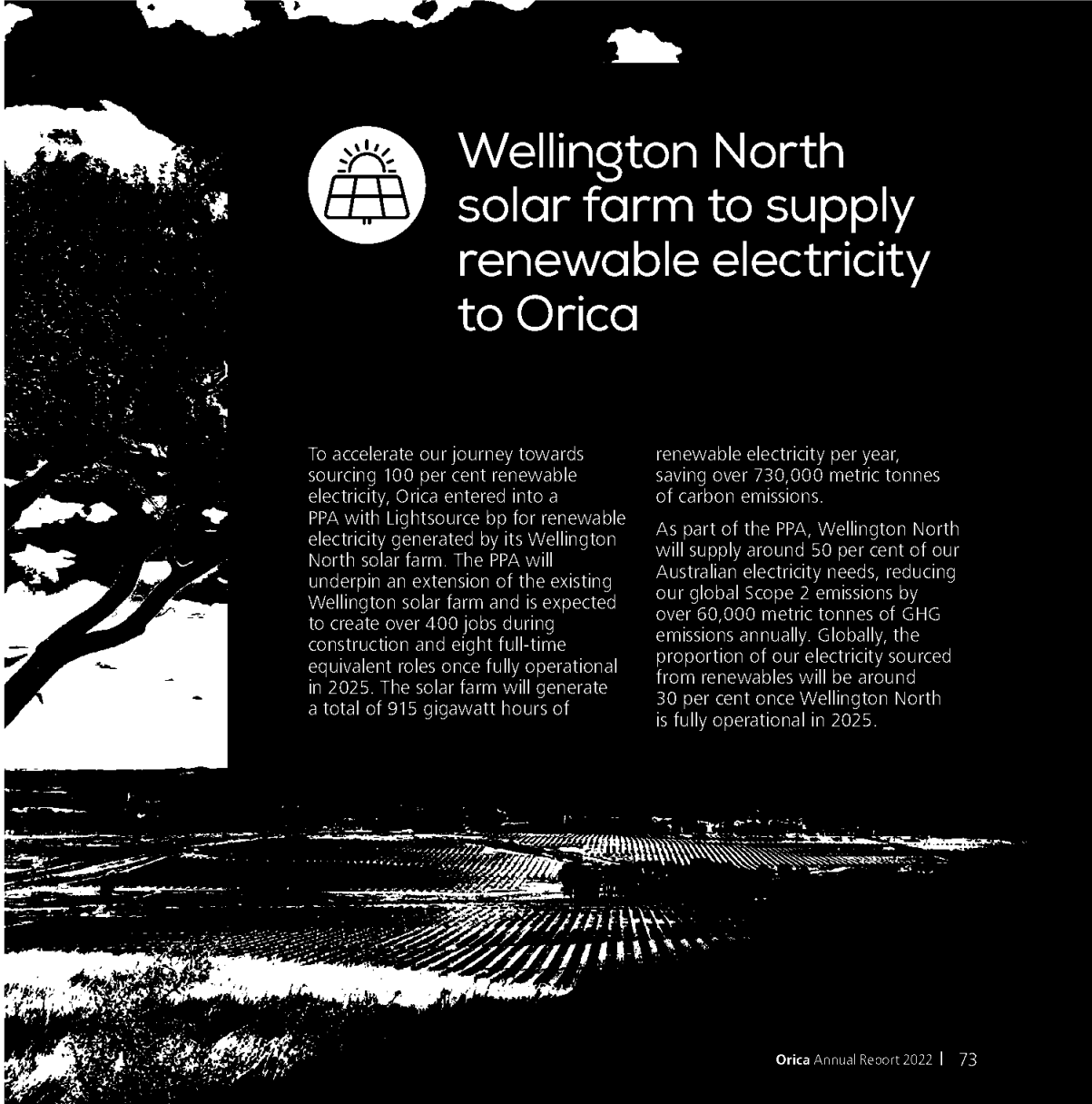
In FY2022, a 10-year PPA was signed with Lightsource bp helping increase renewable energy capacity in the market. The PPA will help underpin an extension to the Wellington Solar Farm near Dubbo, Australia.

The Wellington North solar farm is expected to be constructed and operational from 2025.

Looking ahead, we are pursuing onsite generation and offsite procurement options to grow the proportion of renewables in our electricity mix and meet our corporate targets.



<sup>(1)</sup> The renewable electricity target boundary excludes small sites (e.g. single remote offices, depots etc), markets where total consumption is less than 100 MWh per year, and countries where credible renewable electricity sourcing options do not exist. This approach is consistent with industry standards. Steam, heat and cooling energy is excluded.



## Wellington North solar farm to supply renewable electricity to Orica

To accelerate our journey towards sourcing 100 per cent renewable electricity, Orica entered into a PPA with Lightsource bp for renewable electricity generated by its Wellington North solar farm. The PPA will underpin an extension of the existing Wellington solar farm and is expected to create over 400 jobs during construction and eight full-time equivalent roles once fully operational in 2025. The solar farm will generate a total of 915 gigawatt hours of

renewable electricity per year, saving over 730,000 metric tonnes of carbon emissions.

As part of the PPA, Wellington North will supply around 50 per cent of our Australian electricity needs, reducing our global Scope 2 emissions by over 60,000 metric tonnes of GHG emissions annually. Globally, the proportion of our electricity sourced from renewables will be around 30 per cent once Wellington North is fully operational in 2025.

Orica Annual Report 2022 | 73

**CLIMATE AND THE NATURAL ENVIRONMENT**

**VALUE CHAIN EMISSIONS**

We are committed to playing our part to mitigate the impact of our value chain emissions. However, the nature of Scope 3 emissions is that many are outside our direct control.

Our actions are focused on understanding the sources of our Scope 3 emissions, accurately quantifying them and identifying opportunities to reduce the emissions.

Last year, we established a baseline Scope 3 emissions inventory and announced our net zero emissions ambition which covers Scope 3 emissions from purchased ammonia and AN.

This year, our focus turned to maintaining security of supply. With our existing supply arrangements altered due to the ongoing Russia-Ukraine conflict, we sourced ammonia and AN from a range of new suppliers, where it was globally available.

Supplier engagements have been prioritised this year to further understand product and transport emissions and improve the accuracy of reported Scope 3 emissions from our purchased goods and services. Looking ahead, we continue to develop a value chain decarbonisation strategy and consider a range of possible commitments, actions and collaborations to deliver on our net zero emissions ambition.

*FY2022 Climate Action Report*



**Joining efforts with our financial lenders to improve sustainability**

Orica's sustainability performance is critical to our financial success. In FY2022, Orica converted \$1.3 billion of existing bank debt facilities into sustainability-linked loans.

While financing terms of the existing loan facilities remain unchanged, the structure provides an incentive for Orica to deliver against sustainability key performance indicators as the cost of the loans will vary with performance.

Orica's sustainability performance outcomes will now result in changes to our cost of capital.

Progress against key performance indicators will be measured against ambitious performance targets aligned to our public commitments. Performance is rewarded against agreed target milestones with discounts on the loan margin and penalties if those milestones are missed.

Key performance indicators are comprised of:

- reducing Scope 1 and 2 GHG emissions;
- reducing potable water intensity; and
- increasing representation of women in senior leadership.

The transaction was developed with reference to the Sustainability-Linked Loan Principles (SLLP) 2022<sup>(1)</sup>. A second-party opinion was provided by Sustainalytics while EY provided external data assurance.

The establishment of sustainability-linked loans integrates sustainability into our financial framework and deepens our relationships with the banks who provide important sources of capital.



(1) Asia Pacific Loan Markets Association (APLMA), Loan Market Association (LMA) and Loan Syndications and Trading Association (LSTA) Sustainability-Linked Loan Principles 2022.



## Stewarding natural resources

**31%**

**TOTAL WATER CONSUMPTION FROM RECYCLED WATER**

**POTABLE WATER**

**1.72** kL/t AN;

**MANUFACTURED (NEW METRIC)**

**Growing demand FOR CYCLO™ AND FORTIS™ PROTECT PRODUCTS**

**Loss of containment events down**

**18%**

**COMPARED TO FY2021**

### OPTIMISING RESOURCE USE

#### Water

The management of freshwater resources is an issue that directly impacts the communities and ecosystems in which we operate. With competition for water resources increasing globally due to multiple pressures, particularly climate change, population growth and pollution, we are increasing our focus on optimising our water use.

We are working towards reducing our dependency on potable water by increasing the efficiency with which we use water and maximising our use of recycled water, wherever possible. Our aim is to limit the impact on our host communities and ecosystems and increase resilience to water stress.

Gross water consumption fell one per cent to 8.5 million kL. While recycled water increased to a record 31 per cent of total consumption, potable water consumption also increased five per cent to 2.6 million kL. This was due to a 13 per cent decrease in water obtained from groundwater sources with the shortfall made up by surface and potable water sources.

We have changed our potable water intensity metric from kL per tonne of AN sold to kL per tonne of AN manufactured<sup>1</sup>. This will allow us to better track our progress as we seek to improve the water efficiency of our manufacturing processes. In FY2022, we used 1.72 kL per tonne of AN manufactured.

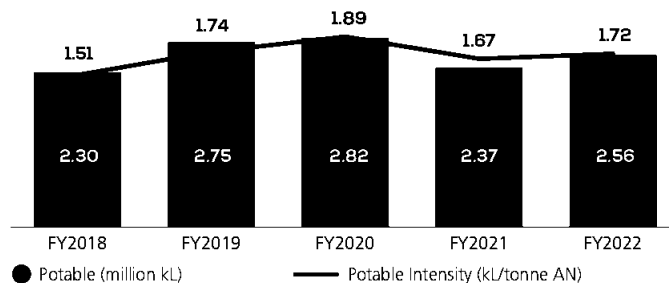
We achieved our existing potable water intensity target consuming 0.61 kL of water per tonne of AN sold against our target of <0.67 kL per tonne AN sold.

### Avoiding environmental harm

Managing our environmental risks and preventing loss of product events are the primary goals of our environmental strategy. In FY2022, we took several actions to improve our approach to managing environmental risks including adopting the MHM framework that underpins our safety approach. The framework defines key controls and ensures verification protocols are in place to systematically mitigate adverse environmental impacts.

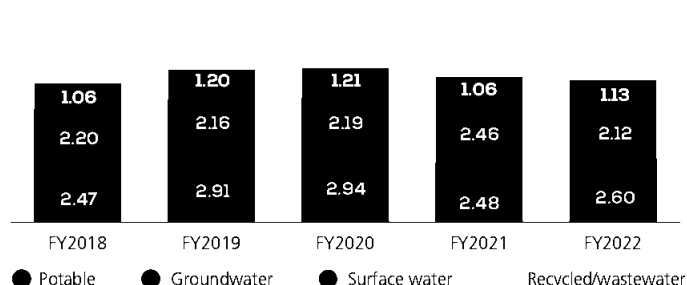
Our focus on spill prevention and response has seen a continued decline in loss of containment events across the business. In FY2022, we recorded 23 events equal to or greater than severity 1<sup>2</sup> against a target of 29. This was a decrease of 18 per cent compared to FY2021 and achieved our target of zero severity 3<sup>2</sup> or greater significant environmental events.

### Potable water consumption and intensity



Note: material sites include Kooragang Island, Yarwun, Bontang, Carseland, Brownsburg and Congata only.

### Gross water consumption by source (million kL)



(1) Metric boundary covers our top 6 consuming manufacturing plants representing 96% of global potable water use.

(2) Severity 1 events are minor, reversible environmental effects. Short term impacts only in the immediate vicinity of the release. Minor clean-up required with the total cost of any clean-up is less than \$100,000; severity 2 environmental events have localised but measurable environmental effect that is reversible after clean-up; severity 3 environmental events result in relatively wide-spread serious environmental damage, with some impairment of ecosystem function that will recover after remediation.



CLIMATE AND THE NATURAL ENVIRONMENT



## Fortis™ Protect – lowering environmental impact of bulk explosives on waterways

To reduce the risk of nitrate leaching from using ammonium nitrate-based explosives, we developed a holistic management framework and solution. The Nitrate Risk Reduction framework is a three-pronged approach that investigates the fundamental mechanisms for nitrate loss at a customer site, benchmarks existing approaches to best practices, and recommends solutions to improve nitrate risk management.

Central to the Nitrate Risk Reduction Framework are our Fortis™ Protect bulk explosives products, which were developed to minimise nitrate leaching arising from blasting operations. Using our emulsification technology, the products deliver optimal stability and emulsion refinement characteristics into blast holes and minimise nitrate contribution to groundwater and post-blast nitrate/nitrite fumes.

Orica is partnering with De Beers Canada at its Gahcho Kué mine in remote Northern Canada to assess Fortis™ Protect. Gahcho Kué operates in an extremely sensitive environment and De Beers is committed to achieving high environmental protection standards, including water quality.

After one-month blasting with Fortis™ Protect in August 2021, the nitrate management committee at Gahcho Kué decided the preliminary results warranted an extended eight-month evaluation to measure the benefits in all seasons, including the Spring freshet season, when water influx into the mine is greatest.

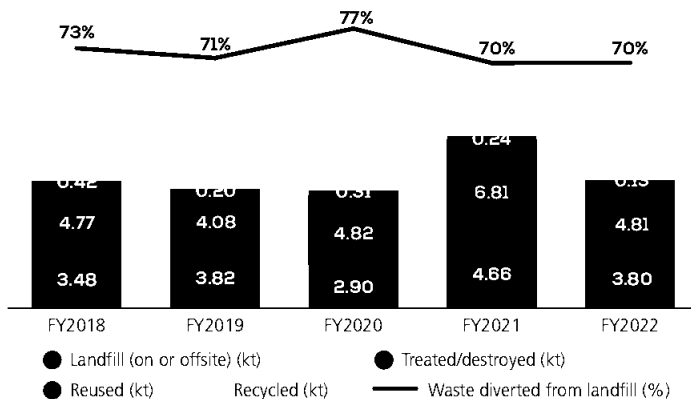
The Fortis™ Protect evaluation and water quality measurements are ongoing.

### WASTE

In FY2022, we completed the sale of our Minova business which materially changed the volume and profile of our waste generation. Historic waste data has been restated to exclude Minova and allow for meaningful comparisons with current performance.

Total waste generated in FY2022 was 12.5 kt, down 19 per cent from FY2021. Waste diverted from landfill was 70 per cent, in line with FY2021 performance.

Gross waste disposal by destination and waste diverted from landfill



\* FY2018 and FY2019 data includes waste from Minova.



## Harnessing the principles of a circular economy

We are advancing our strategic focus on optimising resource use through circularity with a growing list of start-up and commercial initiatives creating value from waste.

products for construction, manufacturing and consumer markets. It is envisioned that future MCI carbon plants could scale up to several million tonnes of CO<sub>2</sub> conversion and removal in any suitable industrial site.

The project demonstrates how industrial partnerships can optimise resource use, simultaneously creating value and reducing waste.

At COP 26<sup>(1)</sup> in Glasgow last year, MCI won 'Best Clean Energy Startup' from a field of 2,700 global solutions.

Last year we commercialised Cyclo™, an innovative service that transforms used oil for application in explosives. The modular, relocatable units allow oil processing to occur onsite and replaces up to 50 per cent of the virgin diesel used to make emulsion.

Carbon dioxide is an industrial waste product of our current hydrogen production process. Along with pursuing alternative sources of hydrogen, carbon capture utilisation and storage (CCUS) is a decarbonisation lever that could be deployed to meet our long-term net zero ambition.

Orica has entered a supply and offtake agreement with high purity alumina producer Alpha HPA. High purity alumina is a key-component in the technologies necessary to drive the lower-carbon future. Alpha HPA intend to deliver high-quality product for use in the lithium-ion battery and LED lighting industries.

In FY2022, we saw growing demand for Cyclo™ and continued to deliver units across mine sites in Africa and Papua New Guinea. We conducted a GHG lifecycle analysis of Cyclo™, finding total lifecycle emissions of treated waste oil were 20 per cent lower than virgin diesel when the units were deployed onsite. By deploying the technology onsite, customers can simultaneously reduce waste and GHG emissions.

We continue to support our long-term joint venture with Mineral Carbonation International (MCI) as they drive their CCUS technology toward commercialisation. This year, we supported the design, engineering and approvals for construction of a demonstration-scale mineral carbonation plant at our site in Kooragang Island, Australia. The plant is scheduled for completion in 2024 and will react waste CO<sub>2</sub> with alkaline materials to produce a range of lower-carbon

The agreement leverages process synergies that exist between Alpha HPA's facility in Gladstone and our nearby manufacturing facility in Yarwun, Australia. Alpha HPA's proprietary technology requires reagents manufactured by Orica and produces a waste by-product that is highly complementary to our existing processes at Yarwun.

<sup>(1)</sup> The 2021 United Nations Climate Change Conference held at the SEC Centre in Glasgow, Scotland, United Kingdom, from 31 October to 13 November 2021.



## CLIMATE AND THE NATURAL ENVIRONMENT



### AN INCREASING FOCUS ON BIODIVERSITY

Effective management of biodiversity is rapidly emerging as a core tenet of natural stewardship. With the Taskforce on Nature-related Financial Disclosure's (TNFD) incoming recommendations, there is increased emphasis on businesses to understand their impacts on nature and biodiversity, and methods to maintain and regenerate areas of high nature value and prevent significant ecosystem degradation.

We consider ecosystem health across our operational and commercial activities. Our management of environmental risks, water, waste and climate all contribute to protecting biodiversity and we deploy innovative remediation techniques that provide biodiversity co-benefits.

However, we recognise that increasing stakeholder expectations will require a more targeted and sophisticated approach to nature and biodiversity that leverages emerging methods to manage and account for impacts. We are actively monitoring the rapidly evolving landscape of standards, metrics and indices relating to nature management and disclosures to determine the most effective nature and biodiversity management plan.

We are also working to gain a more comprehensive understanding of our nature-related risks and opportunities to support our customers.

**We are monitoring the rapidly evolving landscape of biodiversity standards, metrics and indices to determine the most effective nature management plan.**



## Environmental remediation

We work with technology and nature to progress environmental remediation where our operations have impacted natural systems and resources. Our aim is to remediate land to permanently reduce risks to human health and the environment and to allow divestment and reuse.

We seek out opportunities to innovate and collaborate on our remediation goals, leveraging knowledge and skills from around the globe. Our major remediation projects are associated with legacy issues at our former chemical manufacturing sites but also arise from ongoing manufacturing activities. A core team of remediation experts is responsible for progressing our complex, ongoing chemical remediation projects and providing technical advice to regional SHES teams where necessary.

### Stage two of Yarraville thermal remediation Clean Up Plan implemented

Following on from the success of an Australian first in-situ thermal remediation system at Yarraville in FY2021, we commenced the second stage of the Clean Up Plan for the site. The technology treats organic contaminants at the legacy chemical manufacturing site through a system of heating and gas/vapour extraction. Completion of the thermal remediation, which is occurring at an adjacent piece of land owned by a third party, will conclude the remediation of the Yarraville site allowing for divestment or reuse.

### Fifth shipment of HCB waste completed after COVID-19 delay

Although our ongoing program for the safe destruction of the hexachlorobenzene (HCB) stockpile in New South Wales, Australia was delayed in FY2021 due to COVID-19 related issues, the fifth shipment of waste to specialist treatment plants in Sweden and Finland was completed this year. The program to eliminate this long-term legacy safely and responsibly is continuing with 9,000 tonnes HCB shipped to date.



## CLIMATE AND THE NATURAL ENVIRONMENT



### Gomia phytoremediation yields promising results

Toward the end of FY2021 more than 50,000 seedlings were selected and planted in Gomia, India, as part of a large-scale phytoremediation project to address elevated concentrations of contaminants including nitrates, lead and perchlorate in surface water and groundwater.

Phytoremediation uses plants to consume and absorb contaminants as they grow and prevent contaminants from spreading further to surrounding areas. Through this process, contaminants are either degraded into harmless substances or accumulated and removed when the plants are harvested. Phytoremediation can also be used to immobilise contaminants in the soil to the root zones and to control or reduce the flow of surface water and ground water.

Three rounds of harvest have now been completed in Gomia with initial testing indicating good uptake of contaminants. At the site, indigenous reeds were used to treat soil and water and restore the surrounding environment. Indigenous plants

increase biodiversity value and support rebuilding local wildlife habitats. They also stabilise the slope that was constructed to help prevent the contaminants from leaking into the surrounding environment. The project has helped to prove this phytoremediation effort is environmentally friendly, low cost and superior to more traditional methods.

### Innovative bioremediation technique deployed in Yarwun groundwater

Cyanide (CN) impacted groundwater was discovered at the Yarwun manufacturing site in 1999 with the source traced to an in-ground dissolving tank that was subsequently decommissioned and replaced. While the plume remains within the site boundary and does not pose an unacceptable risk, recent changes in the plume necessitated further assessment of potential remediation options should it be required in the future.

A treatability study completed in 2016 concluded enhanced in-situ bioremediation using oxygen delivery to the groundwater through Waterloo Emitters™ had the potential

to successfully treat CN impacted groundwater however, a field pilot test to refine the critical design parameters would be required. Enhanced in-situ bioremediation is an engineered technology that introduces physical, chemical and biological changes to the groundwater to create the conditions necessary for micro-organisms to degrade the cyanide. This is a novel approach to cyanide remediation requiring the installation of 13 injection wells with Waterloo Emitters™ to act as a bio-barrier of enhanced biological activity stimulated by oxygen delivery to the groundwater.

In line with commitments made to the regulator, detailed design of the pilot trial was completed in April 2022 and the pilot plant was constructed and commenced operation in July 2022. At the completion of the six-month trial, the effectiveness of the technology will be evaluated and, based on cyanide concentrations in groundwater and associated risk at that time, consideration will be given to whether any ongoing remediation is required.

#### → FY2023 priorities:

- Commission tertiary catalyst abatement technology at Kooragang Island.
- Reconsider final investment decision for Yarwun Nitrates Decarbonisation Project.
- Advance commercial partnerships for green hydrogen and green ammonia technologies, and progress sourcing for future renewable electricity supply.
- Develop water stewardship strategy and establish new potable water targets backed by planned actions.
- Internal assessment to assess our biodiversity performance and disclosures and understand commitments we can make to support biodiversity and nature positive initiatives.



# COMMUNITY AND RELATIONSHIPS

Fostering strong and collaborative partnerships with our host communities, suppliers, customers, industry and government partners will create shared and enduring value.

Developing strong relationships with our stakeholders at a corporate, regional and local level is vital for the success of our business. We partner with our stakeholders to build trust and develop innovative solutions to meet the needs of customers and communities, deliver commercial value and address critical environmental and social sustainability issues across our entire value chain. Our approach to stakeholder engagement is detailed on pages 38 to 39 of this report.

## CUSTOMERS

Our Voice of Customer (VoC) program independently and consistently captures customer feedback across our operations, with nearly 900 customers providing insights in FY2022. The main metric to measure customer loyalty and satisfaction is our Net Promoter Score (NPS) which declined for the first time after four consecutive years of improvement.

Notwithstanding the decline in our NPS from FY2021, the FY2022 result represents a 33.3 per cent increase in customer satisfaction since the inception of our VoC program in 2017 with customers acknowledging the value delivered by our technology solutions and research and development approach. They also commended the ease of doing business with Orica, notably our proactive and transparent engagement.

Our focus in FY2022 was on improving VoC response rates, as well as taking strategic action to address constructive feedback including addressing billing delays and continuing to manage supply constraints resulting from the Russia-Ukraine conflict. We are also prioritising communicating the value proposition of our new technology offerings for customers.

In FY2023 we will target further increasing our VoC response rate so that strategic actions can be taken to drive continuous improvements

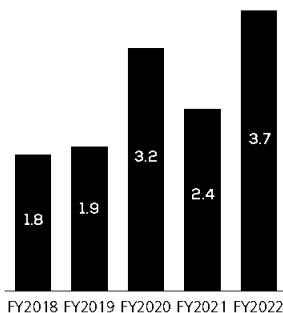
in support of our customers. We will also continue with the review of our VoC program and approach to ensure it is fit for purpose for our customers and Orica.

## COMMUNITY

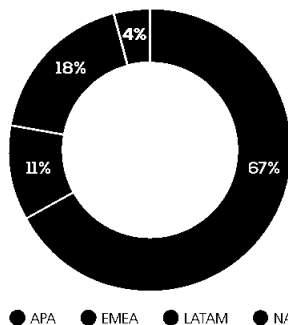
We are committed to building safe, resilient and thriving communities in our areas of operation. From our focus on safety and management of natural resources, to our contribution to social and economic development we strive to prevent harm and promote community growth.

Our focus is on building long – term relationships based on trust and transparency and providing targeted and strategic investment guided by our Community Impact and Investment Framework. In FY2022, our community investment totalled \$3.7 million, up 54 per cent from the prior year.

Community investment by year (\$m)



Community investment by region (%)



# \$15 million

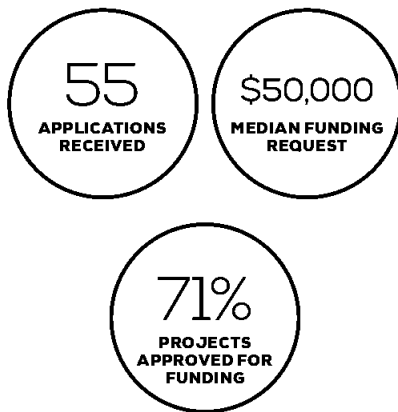
We are on track to achieve our five-year community investment target of at least \$15 million by 2025, having contributed \$6.1 million since FY2021. This includes investments made through the Orica Impact Fund, regional spend and matched payroll giving.



COMMUNITY AND RELATIONSHIPS

\$1.8m

SPEND APPROVED VIA ORICA IMPACT FUND



Orica Impact Fund

In FY2021, we launched the Orica Impact Fund (the Fund) as part of our revised Community Investment and Impact Framework. The Fund enhances our existing regional community investment and prioritises support for local, grassroots initiatives across our global operations that improve social equity and well-being, education and environmental outcomes, and foster community togetherness.

Consistent with the revised framework, the Fund is re-orienting Orica's community investment spend with better global distribution and supporting projects of higher value (grants between \$10,000 to \$100,000 per year, for up to three years) to drive meaningful impact and enable deeper social and environmental benefits.

This year we launched round two of the Fund with applications received from across our global operations, on behalf of local community partners, increasing 83 per cent from FY2021.



When a crisis or natural disasters hit, we work to ensure the safety of our employees and help the community recover from the devastation.

In February 2022, our local team responded to the widespread flooding event in Queensland, Australia, safely shutting down and securing our operations and buildings to protect all staff and communities. We continued to monitor the situation until it was safe to reopen. The team also contributed \$10,000 to the Lockyer and Laidley community centres to assist in restocking the community pantry and providing care packages for local community members impacted by the floods.

When tornadoes tore across five US states in early FY2022, we supported the impacted communities and offered use of equipment and our personnel to assist with search and recovery. This included delivering pallets of fresh water to impacted areas. Orica US also donated to the American Red Cross to assist with the tornado recovery efforts.

Orica Mining Services Portugal engaged with local communities in Portugal during the devastating fires that swept through West Europe in FY2022, providing support for firefighters around the Aljustrel plant and Castro Daire municipality to reinforce their resources in this peak period.



Image: Onebygamba project



Image: The Clontarf Foundation, Australia

We continued our national partnership and support for the Clontarf Foundation. The Foundation helps to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men by setting up school engagement and mentoring programs in school communities around Australia. This support of young Indigenous males to stay at high school longer and receive a better education will help address the disadvantage cycle across health, education, employment and incarceration. More than 10,000 boys are enrolled nationwide through the Foundation's 139 academies.

In FY2022, we contributed over \$140,000 to the Clontarf Foundation. Clontarf's CEO and Founder, Gerard Neesham said: *"Whether it is attendance to our employment forums, hosting a work site visit, participating in a community event, or showing support at end of year awards nights, the boys in the Clontarf program gain so much valuable life experience through engagement with the Foundation's partners. I'm thrilled that Orica is part of the Clontarf journey and I look forward to seeing what we're able to achieve together."*

We continue to seek opportunities to work with Clontarf and provide insight on our industry through participation in our site tours and sharing information about employment opportunities and career pathways.

Local theatre company Curious Legends joined forces with the Newcastle Worimi people to deliver Onebygamba, a creative project made possible through a \$30,000 grant from Orica. Onebygamba is the traditional name for the area of Carrington. The initiative explores connection to country through performances, school engagement, and sustainability activities. Sustainability is a key theme for the project, traditional fishing and gathering techniques at the Throsby Creek catchment, explored in line with Worimi practices, and they meet at weekly gatherings at Carrington Parklands to share Worimi traditions with the wider community.

**COMMUNITY AND RELATIONSHIPS**

**INSPIRING YOUNG PEOPLE TO PURSUE CAREERS IN STEM (SCIENCE, TECHNOLOGY, ENGINEERING, MATHS)**

**YCAB Foundation: building pathways for women in STEM, Indonesia**

For the fourth year, Orica Indonesia is partnering with the Yayasan Cinta Anak Bangsa (YCAB) Foundation to provide online STEM training and mentorship to over 7,000 female students. The innovative program is designed to build skills and inspire women and girls to pursue careers in STEM. Students involved in the program have an opportunity to apply their training through internship programs at Orica. The program also includes training for 100 high school teachers in STEM topics.

**Wonder of Science program, Australia**

Orica and GroundProbe have partnered with the Wonder of Science program to help teach STEM subjects to schools in regional Australia. The program is targeted at students aged nine to fifteen and connects problem-solving skills, critical, creative, collaborative and ethical thinking to real-world applications of STEM. The \$300,000 investment is helping Orica build long-term partnerships with senior education providers, government and industry. By supporting the STEM program, we are also building a potential future workforce.



**Birdlife's Woodland Birds for Biodiversity, Australia**

We work with experts to study and protect animals and the natural environment. As birds are a key indicator to monitor biodiversity, and with the critically endangered Swift Parrot believed to number only 750 in the wild, we collaborated with Birdlife Australia and our Kurri Kurri teams to carry out surveys in the Kurri Kurri region, an area with historical sightings of the parrot.

The Kurri Kurri Technical Centre (KTC) adjoins some areas where Swift Parrots have been spotted and has some undisturbed habitat suitable for the birds. Identifying Swift Parrots in the area will help enhance conservation, protect high biodiversity value areas and encourage the recovery of the species. In collaboration with Birdlife Australia, our Kurri teams carried out surveys to track the birds during the migration season. The Research and Innovation team and other groups worked together across the site to develop planning and safety protocols and provide chaperoned access to surveyors. In July 2022, Birdlife surveyors identified seven Swift Parrots, equivalent to ~one per cent of Australia's Swift Parrot population, as well as two vulnerable Glossy-black Cockatoos.

In FY2023, we will continue to support Birdlife's Regent Honeyeaters and Swift Parrot surveys to collect crucial data on bird population, distribution and environmental trends. By tracking these birds, Birdlife Australia gains insights into how the environment is changing and how to support the local wildlife.



**NATURE AND BIODIVERSITY**

**Kottaberget, Sweden**

Through the Fund, we partnered with BikeinBergslagen and Makr Konsult AB to create flowtrails for cyclists on Kottaberget mountain, located near our factory in Gyttorp, Sweden. The project launched in FY2021 and has generated approximately 450 metres of flowtrails. Together with funding from other financiers, Kottaberget has a 1.3 km downhill and uphill trail. The partnership has helped transform deforested land into a fun mountain biking trail, encouraging tourism and local economic development. In September 2022, a 'try on' event was held for our employees in Sweden to learn more about the trails.



## RONALD MCDONALD HOUSE, AUSTRALIA

We have a longstanding relationship with Ronald McDonald House (RMH) located at the John Hunter Hospital in Australia.

In FY2022, we announced our partnership with RMH Charities Northern NSW with a \$10,000 sponsorship of the Lounge Room in the neo-natal intensive care unit family room.

Our Kurri team also participated in the 'Meals from the Heart' initiative for a day each month throughout the year, planning, preparing and cooking dinner for the residents of RMH. While homecooked meals could not be provided under COVID-19 restrictions, the Graduate Sustainability Committee funded three pizza nights over three weeks with site management

contributing for desserts. The Kurri team also funded a pizza night every six weeks until they could resume providing meals in person. We are proud of the relationships we have built through this engagement and the positivity and relief our teams can bring to families during challenging periods.

## SUPPLIERS


The strength of our global supply network is a key differentiator that allows us to be a trusted partner for our customers. As security of supply is critical to our customers' operations, we build strong supplier relationships to ensure we can continue to deliver. In FY2022, we procured products and services from 13,800<sup>1</sup> suppliers in over 45 countries around the world. Around 85 per cent of our third-party spend originated from 10 countries (Australia, Brazil, Canada, Chile, Indonesia, Mexico, Peru, Russia, Singapore and the United States of America). Of the remaining 15 per cent, the majority originated from 10 countries (Argentina, Ghana, India, Kazakhstan, Norway, the Philippines, Sweden, Tanzania, United Kingdom and Zambia).

Suppliers are critical to our business. We seek to work with suppliers that share our commitment to excellence, are aligned to our values, committed to acting ethically and to improving their environmental and social impact. We strive to work collaboratively with these suppliers to meet sustainability challenges together and implement improvement plans where gaps or risks are identified.

### Maintaining security of supply amid global challenges

The strength of our global manufacturing and supply network has been critical this year as we navigated difficult operating conditions. Geopolitical tensions and rising commodity prices have increased global demand for AN and constrained supply.

We leveraged established global relationships with nitrogen producers to negotiate and secure alternative supply. While some deals were short term, others have now been converted to long-term contracts. Through these measures, and by ramping up our own manufacturing capacity, we have maintained deliveries to our customers through this major disruption.

 [Climate and the natural environment page 68](#)

### Responsible sourcing

We work with our suppliers to mitigate sustainability impacts and promote sustainable practices across our value chain. As part of our commitment to creating a more sustainable, inclusive and resilient value chain, we developed our first Responsible Sourcing Statement in FY2022. The Statement enhances the principles outlined in Our Code and details our expectations of suppliers on ethical business practices, human and labour rights, and social and environmental impacts.

### Modern slavery in supply chain response

We have a responsibility to understand and address modern slavery risks in our supply chain as well as our operations.

Our Supply Chain Modern Slavery Risk Management Plan (MS Risk Plan) details an identification and management process, training program and related tools which includes self-assessment questionnaires. In FY2022, we engaged more broadly, sending self-assessment questionnaires to 55 of our high-risk suppliers and building on our MS Risk Plan Pilot in FY2021. These questionnaires enable us to better understand the supplier's context and specific gaps or areas of risk within a supplier's operations and supply chain.

 [FY2022 Modern Slavery Statement](#)

### Addressing Scope 3 emissions and working towards a decarbonised supply chain

We engage suppliers on decarbonisation to support our ambition to achieve net zero emission by 2050.

As new and emerging technologies scale and become commercial, we will partner with suppliers to source lower emissions intensity AN and ammonia products. The purchase of these products currently accounts for approximately two thirds of our total Scope 3 emissions.

We are engaging directly with our strategic suppliers to better understand their activities in managing emissions, identify pathways for future collaboration, and work together towards technological solutions for decarbonisation.

 [FY2022 Climate Action Report](#)

<sup>(1)</sup> The increase of our supply base from FY2021 (8,500 suppliers) is in part a result of an increase in multi-sourcing targeted at optimising cost and improving supply. Orica will undergo another active review of our strategic sourcing program in the next financial year which may significantly affect the number of our supplier base in FY2023.

## COMMUNITY AND RELATIONSHIPS

### PARTNERING FOR PROGRESS

We collaborate with industry, non-government organisations (NGO), and research and educational institutions to develop and deploy sustainable, commercially driven solutions. Our work with external partners delivers a range of commercial, environmental, and social benefits. We continue to seek out opportunities to collaborate with innovative, values-aligned organisations who share our goals. Some examples of recent partnering arrangements are detailed below.



**ARENA**



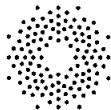
#### Hydrogen to ammonia research and development project

In FY2022 we completed a research and development project with CSIRO funded by ARENA. The project demonstrated the conversion of hydrogen to ammonia at significantly lower pressures than conventional processes, thus requiring lower-energy inputs.



#### Mineral Carbonation International joint venture

With the Australian and NSW governments, we have invested in clean technology start-up MCI since 2013. MCI has developed a scalable carbon capture technology that reacts waste CO<sub>2</sub> with alkaline materials to produce carbonate products for use in construction, manufacturing and consumer markets. A demonstration plant is under construction at our Kooragang Island site in Australia, expected for completion in FY2024.



Alpha HPA

#### Reagent and offtake agreement

Orica and Alpha HPA entered an agreement relating to the supply and offtake of reagents and process by-products at their adjacent facilities in Yarwun, Australia. This leverages process synergies that exist between the two companies. Alpha HPA's proprietary technology requires reagents manufactured by Orica, producing a waste by-product that is highly complementary to our existing processes at Yarwun.



origin

#### Hunter Valley Hydrogen Hub

We signed a Memorandum of Understanding (MoU) with Origin Energy to conduct a feasibility study into the viability of a green hydrogen production facility and downstream value chain opportunities. The partnership will assess opportunities to collaborate on the development of a green hydrogen production facility and associated value chain in the Hunter Valley, Australia.



#### Kooragang Island Decarbonisation Project

This \$37 million public-private partnership is installing nitrous oxide abatement technology at our Kooragang Island (KI) site in Australia. The project will reduce KI's emissions by close to 50 per cent and contribute to a government target to reduce NSW emissions by 50 per cent by 2030. The project is made possible through co-investment from the NSW Government and financing from the CEFC.



#### H2-Hub™ Gladstone

Orica has signed a Memorandum of Understanding (MoU) with H2U – Hydrogen Utility® on a master plan study where both parties will explore opportunities for an exclusive domestic green ammonia offtake and supply agreement. The potential agreement would see green ammonia supplied directly to Orica's Yarwun manufacturing plant from H2U's proposed Yarwun green ammonia production plant in Australia.



### Avatel™ semi-automated explosives delivery

Our partnership with Epiroc has developed a semi-automated explosives delivery system to keep people out of harm's way. The innovative Avatel™ system combines Epiroc's industry leading underground equipment design expertise with our fully wireless breakthrough initiation system WebGen™.



**Australian Industry Energy Transitions Initiative**

### Partnering for energy transition

Orica joins some of Australia's biggest companies in support of the Australian Industry Energy Transitions Initiative (Australian Industry ETI). The initiative aims to work together to develop pathways and action towards decarbonisation across hard-to-abate sectors and critical supply chains.



### Yara Pilbara Nitrates

Orica operates a technical ammonium nitrate (TAN) facility on the Burrup Peninsula in a commercial joint venture with Yara Pilbara Nitrates Pty Ltd, operated by Yara International ASA and marketed by Orica Mining Services Pilbara (OMSP). The joint venture has been operating since 2016.



**Nelson Brothers**

### Nelson Brothers

Orica has a joint venture with Nelson Brothers Mining Services LLC, who offer Orica manufactured initiation products, advanced technology and innovative delivery systems to service open pit surface mining in Wyoming, Montana and the Dakotas.

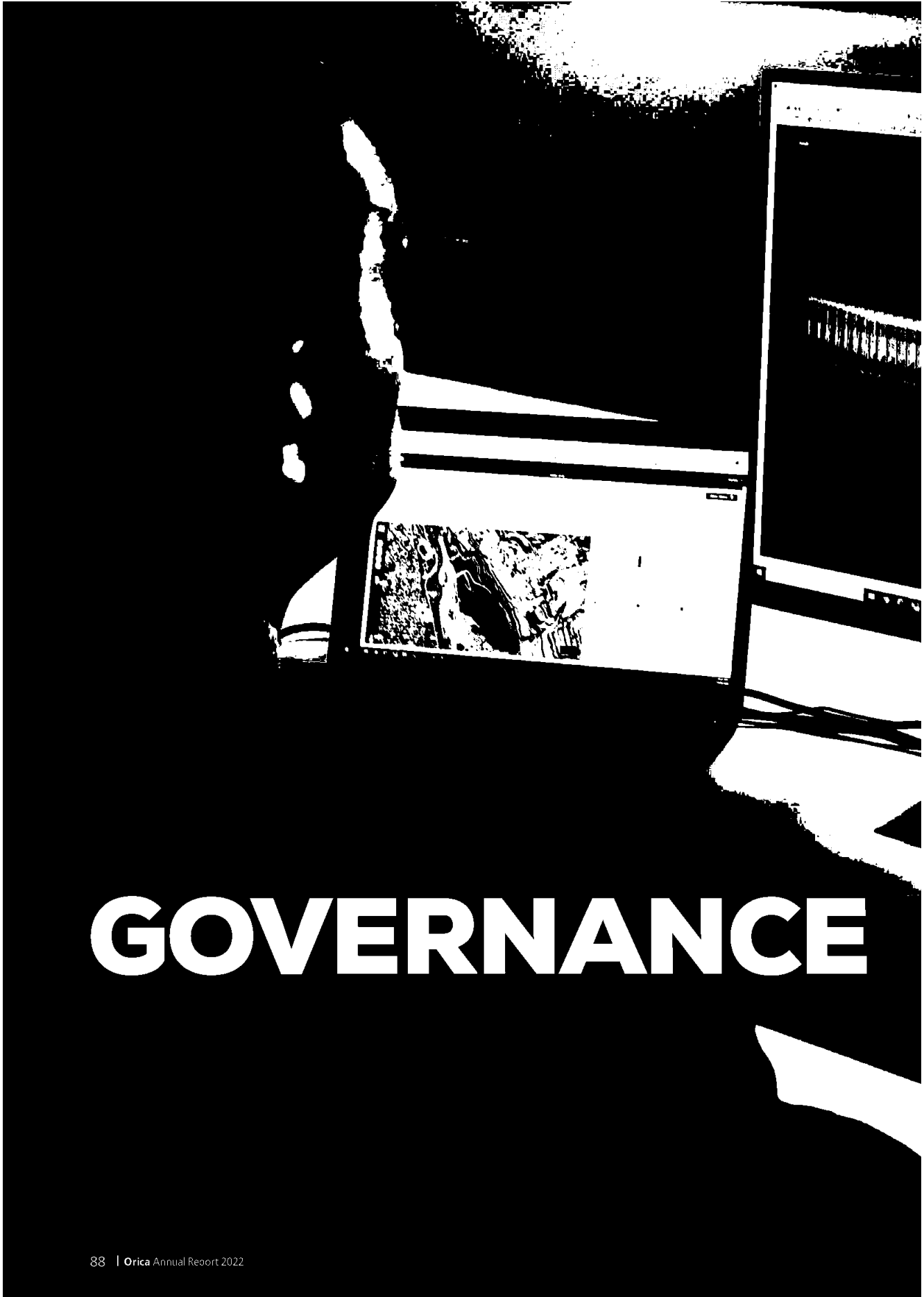


*FY2022 Climate Action Report for our climate-related industry partnerships*

#### → FY2023 priorities

- Strengthen our foundations in managing modern slavery risk in our supply chain and focus on training and building capability of procurement and supply chain staff.
- Launch and complete Orica Impact Fund Round 3.
- Strengthen measurement and reporting framework for community investments, globally.





# GOVERNANCE



# BOARD OF DIRECTORS



**JOHN BEEVERS**  
BEng, MBus, MAICD

John Beevers was appointed Non-executive Director in February 2020. He is a member of the Safety and Sustainability Committee, the Innovation and Technology Committee and the Nominations Committee. He is also a Non-executive Director of Syrah Resources Limited and former Director of QUT Bluebox, the commercialisation arm of the Queensland University of Technology. He previously held the role of Managing Director and Chief Executive Officer of GroundProbe and executive roles within the Orica Group, including Global Technology Manager, Group General Manager of Chemical Services and Chief Executive Officer of Orica Mining Services.



**MAXINE BRENNER**  
BA LLB

Maxine Brenner was appointed Non-executive Director in April 2013. She is Chairman of the Human Resources and Compensation Committee, member of the Board Audit and Risk Committee and the Nominations Committee. She is a Director of Origin Energy Limited, Qantas Airways Limited, and Woolworths Group Limited and former Director of Growthpoint Properties Australia Limited, Neverfail Australia Ltd, Treasury Corporation of NSW and Federal Airports Corporation. She is also the former Managing Director of Investment Banking at Investec Bank (Australia) Ltd and a former member of the Takeovers Panel.



**MALCOLM BROOMHEAD AO**  
BE, MBA

Malcolm Broomhead AO was appointed Chairman of Orica Limited as of 1 January 2016 and has been a Non-executive Director since December 2015. He is Chairman of the Nominations Committee. He is a Director of BHP Group Limited and a former Chairman of Asciano Limited. He is also a Director of the Walter and Eliza Hall Institute and Council Member of Opportunity International Australia.



**BOON SWAN FOO**  
BA, MBA

Boon Swan Foo was appointed Non-executive Director in May 2019 and is a member of the Innovation and Technology Committee, Board Audit and Risk Committee and the Nominations Committee. He is Chairman and Non-executive Director of SGX-ST-listed Global Investments Limited, Chairman of Allgrace Investment Management Private Limited, and Chairman of Singapore Consortium Investment Management Limited. He is an external Director of China Baowu Steel Group Corporation Ltd, and Senior Advisor to Temasek International Pte Ltd. Previously, he was an external Director of China Huanan Power Company Ltd.



**SANJEEV GANDHI**  
BEng, MBA

Sanjeev Gandhi was appointed Managing Director and Chief Executive Officer in April 2021, after previously holding the role of Group Executive and President, Australia Pacific and Asia. He is a former Executive Director of publicly listed German chemical company BASF SE. During his 26-year career with BASF, he held several senior marketing, commercial and business leadership roles including Head of Asia Pacific and Head of Global Chemicals Segment (Intermediates and Petrochemicals).



**DENISE GIBSON**  
BA, MBA

Denise Gibson was appointed Non-executive Director in January 2018 and is Chairman of the Innovation and Technology Committee and member of the Human Resources and Compensation Committee and the Nominations Committee. She is co-founder and Chairman of Ice Mobility, Director of Aerial Technologies Inc., NASDAQ-listed VOXX International Corporation, a director of the Consumer Technology Association, and the Consumer Technology Association Foundation, both not-for-profit organisations. She is the founder and former CEO of Brightstar US.



**KAREN MOSES**  
BEd, DipEd, FAICD

Karen Moses was appointed Non-executive Director in July 2016. She is Chairman of the Safety and Sustainability Committee, and member of the Human Resources and Compensation Committee and the Nominations Committee. She is a Director of Boral Limited, Charter Hall Group, Snowy Hydro Limited, Music In The Regions Limited, a Fellow of the Senate of Sydney University and Chair of the NSW Artform Board for Dance and Physical Theatre. She is also a former Director of Sydney Dance Company, SAS Trustee Corporation, Australia Pacific LNG Pty Limited, Origin Energy Limited, Contact Energy Limited, Energia Andina S.A., Australian Energy Market Operator Ltd, VENCORP and Energy and Water Ombudsman (Victoria) Limited and Sydney Symphony Limited.



**GORDON NAYLOR**  
BEng (Mechanical), MBA, GradDip  
(Computing Studies), GAICD

Gordon Naylor was appointed Non-executive Director on 1 April 2022 and is a member of the Board Audit and Risk Committee and the Nominations Committee. He is the non-executive Chair of Medical Developments International, a former President of Seqirus, a member of the CSL Group and held executive leadership roles within the CSL Group, including Chief Financial Officer.



**GENE TILBROOK**  
BSc, MBA, FAICD

Gene Tilbrook has been a Non-executive Director since August 2013. He is Chair of the Board Audit and Risk Committee and member of the Safety and Sustainability Committee and the Nominations Committee. He is also a Non-executive Director of Woodside Petroleum, a former Director of Aurizon Holdings, Fletcher Building and GPT Group, and former Executive Director of Wesfarmers Limited.



**Company Secretaries**

**KIRSTEN ANDERSON LLEWELLYN**  
LLB, BA, LLM, FGIA

**ERIN O'CONNOR**  
LLB (Hons), BCom, FGIA



# EXECUTIVE COMMITTEE



**LEAH BARLOW**  
BEng (Chemical Engineering), BBus  
(Management and Accounting)  
President – SHES, Discrete Manufacturing  
and Supply



**JAMES BONNOR**  
BCom (Economics, Marketing)  
President – Europe, Middle East and Africa



**DELPHINE CASSIDY**  
BBus (Accounting), MBA, FAICD  
Chief Communications Officer



**JAMES CROUGH**  
BCom (Accounting), MBA, FCPA, GAICD  
President – North America



**SANJEEV GANDHI**  
BEng (Chemical Engineering), MBA  
Managing Director and Chief Executive Officer



**BRIAN GILLESPIE**  
BSc (Hons), MBA, FIET  
President – Latin America



**ADAM L. HALL**  
BCom, LLB (Hons), MBA (HD)  
President – Asia and Chemicals



**JENNIFER HAVILAND**  
BCom (Economics), Dip-Enterprise  
Systems and Analysis, GAICD, CPA  
Chief People and Corporate Services Officer



**KIM KERR**  
BBus (Accounting), GAICD, Chartered Accountant  
Chief Financial Officer




**ANGUS MELBOURNE**  
BEng (Hons) Mechanical Engineering,  
BSc Applied Mathematics  
Chief Technology Officer



**GERMÁN MORALES**  
MSc (Civil Engineering), Executive MBA  
President – Australia Pacific



**ANDREW STEWART**  
BEng (Hons) Mechanical Engineering, MBA  
Chief Development and Sustainability Officer

 Full biography details can be found on our website




# GOVERNANCE

Orica is committed to maintaining a high standard of governance, transparency and accountability.

Strong corporate governance creates stakeholder value by ensuring the interests of our Board and management are aligned with our external stakeholders, cultivating a company culture of integrity, and facilitating better decision-making through clearly defined roles and responsibilities, and robust processes.

Our governance framework is fundamental to the effectiveness of our Board. To align our approach with best practice, we periodically review and update our corporate governance documents and practices. Throughout FY2022, we complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (ASX Principles and Recommendations).

 Further detail on our corporate governance framework is available in our FY2022 Corporate Governance Statement



## Role of our Board

Our Board oversees the business and affairs of the Group, setting our strategic direction, overseeing financial and non-financial performance and risk management, and providing leadership and direction on workforce culture and values.

The day-to-day responsibility for managing the Group is delegated to our Managing Director and CEO who operates within delegated authority limits determined by our Board.

### COMMITTEES

Five standing Committees have been established by our Board. Each Committee operates under its own Terms of Reference which sets out its roles and responsibilities. Further details are available in the *Board, Executive and Committees* section of our website.

### Board Committees



Board Audit and Risk



Nominations



Human Resources and Compensation



Safety and Sustainability



Innovation and Technology



**GOVERNANCE**

**COMPOSITION AND SUCCESSION PLANNING**

Our Board is structured to comprise individuals with appropriate skills, knowledge, experience and diversity to develop and support Orica’s strategy, enable it to discharge its responsibilities and create long-term stakeholder value.

To remain effective, succession planning is critical. Responsibility for overseeing Board composition and succession planning sits with our Nominations Committee who assess the skills, experience and competencies of potential candidates in relation to the Board’s current and future skill and experience requirements, and diversity.

On 1 April 2022, Mr Gordon Naylor was appointed as an Independent Non-executive Director. Mr Naylor’s extensive engineering background and global leadership experience (including global supply chain and information systems strategy and implementation) complement Orica’s future strategy, manufacturing network and broader operations. Mr Naylor will stand for election at the 2022 Annual General Meeting.

**BOARD SKILLS AND EXPERIENCE**

A skills matrix is used to ensure the key skills and experience required to serve on our Board are represented. Each Director updates the matrix by rating their skills, expertise and experience for each identified skill using two key categories, ‘awareness’ or ‘high competence/practiced’. These individual ratings are then considered and approved by all Board members.

The collective skills held by our Board are:

**Leadership**

Board, CEO or Senior Executive experience in major organisations, enterprises, or listed companies in Australia or overseas.

**Mining**

Experience, knowledge and expertise in the Australian or the international resources sector and/or related operations.

**Global perspective**

Experience in international markets with exposure to a range of political, cultural, regulatory and business environments.

**Technology trends and innovation**

Experience, knowledge and expertise in the development and commercial application of new and emerging technologies and cyber security.

**Financial acumen**

Financial knowledge or related financial management or accounting qualifications and experience, including understanding of financial statements.

**Mergers and acquisitions**

Experience in merger and acquisition transactions involving complex issues.

**Governance and legal**

Experience and knowledge in governance issues (including the legal, compliance, environmental and regulatory environment applicable to the Australian or international resources sector).

**Safety and sustainability**

Experience in workplace health and safety, environmental management and social responsibility, community, climate change and sustainability.

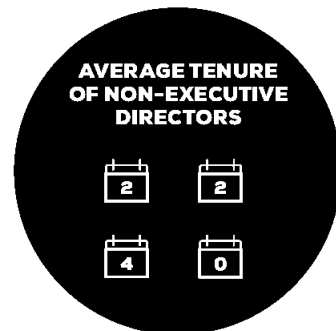
**DIVERSITY PROFILE**

33.3%

**WOMEN**

44.4%

**INTERNATIONAL EXPERIENCE**



**PROFESSIONAL DEVELOPMENT**

Our Non-executive Director Business Understanding program delivers ongoing learning for Directors to deepen their understanding of our business and operations and ensure they can make fully informed decisions on our strategic direction. The program is delivered through a combination of site visits, business briefings, deep-dive education sessions at Board and Committee level, and in one-on-one discussions with management, as appropriate.

In FY2022, Board members participated in deep-dive education sessions on the external environment, governments and communities affected by our activities, our customers and investors, decarbonisation, and the application and opportunities presented by artificial intelligence. Our Board also visited the Yarwun major manufacturing facility and GroundProbe research and development centre in Queensland and Kurri Kurri research and development centre in New South Wales.



## FY2022 Focus Areas

The Board and its Committees have an annual program in place that covers key strategic, operational, oversight and governance activities. The program guides the content and structure of Board and Committee meetings to enhance effectiveness in achieving our purpose and supporting strategic decision-making.

The topics below provide insight into our Board's activities during FY2022, however are not an exhaustive summary of the Board program.

### Our Board

### Link to our value drivers

- Continued commitment to and oversight of Orica's workplace health, safety and employee well-being strategic plan including deep dives into safety across regional operations and key employee health risks and their management.
- Approved target to source 100 per cent of Orica's electricity from renewable sources by 2040.
- Approved entry into a Power Purchase Agreement for Orica's New South Wales manufacturing operations, towards our commitment to source 100% renewable electricity by 2040.
- Reviewed sustainability performance targets tied to Orica's existing committed debt facilities, transitioning our loan agreements to a Sustainability Linked Loan structure.
- Oversight of Orica's exit from all Russian operations as a result of the ongoing Russia-Ukraine conflict.
- Approved the acquisition of digital orebody intelligence business, Axis Mining Technology.
- Oversight and approval of the raising of over \$690 million in capital through an institutional placement and share purchase plan.
- Approved a refresh of the Orica Code of Business Conduct clarifying everyone's authority to stop work to protect people's safety, the environment and indigenous cultural heritage.
- Approved updates to our Whistleblower Policy ensuring alignment with all legal requirements and regulator expectations.
- Oversight of the sale of the Minova business.





**GOVERNANCE**

An overview of the key focus areas for the standing Committees is set out in the table below.

**BOARD AUDIT AND RISK COMMITTEE**

Oversees the integrity of financial statements and reporting and the Group risk and assurance functions.

**Key activities:**

- Oversight of our financial performance and associated reporting processes, including the review of half and full year financial results.
- Annual review of the effectiveness of our risk management framework.
- Oversight of the status and closure actions for key internal audit activities.
- Review of reports from management on ethics, compliance and business conduct matters.

**NOMINATIONS COMMITTEE**

Oversees Board composition and Board and CEO succession planning.

**Key activities:**

- Board renewal.
- Review of the methodology and outcomes of the annual Board performance review and recommended improvement actions.
- Approval of the Non-executive Director business understanding program.

**HUMAN RESOURCES AND COMPENSATION COMMITTEE**

Oversees human resource strategy and policy, and Director and Executive Remuneration frameworks.

**Key activities:**

- Oversight of the preparation of Orica’s Remuneration Report.
- Executive succession planning and talent strategy.
- Diversity and inclusion strategy and related public disclosures.
- Organisational culture and engagement.
- Oversight of the short – and long-term incentive design and principles for target setting.
- Review of CEO performance.

**SAFETY AND SUSTAINABILITY COMMITTEE**

Oversees safety and sustainability related issues that have strategic, business and reputational implications for Orica, and public disclosures and position statements, including climate change.

**Key activities:**

- Oversight of safety and sustainability performance.
- Review of material safety, health, environmental and sustainability (SHES) risks.
- Oversight of the five-year SHES strategic plan and sustainability roadmap.
- Review of material environmental remediation projects.
- Endorse public sustainability disclosures

**INNOVATION AND TECHNOLOGY COMMITTEE**

Oversees our technology strategy and technology related risks.

**Key activities:**

- Oversight of the introduction and commercialisation of new technology and the research and development pipeline.
- Oversight of technology risk, including cyber security and enterprise-wide business systems.
- Review of the intellectual property strategy and portfolio.



# DIRECTORS' REPORT

Orica Annual Report 2022 | 95



# DIRECTORS' REPORT

The Directors of Orica Limited ('the Company' or 'Orica') present the Annual Report of the Company and its controlled entities (collectively 'the Group') for the year ended 30 September 2022 and the Auditor's Report thereon.

## DIRECTORS

The Directors of the Company during the financial year and up to the date of this report are:

M W Broomhead, Chairman

S Gandhi, Managing Director and Chief Executive Officer ('CEO')

M N Brenner

Boon S F

D W Gibson

K A Moses

G T Tilbrook

J R Beevers

G Naylor (appointed on 1 April 2022)

E O'Connor and K Anderson Llewellyn are each Company Secretary of Orica Limited.

Particulars of Directors' and Company Secretary qualifications, experience and special responsibilities are detailed in the Annual Report.

## DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the directors of the Company during the financial year are listed below:

Director	Scheduled Board Meetings <sup>(1)</sup>		Ad-hoc Board Meetings <sup>(1)(2)</sup>		Audit and Risk Committee <sup>(1)</sup>		Human Resources & Compensation Committee <sup>(1)</sup>		Nominations Committee <sup>(1)</sup>		Safety & Sustainability Committee <sup>(1)</sup>		Innovation & Technology Committee <sup>(1)</sup>	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
M W Broomhead <sup>(3)</sup>	9	9	2	2	–	–	–	–	4	4	–	–	–	–
J R Beevers	9	9	2	2	–	–	–	–	4	4	5	5	4	4
M N Brenner	9	8	2	2	5	5	6	6	4	4	–	–	–	–
S Gandhi <sup>(4)</sup>	9	9	2	2	–	–	–	–	–	–	–	–	–	–
D W Gibson	9	9	2	2	–	–	6	6	4	4	–	–	4	4
K A Moses	9	9	2	2	–	–	6	6	4	4	5	5	–	–
G Naylor <sup>(5)</sup>	4	4	2	2	1	1	–	–	2	2	–	–	–	–
Boon SF	9	9	2	2	5	5	–	–	4	4	–	–	4	4
G T Tilbrook	9	9	2	2	5	5	–	–	4	4	5	5	–	–

(1) Shows the number of meetings held and attended by each Director during the period the Director was a member of the Board or Committee.

(2) Ad-hoc board meetings were held on 13 July 2022 and 1 August 2022.

(3) The Chairman of the Orica Board attends all Board Committee meetings as an 'ex officio' member of that Committee.

(4) The Managing Director and CEO attends Committee meetings on an 'as needs' basis.

(5) Gordon Naylor was officially appointed to the Orica board on 1 April 2022 and became a member of the Audit & Risk Committee on 1 September 2022.



## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' INTERESTS IN SHARE CAPITAL

The relevant interest of each Director in the share capital of the Company is disclosed in the Remuneration Report.

### PRINCIPAL ACTIVITIES

The principal activities of the Group in the course of the financial year were the manufacture and distribution of commercial blasting systems including technical services and solutions, mining and tunnelling support systems to the mining and infrastructure markets, and various chemical products and services.

### LIKELY DEVELOPMENTS

Likely developments in the operations of the Group and the expected results of those operations are covered generally in the review of operations and financial performance of the Group in the Annual Report.

### REVIEW AND RESULTS OF OPERATIONS

A review of the operations of the Group during the financial year and of the results of those operations is contained in the Annual Report.

### CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year ended 30 September 2022.

### DIVIDENDS

<b>Dividends paid or declared since the end of the previous financial year were:</b>	<b>\$m</b>
Final dividend declared at the rate of 16.5 cents per share on ordinary shares, unfranked, paid 22 December 2021	67.2
Interim dividend declared at the rate of 13.0 cents per share on ordinary shares, unfranked, paid 8 July 2022	53.1
<b>Total dividends paid</b>	<b>120.3</b>

Since the end of the financial year, the Directors have declared a final dividend to be paid at the rate of 22.0 cents per share on ordinary shares. This dividend will be unfranked.

### EVENTS SUBSEQUENT TO BALANCE DATE

#### Acquisition of business

On 3 October 2022, the Group acquired 100% of the shares of Axis Mining Technology Pty Ltd and DV8 Technology Ltd, who design, develop and manufacture specialised geospatial tools and instruments for the mining industry. The purchase price comprises \$258 million paid on completion and potential earn out payments of up to \$90 million based on the achievement of cumulative EBITDA generated from 1 October 2022 to 31 December 2024, and contingent on certain key management remaining employed by Orica during the earn-out period. Goodwill of \$177 million will be recognised on this transaction.

#### Dividends

On 8 November 2022, the Directors declared a final dividend of 22.0 cents per ordinary share payable on 22 December 2022. The financial effect of this dividend is not included in the Annual Report for the year ended 30 September 2022 and will be recognised in the FY2023 Annual Report.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2022, 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' REPORT (CONTINUED)

### ENVIRONMENTAL REGULATIONS

Orica seeks to be compliant with applicable environmental laws and regulatory permissions relevant to its operations. Where instances of non-compliance occur, Orica's procedures require that relevant governmental authorities are notified in accordance with statutory requirements and internal investigations are conducted to determine the cause of the non-compliance to ensure the risk of recurrence is minimised.

The Company has committed major investments, both in terms of capital and resources, to improve its environmental performance at key sites in addition to its general maintenance program. The Company is working closely and co-operatively with regulators and government agencies in relation to these initiatives, as well as enhancing community engagement and consultation.

More specific details about Orica's sustainability initiatives and performance, including safety, health and environment, can be found on the Orica website [www.orica.com/sustainability](http://www.orica.com/sustainability).

### INDEMNIFICATION OF OFFICERS

The Company's Constitution requires the Company to indemnify any person who is, or has been, an officer of the Company, including the Directors, the Secretaries and other Executive officers, against liabilities incurred whilst acting in good faith as such officers to the extent permitted by law.

In accordance with the Company's Constitution, the Company has entered into a Deed of Access, Indemnity and Insurance with each of the Company's Directors and, in certain instances, specific indemnities have been provided. No Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the year.

The Company has paid a premium in respect of a contract insuring officers of the Company and of its controlled entities, against a liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with some exceptions. The insurance contract prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

### NON-AUDIT SERVICES

During the year, KPMG, the Company's auditor, performed certain other services in addition to its audit responsibilities.

The Board is satisfied that the provision of non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in *APES 110 Code of Ethics for Professional Accountants (Including Independence Standards)*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the lead auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is contained on page 124 of the Annual Report and forms part of this Directors' Report.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are disclosed in note 21 to the Annual Report.



# REMUNERATION REPORT



## Cover Letter (unaudited) to the Remuneration Report

Dear Shareholders,

On behalf of the Board, I am pleased to present Orica's FY2022 Remuneration Report, for which we seek your support at our Annual General Meeting.

### A STRONG PERFORMANCE BY ORICA AND ITS PEOPLE

Orica and its people have performed well in a year which was mired in global uncertainty, extensive supply chain disruption and high inflation that is expected to continue into FY2023.

This environment impacted us at many levels. The dislocation of AN supply due to the Russia-Ukraine conflict required a decisive change, leading to a significant ramp up in production and expansion in our inventory levels to ensure we could maintain security of supply at all times for our customers.

It also led to the structured exit by Orica in mid-September 2022, of our operations in Russia with a sale of the business to local management. Our focus during this transition was on the well-being of our employees, engaging regulators to ensure compliance with sanctions, managing supply interruptions and ensuring the safe and secure supply of our products across our global network.

Against this backdrop, management and our people delivered financial outcomes that well exceeded the set targets. At the same time, we also strengthened our key customer relationships by ensuring continuity of product supply, and increasing our production and inventory levels, within a disrupted market. These achievements were enabled by the strength and resilience of our global manufacturing footprint and supply network, together with the efforts of

our Executives and all employees who adapted as needed and worked collectively across regions and functions to deliver strong performance outcomes for the Group.

Significant strides were also made in the execution of our refreshed corporate strategy which was designed and rolled-out at the start of FY2022 to ensure a long-term sustainable future for the business. Key milestones included the introduction of new products and services as part of the continued evolution of our industry leading suite of blasting technology and solutions; increasing our exposure to future-facing commodities and emerging growth areas; and the successful operation of emissions abatement technology at Carseland as just one of many positive steps taken during FY2022 to meet our sustainability commitments (refer to page 68 of the Annual Report for further detail).

Tragically, we are reporting two fatalities this year, one relating to an incident at a customer site in remote far east Russia that occurred during the transition of the Russian business and an event in 2021 at a site in Kazakhstan. Our focus has been on ensuring that we learn from these events and make improvements where we can, to ensure our people return home safely. It is also important to us that all Executives are accountable for safety, so the Board, supported by management agreed there should be a downward adjustment to all Executives' FY2022 STI outcomes.

### FY2022 Short-Term Incentive

Last year, the Board exercised its discretion to zero out STI payments to the CEO and all other Executives (despite a positive scorecard outcome for some metrics) to align with the shareholder experience. Given the strength of our performance this year, it is pleasing to report that the outcomes in relation to our two key financial metrics, EBIT and RONA, were well above set targets. To drive those outcomes, management, with the support of the Board, made two key decisions. First, to rapidly increase production at our Yarwun and Bontang manufacturing sites and second, to significantly increase our levels of inventory. These two decisions enabled us to offset the supply impact of

restrictions on the sale of Russian AN and ensure security of supply to our customers. Without the need to hold significantly higher AN inventory from December 2021 onwards, our Cash Generation Efficiency (CGE) outcome would have been well ahead of target. Similarly, without increasing production, we would have exceeded our Scope 1 and 2 emissions reduction target.

As our CGE metric outcome changed as a direct result of the Board endorsed inventory decision, the Board has exercised its discretion to calculate CGE after removing the impact of higher AN inventory volumes that were held as a result of the disruption in Russian AN supply from December 2021. While our Scope 1 and 2 emissions reduction metric outcome was impacted by the same exogenous factors and Board endorsed decision to increase production, the Board, with the support of management, chose not to adjust this outcome as we wanted to demonstrate our strong commitment to our sustainability objectives so early on in our journey.

As safety is core to who we are and what we do, there will be a downward adjustment of 10% of total STI for all Executives in acknowledgment of the two fatalities. This will result in the CEO's final STI being 124.4% of his target opportunity (82.9% of maximum). Outcomes for other Executives were mixed, reflecting individual performance throughout the year. STI scorecard outcomes and commentary are provided in Section 3.2 of this report.

### FY2019-21 Long-Term Incentive

The FY2019-21 LTI award (with a performance period from 1 October 2018 to 30 September 2021) did not vest following testing in November 2021, with average RONA performance under the required threshold due to a COVID-19-impacted FY2020 and FY2021 EBIT that was well below our expectations. Vesting outcomes under the FY2020-22 LTI award will be determined following the release of FY2022 full-year results; however, with a three-year average RONA target from 1 October 2019 to 30 September 2022, no vesting is anticipated.



## REMUNERATION REPORT (CONTINUED)

### EXECUTIVE KMP CHANGES DURING FY2022

Following a strategic review of Orica's operating model, a decision was made to regionalise the business units from 1 October 2021, with stronger accountability for regional P&L ownership, customers and continuous manufacturing, where applicable. At the same time, strategy development and resource allocation were centralised to improve the efficiency and consistency of operations across the regions. As part of this change, there was a centralisation of decision-making authority such that significant Group-wide commercial decisions are now made primarily by the CEO alongside the relevant functional Group Executive. Effective 1 July 2022, Leah Barlow also took on full accountability for Group Safety, Health Environment and Security (SHES), and as a result was promoted to President SHES, Discrete Manufacturing & Supply. The outcome of these operational and role movements is a change in our key management personnel (KMP) for FY2022 to include the CEO, Chief Financial Officer, Chief Technology Officer and from her promotion, the President – SHES, Discrete Manufacturing & Supply.

### LOOKING AHEAD TO FY2023

As noted in the FY2021 Remuneration Report, several changes were made to the Executive STI and LTI plan designs for FY2022 including a reduction in both the STI maximum opportunity and LTI grant for the CEO, the introduction of a Scope 1 and 2 emissions reduction metric in the FY2022 STI and relative Total Shareholder Return (rTSR) as a second metric within the LTI.

Following the Board's annual review of executive incentives, a decision was made to focus on embedding the operational and remuneration changes made in FY2022. The existing executive remuneration structure will therefore be retained for FY2023.

We are however, in the midst of an extremely challenging global talent market, with skills shortages across the globe. With over 12,000 employees in over 45 countries, including Executives based in each of our key regions, Orica is not immune to this challenge. Alongside empowering our people and providing them with opportunities to fulfill their potential and shape Orica's future, we therefore need to ensure our remuneration arrangements continue to attract, retain and motivate the talent we need. During FY2023, the Board intends to commence a full review of the Executive remuneration framework to test whether it remains appropriate in supporting our long-term objectives under the refreshed strategy and delivers outcomes aligned with shareholder returns, whilst also ensuring we are rewarding people competitively. As in prior years, we welcome feedback from our shareholders as we undertake this review.

**Maxine Brenner**  
Chairman, Human Resources and Compensation Committee



## REMUNERATION REPORT (CONTINUED)

### EXECUTIVE SUMMARY

#### FY2022 Remuneration Strategy and outcomes linked to business priorities and performance

At Orica, remuneration is linked to the drivers of our business strategy, helping to create long-term success for shareholders. The at-risk components of remuneration are tied to measures that reflect operating and capital efficiencies in both the short and long-term. Strategic drivers are reflected in STI and LTI performance measures ensuring Executive incentives are linked to actual performance.

OBJECTIVE: COMPETITIVE REMUNERATION THAT ALIGNS EXECUTIVES WITH THE LONG-TERM SUCCESS OF ORICA AND ITS SHAREHOLDERS				
<b>BOARD PRIORITIES</b> 	<b>Strong alignment</b> with shareholder returns	<b>Fit for purpose</b> , aligned to business strategy and driving desired business behaviours	<b>Simple and transparent</b>	<b>Globally competitive</b> , enabling Orica to attract and retain the best talent
	<b>COMPONENT</b>	<b>FIXED ANNUAL REMUNERATION (FAR)</b>	<b>SHORT-TERM INCENTIVE (STI)</b>	<b>LONG-TERM INCENTIVE (LTI)</b>
 <b>PURPOSE AND LINK TO STRATEGY</b>	Provide competitive base pay in a challenging talent market that will attract and retain the skills needed to manage a complex global business.  We target remuneration at the median of an ASX listed comparator group comprising companies of similar size, operations and global business complexity.  The CEO receives a portion of FAR in equity to ensure immediate and ongoing alignment with our shareholders.	Drive performance aligned to near term strategy and underpinning long term value creation.  Scorecard metrics support a focus on: <ul style="list-style-type: none"> <li>reducing serious injuries;</li> <li>minimising the impact of our operations on the environment;</li> <li>driving sustainable productivity improvement and efficient capital allocation across the Group and equally within each Region; and</li> <li>key strategic priorities including operating efficiency, innovation and technology, and adjacency growth.</li> </ul> Deferred equity component provides long-term shareholder alignment over an additional three-year time horizon post-vesting.	Drive long term value creation for shareholders by encouraging an owner's mindset and decision-making that supports sustainable performance.  The LTI design: <ul style="list-style-type: none"> <li>reinforces a focus on sustainable productivity improvement and efficient capital allocation during the three-year vesting period; and</li> <li>provides long-term shareholder alignment over a five-year time horizon.</li> </ul>	
 <b>POLICY MIX (AT TARGET):</b> <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Equity	CEO: Other Executives:	CEO: Other Executives:	CEO: Other Executives:	
 <b>DELIVERY</b>	Base salary, superannuation (or pension equivalent) and allowances (per local market practice).  For the CEO, 17.6% of FAR is delivered in fixed equity that vests monthly, but is subject to a trading restriction until the CEO's minimum shareholding guideline is met.	Portion as cash payment (50% for CEO; 66.7% for other Executives).  Portion deferred into shares for one year with a further three-year holding lock (50% for CEO; 33.3% for other Executives).	Performance rights (vesting after three years subject to performance hurdles) with a further two-year holding lock.  The LTI is granted at face value, based on the volume weighted average price (VWAP) of Orica shares during the five trading days following the full year results announcement.	
 <b>KEY CHANGES DURING FY2022</b>	Orica's benchmarking comparator group was again reviewed against the existing principles with changes made to reflect changes in company size and corporate restructures prior to Executive benchmarking being undertaken in FY2022.  Refer section 3.1 for FY2022 primary comparator group constituents.	FY2022 scorecard changes: <ul style="list-style-type: none"> <li>introduction of a Scope 1 and 2 emissions reduction metric within the Safety and Sustainability component of the STI; and</li> <li>re-weighting of Safety, Environmental and Financial metrics to ensure sufficient focus on each (refer section 3.2 for weightings within the CEO's STI scorecard).</li> </ul>	FY2022-24 LTI grant included two separate, equally weighted performance metrics: relative total shareholder return (rTSR) measured against constituents of the ASX 100 index, and RONA.	
 <b>FY2022 REMUNERATION OUTCOMES</b>	The CFO received a base salary increase effective 1 April 2022. This was the first increase since January 2020 and recognised the additional accountabilities taken on following departure of the former CEO.	STI outcomes were generally above target in FY2022, primarily driven by improved financial performance, with these metrics all assessed above stretch. Executives also made significant progress against our sustainability and key strategic objectives setting a foundation for future growth.  Deferred shares allocated under the FY2018, FY2019 and FY2020 plans remain in a holding lock and have therefore seen fluctuations in value aligned with our share price. The FY2018 award will be released from restriction in December 2022.  No deferred shares were allocated in FY2022 as no STI payments were made in FY2021.	The FY2019 LTI (tested in November 2021) did not vest with three-year average RONA below the required threshold.	



## REMUNERATION REPORT (CONTINUED)

### CONTENTS

<b>Section 1. Key Management Personnel</b>	<b>103</b>
1.1 Executive Key Management Personnel	103
1.2 Non-Executive Directors Key Management Personnel	104
<b>Section 2: Key stakeholder questions</b>	<b>104</b>
2.1 How is Executive remuneration structured?	104
2.2 How does the CEO's fixed equity component operate?	105
2.3 When is remuneration earned and received?	105
2.4 How much were Executive KMP paid in FY2022?	106
2.5 Will there be any changes to the FY2023 Executive incentives?	106
<b>Section 3. Executive remuneration</b>	<b>107</b>
3.1 Executive Remuneration Framework	107
3.2 Short-term incentive outcomes – link to performance	110
3.3 Long-term incentive outcome	112
3.4 Equity granted in FY2022	113
3.5 Overview of business performance – five-year comparison	113
3.6 Service agreements	114
<b>Section 4. Non-Executive Director arrangements</b>	<b>115</b>
4.1 Overview	115
4.2 Fees and other benefits	115
<b>Section 5. Remuneration governance</b>	<b>116</b>
5.1 Responsibility for setting remuneration	116
5.2 Use of remuneration advisors during the year	116
5.3 Securities dealing policy and Malus	116
5.4 Executive and Director share ownership	117
<b>Section 6. KMP statutory disclosures</b>	<b>118</b>
6.1 Executive KMP remuneration	118
6.2 Summary of awards held under Orica's Executive equity arrangements	120
6.3 Non-Executive Director remuneration	122



## REMUNERATION REPORT (CONTINUED)

### SECTION 1. KEY MANAGEMENT PERSONNEL

#### 1.1 Executive Key Management Personnel

The table below lists the Executives of the Company who, together with the Non-Executive Directors, were defined as Key Management Personnel (KMP) under Australian Accounting Standards for FY2022. For the purpose of this Remuneration Report, references to Executives are to the Executive KMP and other Executive Committee members with the same remuneration arrangements as the Executive KMP.

With reference to Orica's recent organisational structure and operational changes to improve the efficiency and consistency of our operations across all regions, the Board and management reviewed all Executive Committee roles to consider which have "authority and responsibility for planning, directly and controlling the activities" of the Group. Given centralisation of strategy development, resource allocation and global decision-making authority, the view is that this now sits with Orica's most senior functional executives, with the Regional Presidents focused on the execution of Group strategy within their local markets.

Effective from 1 October 2021, Orica's Executive KMP therefore includes the Managing Director and Chief Executive Officer (CEO), Chief Financial Officer, Chief Technology Officer and following her promotion and increased role scope effective from 1 July 2022, the President – Safety, Health, Environment and Security (SHES), Discrete Manufacturing & Supply.

Name	Role in FY2022	Commencement date in role	Country of residence
<b>Executive Director</b>			
Sanjeev Gandhi	Managing Director and CEO	1 April 2021	Australia
<b>Executive KMP</b>			
Christopher Davis <sup>(1)</sup>	Chief Financial Officer	1 October 2018	Australia
Angus Melbourne	Chief Technology Officer	1 April 2021	Australia
Leah Barlow <sup>(2)</sup>	President – SHES, Discrete Manufacturing & Supply	1 July 2022	Australia
<b>Former Executive KMP<sup>(3)</sup></b>			
James Bonnor	President – Europe, Middle East and Africa	1 July 2021	United Kingdom
Brian Gillespie	President – Latin America	3 May 2021	Chile
Germán Morales	President – Australia Pacific	1 April 2021	Australia

(1) As announced at the start of FY2023, Christopher Davis ceased as Chief Financial Officer and Kim Kerr, former Vice President Group Finance was appointed to the role effective 11 October 2022. To support an orderly transition, Mr Davis will remain with the business until the end of December 2022. In addition to his statutory entitlements to accrued annual and long service leave at the separation date, he will receive a severance payment equivalent to the balance of his notice period. Mr Davis remained entitled to receive an FY2022 STI and will retain his vested FY2020 and FY2019 STI deferred shares subject to the original disposal restrictions, however, the Board determined that all unvested LTI awards would lapse on cessation of employment.

(2) Promoted to President – SHES, Discrete Manufacturing & Supply role and became KMP effective 1 July 2022.

(3) Ceased to be KMP effective 1 October 2021 following operational and role accountability changes.

Executive Committee member qualifications are detailed on page 90 of the Annual Report. Full biography details can be found on our website.



## REMUNERATION REPORT (CONTINUED)

### 1.2 Non-Executive Directors Key Management Personnel

The Non-Executive Directors who held office during FY2022 are set out below. This includes Gordon Naylor, who commenced as a Non-Executive Director with Orica effective 1 April 2022 and will stand for election at the 2022 Annual General Meeting. These directors have oversight of the strategic direction of the Company but have no direct involvement in the day-to-day management of our business.

Name	Role in FY2022	Commencement date in role	Country of residence
<b>Current Directors</b>			
Malcolm Broomhead	Non-Executive Director, Chairman	1 December 2015	Australia
John Beevers	Non-Executive Director	1 February 2020	Australia
Maxine Brenner	Non-Executive Director	8 April 2013	Australia
Boon Swan Foo	Non-Executive Director	6 May 2019	Singapore
Denise Gibson	Non-Executive Director	1 January 2018	United States
Karen Moses	Non-Executive Director	1 July 2016	Australia
Gordon Naylor	Non-Executive Director	1 April 2022	Australia
Gene Tilbrook	Non-Executive Director	14 August 2013	Australia

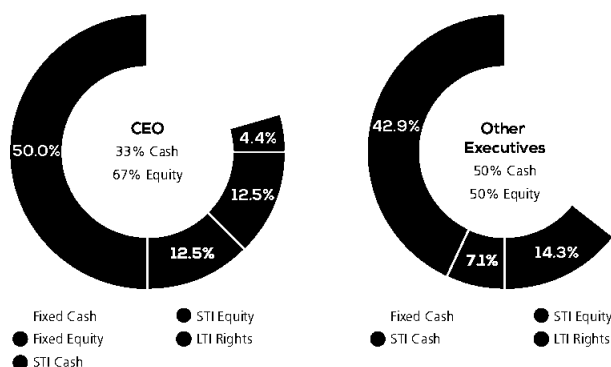
## SECTION 2: KEY STAKEHOLDER QUESTIONS

### 2.1 How is Executive remuneration structured?

Our Executive Remuneration Framework is weighted towards variable (at-risk) remuneration to align with the interests of our shareholders and drive performance against short-term and long-term business objectives.

Assuming target STI and the face value of LTI granted to Executives, the current policy remuneration mix is:

- CEO: 75.0% variable based on performance, 62.5% of which is delivered as deferred shares or performance rights.
- Other Executives: 64.3% variable based on performance, 50.0% of which is delivered as deferred shares or performance rights.



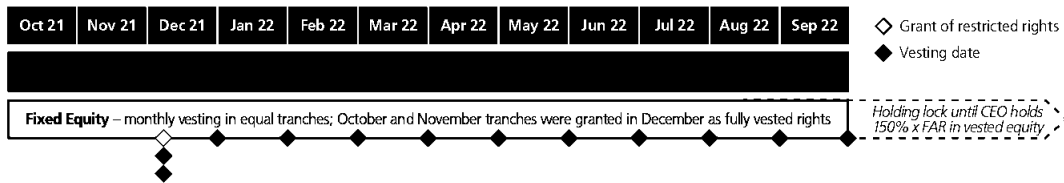


## REMUNERATION REPORT (CONTINUED)

### 2.2 How does the CEO's fixed equity component operate?

On Sanjeev Gandhi's appointment to the CEO role in FY2021, the Board determined it appropriate for a substantial portion of his FAR to be delivered in the form of Orica equity to ensure immediate and ongoing alignment with shareholders. At the same time, the CEO's minimum shareholding requirement was also increased from 100% to 150% of FAR and the time period allowed to reach this holding reduced from six to five years from appointment.

The fixed equity component of Mr Gandhi's FY2022 FAR was again equal to 17.6% of his total FAR, granted in the form of restricted rights which vest monthly in alignment with the payment of fixed cash. The allocation value for the FY2022 Fixed Equity grant made in December 2021 was based on the five-day VWAP following FY2021 full-year financial results, consistent with the FY2022-24 LTI plan.

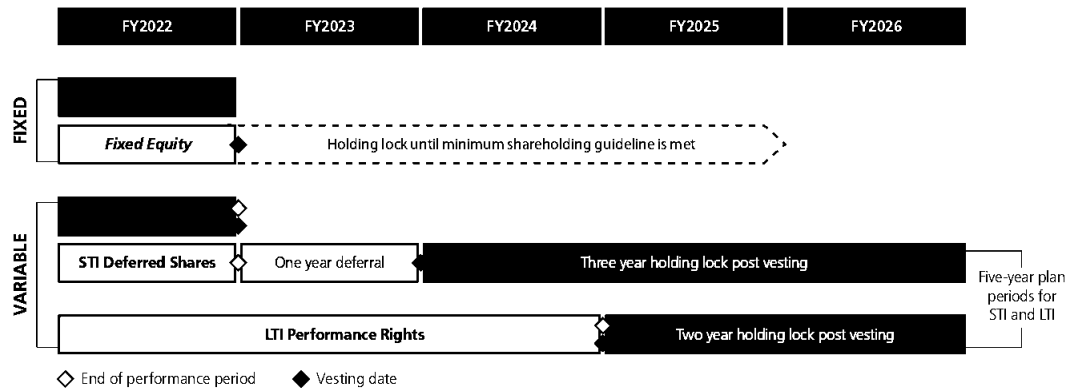


Vested Rights are exercisable for a five-year period from grant, with the underlying shares subject to a holding lock until the CEO exceeds his minimum shareholding requirement, except where the sale of shares is required to meet tax obligations.

Further information on the CEO's fixed equity is detailed in Section 3.1.

### 2.3 When is remuneration earned and received?

Remuneration is structured to reward Executives progressively across different timeframes with an emphasis on alignment with shareholders through extended holding locks and a five-year effective holding period. The diagram below illustrates the period over which FY2022 remuneration is earned and delivered, and when holding locks are lifted.





## REMUNERATION REPORT (CONTINUED)

### 2.4 How much were Executive KMP paid in FY2022?

The table below presents the remuneration paid to, or vested for, Executive KMP in FY2022.

	Fixed pay <sup>(1)</sup> \$000	STI to be paid in cash <sup>(2)</sup> \$000	Total cash payment \$000	Equity awards vested during year <sup>(3)</sup> \$000	Other <sup>(4)</sup> \$000	Total remuneration received \$000
<b>Executive KMP</b>						
Sanjeev Gandhi <sup>(1)</sup>	1,400.0	1,057.4	2,457.4	532.9	52.7	3,043.0
Christopher Davis	912.5	273.8	1,186.3	98.3	1.8	1,286.4
Angus Melbourne	919.8	603.4	1,523.2	86.2	1.6	1,611.0
Leah Barlow	187.5	121.1	308.6	–	5.0	313.6
<b>Total</b>	<b>3,419.8</b>	<b>2,055.7</b>	<b>5,475.5</b>	<b>717.4</b>	<b>61.0</b>	<b>6,254.0</b>

(1) Fixed Pay includes actual base pay received in cash and superannuation (or equivalent pension) contributions for each individual's applicable KMP period. For Sanjeev Gandhi, it therefore does not include the equity component of his fixed annual remuneration (i.e., the FY2022 fixed equity) which is captured under the 'Equity awards vested during the year' column.

(2) Refers to FY2022 Executive STI plan cash payments that will be received by Executives in December 2022 (in accordance with the STI plan rules, associated deferred shares will also be granted in December 2022 to all Executives aside from Christopher Davis who will receive the STI in cash as he will cease to be employed with Orica at the end of 2022). For Leah Barlow, the STI amount shown relates only to her KMP period (from 1 July 2022).

(3) Refers to the face value of equity awards (using the share price at the vesting date) that vested during FY2022, including deferred shares from FY2020 that vested in December 2021, but remain subject to holding locks until December 2024. No shares were acquired under the LTI as the FY2019 LTI did not vest. For Sanjeev Gandhi, the amount also includes FY2022 fixed equity, which is part of his FAR, and the second and final tranche of a sign-on award that was granted on commencement of employment in FY2020 and vested on 31 December 2021.

(4) Refers to other benefits and allowances provided (where applicable) including trailing tax obligations associated with international assignments and/or permanent relocation to Australia. Movements in annual leave and long-service leave balances have not been shown.

For information on the determination of FY2022 STI outcomes, refer to section 3.2 – Short-term incentive outcomes. Refer to section 6.1 – FY2022 Executive KMP remuneration table prepared in accordance with the accounting standards.

### 2.5 Will there be any changes to the FY2023 Executive incentives?

Following several changes to Executive incentives for FY2022, the Board has determined to retain a consistent approach for FY2023, allowing the recent operational and incentive plan changes to be embedded within the business.

The CEO's FY2023 STI scorecard is set out below. Targets will be retrospectively disclosed in the FY2023 Remuneration Report.

#### FY2023 CEO Scorecard

Measure	Metric	Weighting (at target)
<b>Safety and Sustainability</b>	Serious Injury Case Rate	10%
	Loss of Containment	5%
	Global Scope 1 and 2 GHG emissions reduction	10%
<b>Financial</b>	EBIT	30%
	RONA	30%
	Cash Generation Efficiency	15%

Executive FY2023 STI scorecards will continue to have a Strategic component that includes a sustainability-related metric relevant to their role, and for the Chief Technology Officer and Regional Presidents metrics, linked to the commercialisation of new technology.

Looking forward, following changes to Orica's organisational structure and Executive team over the past 18 months and with the refreshed strategy in place, the Board intends to undertake a formal review of the Executive Remuneration Framework during FY2023. The focus of this review will be to ensure the appropriateness of the framework in supporting our strategic objectives, delivering outcomes aligned with long-term shareholder returns, and supporting with the motivation and retention of our critical talent. A consultation process will occur with shareholders as we progress with the review.



## REMUNERATION REPORT (CONTINUED)

### SECTION 3. EXECUTIVE REMUNERATION

#### 3.1 Executive Remuneration Framework

The following table outlines the FY2022 Executive Remuneration Framework.

<b>Remuneration Positioning</b>	
<b>Market position</b>	Median for FAR and between Median and 75th percentile for total remuneration where outstanding performance is delivered.
<b>Comparators</b>	<p>Primary comparator group – 15 ASX listed companies similar in size, operations and complexity to Orica, with reference to market capitalisation, revenue, industry and the extent of international operations.</p> <p>The primary comparator group was last reviewed as at 30 June 2022 and comprised the following companies: Amcor Plc, Ansell Limited, BlueScope Steel Limited, Brambles Limited, Cochlear Limited, Incitec Pivot Limited, James Hardie Industries Plc, Newcrest Mining Limited, Nufarm Limited, Orora Limited, Sims Limited, Santos Limited, South 32 Limited, Woodside Petroleum Limited and Worley Limited.</p> <p>Secondary comparator group (reference) – ASX listed companies with market capitalisation between 50% and 200% of Orica's 12-month average market capitalisation, as at 30 June of the relevant financial year.</p> <p>Where appropriate, particularly for roles located outside of Australia, additional sector or local industry specific data is taken into consideration in benchmarking Executive remuneration.</p>
<b>FAR (Cash)</b>	
<b>Payment vehicle</b>	Cash salary, superannuation (or pension equivalent) and allowances (per local market practice).
<b>FAR (Equity)</b>	
<b>Payment vehicle</b>	Restricted rights (each vested right providing a 1:1 entitlement to Orica shares).
<b>Opportunity (face value)</b>	<p>CEO: 17.6% of Total FAR, equivalent to \$300,000 per annum for FY2022.</p> <p>The actual number of restricted rights issued was determined by dividing FAR (Equity) opportunity by the five-day VWAP immediately after the announcement of our FY2021 annual results (\$15.13).</p>
<b>Vesting period</b>	1 October 2021 to 30 September 2022.
<b>Vesting schedule</b>	Vests in equal monthly tranches subject to continued employment until the end of the relevant month. Due to timing of the grant, the first two tranches were granted as fully vested rights.
<b>Exercise period</b>	Between vesting and five-years from grant.
<b>Holding locks</b>	Shares allocated following exercise of vested rights will be subject to a holding lock until the CEO's minimum shareholding requirement (150% x FAR) has been met.
<b>Cessation of employment</b>	Unvested rights lapse on cessation, subject to Board discretion to determine otherwise. Vested rights are retained with no holding locks attached to the underlying shares.
<b>Change of control</b>	Board discretion to determine an appropriate treatment.
<b>Access to dividends</b>	Entitlement to dividend equivalent payments in relation to vested rights.
<b>STI</b>	
<b>Changes in FY2022</b>	<p>Changes to FY2022 STI metrics: High Potential Incident Injury Ratio removed, and Scope 1 and 2 emissions reduction added to the new 'Safety and Sustainability' component of the STI. Weighting on Serious Injury Case Rate (SICR) increased to ensure a 10% Safety scorecard weighting; re-weighting of EBIT, RONA and Cash Generation Efficiency (CGE) recognising the importance of improving earnings performance in FY2022.</p> <p>No deferred shares were granted during FY2022 as the Board exercised its discretion to zero out all FY2021 Executive STI payments. However, the deferred STI framework is still outlined below for reference.</p>
<b>Payment vehicle</b>	Cash and deferred shares.
<b>Opportunity</b>	<p>CEO: 0 to 150% of FAR; 100% at target.</p> <p>Other Executives: 0 to 120% of FAR; 60% at target.</p> <p>For Executives based outside of Australia, opportunities are referenced to base salary only.</p>



## REMUNERATION REPORT (CONTINUED)

<b>Performance Measures</b>	<p>CEO: Safety and Sustainability (25%); Financials (75%) comprising EBIT, RONA and CGE<sup>(1)</sup>.</p> <p>Other Executives: Safety and Sustainability (25%); Financials (50%); Strategic priorities (25%).</p> <p>For each measure, levels for threshold, target and maximum are set. Below threshold, no incentive is paid. Above threshold, straight-line vesting applies between threshold and target, and between target and maximum.</p> <p>While not specifically included as an STI metric for the CEO, the Board continues to measure progress against Orica's corporate plan, organisational health baselines, key people metrics and in strengthening business conduct and compliance frameworks.</p> <p>The determination of final performance outcomes for all Executives includes input from Board Committee Chairs and senior functional leaders (e.g., covering finance, legal, risk, safety, sustainability and people).</p>								
<b>Deferred STI</b>	<p>CEO: 50% of STI delivered in deferred shares which vest after one-year and are subject to risk of forfeiture.</p> <p>Other Executives: one-third of STI delivered in deferred shares which vest after one-year and are subject to risk of forfeiture.</p> <p>The number of deferred shares granted is calculated using the five-day VWAP immediately after the announcement of our annual results.</p>								
	<table border="1"> <tr> <td style="vertical-align: top;"><b>Holding lock</b></td> <td>Following the one-year vesting period, vested deferred shares are subject to a further three-year holding lock during which time Executives are restricted from trading in shares. Disposal restrictions may be lifted only where an Executive is required to fund personal tax obligations arising on vested shares (applicable for certain non-Australian based Executives) or on cessation.</td> </tr> <tr> <td style="vertical-align: top;"><b>Cessation of employment</b></td> <td> <p>Unvested deferred shares lapse on resignation or termination for cause. In other circumstances, being good leaver events, unvested shares may be retained subject to the original vesting period and holding lock.</p> <p>Vested deferred shares: retained on cessation, subject to the original holding lock.</p> <p>The Board retains discretion to determine a different treatment on cessation if considered appropriate in the circumstances.</p> </td> </tr> <tr> <td style="vertical-align: top;"><b>Change of control</b></td> <td>Board discretion to determine an appropriate treatment.</td> </tr> <tr> <td style="vertical-align: top;"><b>Access to dividends</b></td> <td>During both the deferral and holding lock periods, Executives are entitled to accumulate dividends.</td> </tr> </table>	<b>Holding lock</b>	Following the one-year vesting period, vested deferred shares are subject to a further three-year holding lock during which time Executives are restricted from trading in shares. Disposal restrictions may be lifted only where an Executive is required to fund personal tax obligations arising on vested shares (applicable for certain non-Australian based Executives) or on cessation.	<b>Cessation of employment</b>	<p>Unvested deferred shares lapse on resignation or termination for cause. In other circumstances, being good leaver events, unvested shares may be retained subject to the original vesting period and holding lock.</p> <p>Vested deferred shares: retained on cessation, subject to the original holding lock.</p> <p>The Board retains discretion to determine a different treatment on cessation if considered appropriate in the circumstances.</p>	<b>Change of control</b>	Board discretion to determine an appropriate treatment.	<b>Access to dividends</b>	During both the deferral and holding lock periods, Executives are entitled to accumulate dividends.
<b>Holding lock</b>	Following the one-year vesting period, vested deferred shares are subject to a further three-year holding lock during which time Executives are restricted from trading in shares. Disposal restrictions may be lifted only where an Executive is required to fund personal tax obligations arising on vested shares (applicable for certain non-Australian based Executives) or on cessation.								
<b>Cessation of employment</b>	<p>Unvested deferred shares lapse on resignation or termination for cause. In other circumstances, being good leaver events, unvested shares may be retained subject to the original vesting period and holding lock.</p> <p>Vested deferred shares: retained on cessation, subject to the original holding lock.</p> <p>The Board retains discretion to determine a different treatment on cessation if considered appropriate in the circumstances.</p>								
<b>Change of control</b>	Board discretion to determine an appropriate treatment.								
<b>Access to dividends</b>	During both the deferral and holding lock periods, Executives are entitled to accumulate dividends.								
<b>LTI</b>									
<b>Changes in FY2022</b>	Relative Total Shareholder Return introduced as a second equally weighted metric alongside RONA.								
<b>Payment vehicle</b>	Performance rights (each vested right providing a 1:1 entitlement to Orica shares).								
<b>Opportunity (face value)</b>	<p>CEO: 200% of FAR grant at face value.</p> <p>Other Executives: 120% of FAR grant at face value.</p> <p>For Executives based outside of Australia, opportunities are referenced to base salary only.</p> <p>The actual number of performance rights issued to each Executive was determined by dividing their respective grant values by the five-day VWAP of Orica shares following the announcement of our FY2021 annual results (\$15.13).</p>								
<b>Performance period</b>	Performance is measured over three financial years (FY2022, FY2023 and FY2024).								

(1) For STI purposes, EBIT is defined as earnings from Continuing Operations before interest, tax and individually significant items; RONA is defined as EBIT/Net operating assets. Net operating assets is defined as rolling 12-month average assets including net property, plant and equipment; intangibles at NBV; current and non-current investments in associates at current carrying value; trade working capital; non-trade working capital excluding environmental provisions; CGE is defined as Net cash from operating activities (incorporating movement in 12-month average trade working capital) excluding cash outlays related to growth capital or other investments, non-trade working capital, and payments to and from shareholders and debt, but including sustaining capital/Earnings Before Interest, Taxes, Depreciation and Amortisation.



## REMUNERATION REPORT (CONTINUED)

<b>Performance measure</b>	50% of Rights are subject to RONA <sup>(2)</sup> – calculated as annual EBIT/rolling 12-month Net Operating Assets (calculated on an average basis over three financial years). 50% of Rights are subject to Relative Total Shareholder Return (rTSR) performance.																								
<b>Targets and vesting schedule</b>	<p><b>RONA Component (50%)</b></p> <p>The FY2022 vesting schedule for the RONA performance measure is as follows:</p> <table border="1"> <thead> <tr> <th>Average RONA over 3 years</th> <th>% of Rights vesting</th> </tr> </thead> <tbody> <tr> <td>Below 10.2%</td> <td>No vesting</td> </tr> <tr> <td>At 10.2%</td> <td>30% of rights vest</td> </tr> <tr> <td>Between 10.2% and 11.0%</td> <td>Straight line vesting between 30% and 60%</td> </tr> <tr> <td>At 11.0%</td> <td>60% of rights vest</td> </tr> <tr> <td>Between 11.0% and 11.8%</td> <td>Straight line vesting between 60% and 100%</td> </tr> <tr> <td>At or above 11.8%</td> <td>100% of rights vest</td> </tr> </tbody> </table> <p>The FY2022 LTI RONA targets reflected the Board's expectations in late 2021 for returns through the current industry/market cycle, our corporate plan and transformation program, and long-term growth expectations. As with prior LTI grants, to achieve target or above-target vesting, EBIT growth must be significantly above the Board's view of underlying explosives market growth.</p> <p><b>Relative TSR Component (50%)</b></p> <p>Orica's TSR performance over the performance period will be measured against the performance of constituents within the ASX 100 index, defined as at the start of the performance period (1 October 2021).</p> <table border="1"> <thead> <tr> <th>Orica TSR percentile ranking (against constituents of ASX 100)</th> <th>% of Rights vesting</th> </tr> </thead> <tbody> <tr> <td>Below 50th</td> <td>0%</td> </tr> <tr> <td>50th (Target Performance)</td> <td>50% of rights vest</td> </tr> <tr> <td>Between 50th and 75th percentile</td> <td>Straight line vesting between 50% and 100%</td> </tr> <tr> <td>75th or above (Stretch performance)</td> <td>100% of rights vest</td> </tr> </tbody> </table>	Average RONA over 3 years	% of Rights vesting	Below 10.2%	No vesting	At 10.2%	30% of rights vest	Between 10.2% and 11.0%	Straight line vesting between 30% and 60%	At 11.0%	60% of rights vest	Between 11.0% and 11.8%	Straight line vesting between 60% and 100%	At or above 11.8%	100% of rights vest	Orica TSR percentile ranking (against constituents of ASX 100)	% of Rights vesting	Below 50th	0%	50th (Target Performance)	50% of rights vest	Between 50th and 75th percentile	Straight line vesting between 50% and 100%	75th or above (Stretch performance)	100% of rights vest
Average RONA over 3 years	% of Rights vesting																								
Below 10.2%	No vesting																								
At 10.2%	30% of rights vest																								
Between 10.2% and 11.0%	Straight line vesting between 30% and 60%																								
At 11.0%	60% of rights vest																								
Between 11.0% and 11.8%	Straight line vesting between 60% and 100%																								
At or above 11.8%	100% of rights vest																								
Orica TSR percentile ranking (against constituents of ASX 100)	% of Rights vesting																								
Below 50th	0%																								
50th (Target Performance)	50% of rights vest																								
Between 50th and 75th percentile	Straight line vesting between 50% and 100%																								
75th or above (Stretch performance)	100% of rights vest																								
<b>Holding locks</b>	Following the three-year performance period, vested performance rights are converted into shares and are subject to a further two-year holding lock during which time Executives are restricted from dealing in those shares. The holding lock is designed to support an owner's mindset and provide alignment with shareholders. Disposal restrictions may be lifted where an Executive is required to fund personal tax obligations arising from the vesting of performance rights (applicable for certain non-Australian based Executives).																								
<b>Cessation of employment</b>	Unvested rights lapse on resignation or termination for cause. In other circumstances, being good leaver events, a pro-rata portion of rights (based on service period) is retained subject to the original vesting period and holding lock.  Vested rights are retained on cessation, subject to the original holding lock.  The Board retains discretion to determine a different treatment on cessation if considered appropriate in the circumstances.																								
<b>Change of control</b>	Board discretion to determine an appropriate treatment.																								
<b>Access to dividends</b>	Executives are not entitled to receive dividends on unvested performance rights during the three-year performance period. Once vested, Executives are entitled to receive dividends during the two-year holding lock.																								

(2) For LTI purposes, RONA is defined as EBIT/Net operating assets. Net operating assets is defined as rolling 12-month average assets including net property, plant and equipment; intangibles at NBV; current and non-current investments in associates at current carrying value; trade working capital; non-trade working capital excluding environmental provisions; EBIT is defined as earnings from Continuing Operations before interest, tax and individually significant items.

The Board has an overriding discretion to adjust final outcomes under the terms of both the STI and LTI plans to ensure executive reward outcomes are reflective of our overall performance and aligned to shareholder expectations.



**REMUNERATION REPORT (CONTINUED)**

**3.2 Short-term incentive outcomes – link to performance**

**(a) Summary of FY2022 STI performance conditions and performance level achieved**

Consistent with the prior year, performance is measured against a suite of Safety, Sustainability, Financial and Strategic metrics as part of each Executive’s performance review. Key drivers of performance within each STI scorecard component are outlined below.

Safety continues to be our most important priority and while we saw an improvement in Group and Regional SICR throughout the year. Tragically in FY2022, we are reporting two fatalities, one relating to an incident at a customer site in far-east Russia and the other, an event in 2021 at a site in Kazakhstan. Detailed investigations into both incidents have been conducted with learnings implemented across the business including reinforcement of the critical safety measures in place to keep our people, customers and communities safe. In determining overall STI outcomes, the Board considered the impact of these fatalities, and with the support of management has exercised its discretion to reduce the STI outcomes for all Executives by 10%. This adjustment reflects Orica’s long-held view that all Executives have a responsibility to ensure our people return home safely.

In relation to Loss of Containment, we are pleased that both the number and time to resolve spills have improved, with the majority of events attracting a Severity 0 classification (the lowest severity rating). Strong progress has also been made towards our stated greenhouse gas emissions target of at least a 40% reduction in net Scope 1 and 2 operational emissions by 2030, with tertiary abatement technology successfully operating at Carseland and installation of this technology expected to begin at Kooragang Island early into FY2023. However, during FY2022, the Board endorsed decision to rapidly increase production at our Yarwun and Bontang manufacturing sites to offset the impact of restrictions on the sale of Russian AN resulted in a below target Scope 1 and 2 emissions reduction metric outcome. Despite this outcome being the result of external factors and the Board endorsed production decision, no adjustment has been made by the Board, reinforcing our strong commitment to our sustainability targets so early in our journey.

Against a backdrop of global uncertainty, extensive supply chain disruption and high inflation, the business delivered improved financial results across all regions, with Group EBIT and RONA well above stretch targets set by the Board. Our financial performance reflects solid volume growth, a greater demand for premium products across the regions and improved commercial discipline in both customer and supply contracts. In response to changing external conditions and in accordance with a Board endorsed decision to maintain higher levels of inventory from December 2021 to ensure security of supply to our customers, trade working capital was higher than originally planned. Given this, the Board considered it appropriate to exercise its discretion to calculate CGE after removing the impact of higher AN inventory volumes that were held as a result of the disruption in Russian AN supply from December 2021.

The CEO’s FY2022 STI outcome was 82.9% of his maximum STI opportunity. Outcomes against each STI scorecard metric are summarised below.

2022 performance						
Measure	Target	Weighting (at target)	Threshold	Target	Max	Weighted Outcome (%)
			50%	100%	150%	
<b>Safety and Sustainability</b> Rewards a continuous focus on ensuring safe and reliable operations, and reducing the impact of our business on the environment						
SICR <sup>(1)</sup>	0.143	10%				8.1%
Loss of Containment <sup>(2)</sup>	29	5%				7.1%
Global Scope 1 and 2 GHG Emissions Reduction <sup>(3)</sup>	14.7%	10%				6.7%

While SICR outcomes significantly improved from FY2021, we were still disappointed with our overall safety performance in FY2022. Improving Group SICR will be a major focus along with other key controls over the coming year.

We again saw a strong focus on minimising the impact of LOC events, leading to a reduction in total events compared to FY2021.

Net emissions reduced slightly from the prior year (FY2021: 1,898; FY2022: 1,883) despite the unexpected material production uplift due to the Russia / Ukraine conflict; however, with ambitious targets set for FY2022 the outcome fell short of target.



## REMUNERATION REPORT (CONTINUED)

Financials	<b>Rewards improvements to earnings, enhanced returns from invested capital, developing enabling technology and adjacency growth, optimising capital allocation and reallocation</b>				
EBIT <sup>(4)</sup>	\$501.4	30%		45.0%	EBIT was above stretch, underpinned by improved commercial discipline and solid volume growth.
RONA <sup>(4)</sup>	10.1%	30%		45.0%	RONA was above stretch, predominantly due to higher EBIT, noting that net assets were adjusted in the final calculations to remove any benefit to management from one-off significant items such as FY2022 impairments.
CGE <sup>(4)</sup>	49.0%	15%		22.5%	Discretion was exercised by the Board to assess CGE after adjusting for the impact of higher AN inventory volumes to ensure security of supply following the disruption in Russian supply.
<b>Board discretion</b>	<b>In acknowledgement of the two fatalities that occurred in our Russia and Kazakhstan businesses, a downward adjustment of 10% has been applied to the final outcome. The CEO and management team are committed to ensuring we learn from these tragic events and reinforce critical safety measures in place to keep our people, customers and communities safe.</b>				
<b>Overall STI outcome</b>			<b>% of Target</b>	<b>124.4%</b>	
			<b>% of Maximum</b>	<b>82.9%</b>	

- (1) SICR measures the total number of Severity 3 and Severity 4 injuries and illnesses per 200,000 hours worked by an employee/contractor. Excludes non-work-related injury/illness and occupational disease or illness that are attributable to chronic exposure to harmful agents over an extended period.
- (2) LOC measures the total number of uncontrolled releases of material from a primary containment that results in a Severity 1 or greater environmental impact on water or soil. From FY2022, the targets exclude events occurring in transit, the focus being on events that are with Orica's direct operational control.
- (3) Scope 1 and 2 refers to emissions under Orica's operational control, measured in accordance with the GHG Protocol and National Greenhouse and Energy Reporting (NGER) Measurement Determination.
- (4) Refer section 3.1 for the definitions of EBIT, RONA and CGE for FY2022 STI purposes.

Strategic objectives relevant to each Executives' accountabilities were determined and approved by the Board at the start of the financial year with clear alignment to Orica's refreshed corporate strategy. As applicable, FY2022 Executive STI scorecards included metrics relating to the commercialisation of new technologies, growth within key focus areas, business efficiencies, operating model improvements and sustainability. Achievement against these objectives was generally assessed as being between target and stretch. Overall outcomes for Executive KMP (other than the CEO) ranged from 25.0% to 82.0% of their maximum opportunity.



**REMUNERATION REPORT (CONTINUED)**

**(b) Short-term incentive outcomes – FY2022**

Details of the FY2022 outcomes for eligible Executive KMP are set out in the table below:

For the year ended 30 September 2022	Maximum STI opportunity \$000	Actual STI paid in cash \$000	Actual STI paid in deferred equity <sup>(1)</sup> \$000	Actual STI payment as % of maximum	% of maximum STI forfeited
<b>Current Executive KMP</b>					
Sanjeev Gandhi	2,550.0	1,057.4	1,057.4	82.9%	17.1%
Christopher Davis <sup>(2)</sup>	1,095.0	273.8	–	25.0%	75.0%
Angus Melbourne	1,103.8	603.4	301.7	82.0%	18.0%
Leah Barlow <sup>(3)</sup>	225.0	121.1	60.5	80.7%	19.3%

(1) Under AASB 2 *Share-based Payments*, STI paid to Executives as deferred shares is accounted for as a share-based payment and expensed over two years. Accordingly, 50% of the value of the deferred equity is included in each Executive KMP's share based payments expense in the relevant performance year with the remainder included in the subsequent year. No deferred equity was awarded in respect of FY2021 performance.

(2) In accordance with the terms of the STI plan, as Christopher Davis will cease to be employed with Orica at the end of December 2022, the FY2022 STI will be paid in cash, with no deferred shares to be granted.

(3) Refers only to Leah Barlow's KMP period (from 1 July 2022).

**3.3 Long-term incentive outcome**

The table below summarises the LTI Plan awards tested in the current financial year together with awards that remain unvested. The current face value (and the estimate of the maximum possible total value) of LTI Plan awards granted during FY2022 that are yet to vest, can be determined by multiplying the number of awards shown in Section 6.2 by the current share price of the Company. The minimum possible total value of the awards is nil. The actual value that may ultimately be received by Executives cannot be determined as it is dependent on and therefore fluctuates with movements in the Company's share price.

Plan	Grant	Performance period	Performance measures applicable to award	Outcome
LTIP	FY2019	FY2019 – FY2021	RONA (100%)	No vesting
LTIP	FY2020	FY2020 – FY2022	RONA (100%)	Not yet tested
LTIP	FY2021	FY2021 – FY2023	RONA (100%)	Not yet tested
LTIP	FY2022	FY2022 – FY2024	RONA (50%), rTSR (50%)	Not yet tested

The FY2019 grant was tested in November 2021 but did not vest as the three-year average RONA was below the required threshold. In determining the average RONA outcome, the Board applied discretion to adjust EBIT and Net Operating Assets (being the inputs used to calculate RONA) to remove the acquisition year impact of the Exsa (FY2020) transaction, and the impact of the IRFS-16 leasing standards and recent SaaS accounting changes. Net Operating Assets was also adjusted to ensure management were not advantaged from impairments to IT and other assets, the write down of defective assets at Burrup and other business impairments that occurred during FY2021. Overall, management were neither advantaged nor disadvantaged by the adjustments made and they did not change the vesting outcome.

	Final outcome	Vesting position	% Rights vesting
RONA (3-year average)	10.7%	Below threshold of 13.7%	0%



## REMUNERATION REPORT (CONTINUED)

### 3.4 Equity granted in FY2022

The table below presents the equity granted at face value to Executive KMP during FY2022.

Executives (KMP)	FY2022 LTI <sup>(1)</sup> \$000	FY2021 Deferred shares <sup>(2)</sup> \$000	Other <sup>(3)</sup> \$000	Total \$000
Sanjeev Gandhi	3,400.0	–	300.0	3,700.0
Christopher Davis	1,050.0	–	–	1,050.0
Angus Melbourne	1,103.8	–	–	1,103.8
<b>Total</b>	<b>5,553.8</b>	<b>–</b>	<b>300.0</b>	<b>5,853.8</b>

(1) Due to vest in November 2024 subject to satisfaction of performance conditions and then subject to a two-year holding lock.

(2) No FY2021 Executive STI payments were made and therefore no FY2021 deferred shares were granted.

(3) Relates to Sanjeev Gandhi's FY2022 fixed equity grant which as part of his FAR vests in equal monthly tranches (refer Section 3.1 for details).

### 3.5 Overview of business performance – five-year comparison

The table below summarises key indicators of the performance of the Company, relevant shareholder returns over the past five financial years, and average Executive KMP STI vesting outcomes.

Financial year ended 30 September	2018	2019	2020	2021	2022
Profit/(loss) from the consolidated group operations (\$m)	242.8	468.8	320.6	(27.3)	304.5
Individually significant items (\$m) <sup>(1)</sup>	375.3	195.9	293.1	453.9	274.0
EBIT (\$m) <sup>(2)</sup>	618.1	664.7	613.7	426.6	578.5
Dividends per ordinary share (cents)	51.5	55.0	33.0	24.0	35.0
Closing share price (\$ as at 30 September)	17.03	22.54	15.43	13.79	13.22
Three-month average share price (1 July to 30 September) each year	17.31	21.36	17.05	12.83	15.41
EPS growth (%) <sup>(2)</sup>	(16.6)	14.2	(22.8)	(32.3)	49.2
NPAT (\$m) <sup>(2)</sup>	324.2	371.9	299.1	208.4	317.0
External Sales (\$m)	5,373.8	5,878.0	5,611.3	5,682.2	7,327.5
Cumulative TSR (%) <sup>(3)</sup>	(11.66)	11.56	(8.91)	(30.35)	(14.94)
Average STI received as % of maximum opportunity for Executives <sup>(4)</sup>	23.0	53.3	29.2	0.0	67.7%

(1) This figure is before interest, tax and non-controlling interest.

(2) Before individually significant items.

(3) Cumulative TSR has been calculated using the same start date for each period measured (1 October 2017). In calculating the cumulative TSR, three-month average share prices (1 July to 30 September for each year) have been used.

(4) Refers to awards received by Executive KMP under the Executive STI plan.



## REMUNERATION REPORT (CONTINUED)

### 3.6 Service agreements

Remuneration and other terms of employment for Executives are formalised in service agreements. The terms and conditions of employment of each Executive reflect market conditions at the time of their contract negotiation on appointment or subsequently. The material terms of the employment contracts for the current Executive KMP are summarised in the table below and subject to applicable law.

<b>Contractual Term</b>	<b>Application</b>	<b>Conditions</b>
<b>Duration of contract</b>	All Executive KMP	Permanent full-time employment contract until notice given by either party.
<b>Notice period to be provided by Executive</b>	All Executive KMP	Six months.
<b>Notice period to be provided by Orica</b>	MD & CEO	Six months. Orica may elect to make payment in lieu of notice. In the event of Orica terminating the service agreement, the MD & CEO will be entitled to receive a termination payment of six months' salary (less any payment in lieu of notice). Should the MD & CEO's service agreement be terminated by mutual agreement, six months' salary is payable (in which case no notice is required to be given).
	Other Executive KMP	Executives have either a 13 week or 26 week notice period.  Executives are entitled to be paid an amount equivalent to up to 26 weeks' FAR on termination.
<b>Post-employment restraints</b>	All Executive KMP	Each Executive has also agreed to restraints and non-solicitation undertakings as part of their service agreements, which will apply upon cessation of their employment to protect the legitimate business interests of Orica.



## REMUNERATION REPORT (CONTINUED)

### SECTION 4. NON-EXECUTIVE DIRECTOR ARRANGEMENTS

#### 4.1 Overview

Fees for Non-Executive Directors (Directors) are set by reference to:

- the individual's responsibilities and time commitment attached to the role of Director and Committee membership;
- the Company's existing remuneration policies and survey data sourced from external specialists; and
- fees paid by comparable companies and the level of remuneration required to attract and retain Directors of the appropriate calibre.

To preserve their independence, Directors do not receive any form of performance-based pay.

The current aggregate fee pool for Directors of \$2,750,000 was approved by shareholders at our 2019 Annual General Meeting. The Company pays both superannuation and Committee fees to the Directors from this pool. Committee fees are not paid to the Chairman of the Board.

#### 4.2 Fees and other benefits

The table below sets out the elements of Directors' fees and other benefits applicable for the full FY2022.

Fees/benefits	Description	2022 \$	Included in shareholder approved cap
<b>Board fees</b>	<b>Main Board</b>		
	Chairman – Malcolm Broomhead	510,000	Yes
	Members – all Non-Executive Directors	177,000	
<b>Committee fees</b>	<b>Board Audit and Risk Committee</b>		
	Chairman – Gene Tilbrook	45,000	
	Members – Maxine Brenner, Boon Swan Foo, Gordon Naylor (from 1 September 2022)	22,500	
	<b>Human Resources and Compensation Committee</b>		
	Chairman – Maxine Brenner	45,000	
	Members – Denise Gibson, Karen Moses	22,500	Yes
	<b>Innovation and Technology Committee</b>		
	Chairman – Denise Gibson	45,000	
	Members – John Beevers, Boon Swan Foo	22,500	
	<b>Safety and Sustainability Committee</b>		
	Chairman – Karen Moses	45,000	
	Members – John Beevers, Gene Tilbrook	22,500	
<b>Superannuation</b>	Superannuation contributions are made on behalf of the Directors at a rate of 10.5% from 1 July 2022 (10.0% prior to 1 July 2022) being the current superannuation guarantee contribution rate subject to a cap at the Maximum Contributions Base.		Yes
<b>Other fees/benefits</b>	Directors receive a travel allowance based on the hours travelled to a Board meeting. The allowance paid is \$3,000 per meeting for travel between three and 10 hours, or \$6,000 if travel time exceeds 10 hours. Directors are also entitled to be paid additional fees for extra services or special exertions.		No



## REMUNERATION REPORT (CONTINUED)

### SECTION 5. REMUNERATION GOVERNANCE

#### 5.1 Responsibility for setting remuneration

The HR&CC (the Committee) is delegated responsibility by the Board for reviewing and making recommendations on our remuneration policies, including policies governing the remuneration of Executives.

Activities of the Committee are governed by its Terms of Reference, which is available on our website at [www.orica.com](http://www.orica.com). Among other responsibilities, the Committee assists the Board in its oversight of:

- remuneration policy for Executives
- level and structure of remuneration for Senior Executives, including STI and LTI plans
- the Company's compliance with applicable legal and regulatory requirements in respect of remuneration matters; and
- approval of the allocation of shares and awards under Orica's equity programs.

#### 5.2 Use of remuneration advisors during the year

No remuneration recommendations were received from remuneration advisors as defined under the *Corporations Act 2001*.

#### 5.3 Securities dealing policy and Malus

##### **Securities dealing**

All Executives are required to comply with our Securities' Dealing Policy at all times and in respect of all Orica shares held, including any defined employee share plans. Trading is subject to pre-clearance and is not permitted during designated blackout periods unless there are exceptional circumstances. Executives are prohibited from using any Orica shares as collateral in any margin loan or derivative arrangement.

##### **Malus**

Orica's Malus Standard allows the Board to require any Executive to forfeit in full or in part, any unvested LTIP or deferred STI award as a result of:

- a material misstatement in financial results
- behaviour that brings Orica into disrepute or has the potential to do so
- serious misconduct
- any other circumstance, which the Board has determined in good faith.

In considering whether any adjustment is necessary in respect of any or all participants, the Board may take into account the individual's level of responsibility, accountability or influence over the action or inaction, the quantum of the actual loss or damage, any impact on our financial soundness or reputational standing, the extent to which any internal policies, external regulations and/or risk management requirements were breached, and any other relevant matters.



## REMUNERATION REPORT (CONTINUED)

### 5.4 Executive and Director share ownership

The Board considers that an important foundation of our Executive Remuneration Framework is that each Executive and Director accumulate and hold a significant number of Orica shares to align their interests as long-term investors.

#### Executives

The Executive Minimum Shareholding Guideline requires each Executive to accumulate a minimum vested equity holding in Orica over a fixed time period from their appointment. The requirement is 150% of FAR over five years from appointment for the CEO and 50% of FAR over six years from appointment (by 31 December 2022 for individuals in their Executive role prior to introduction of the guideline) for other Executives.

#### Non-Executive Directors

To create alignment between Directors and shareholders, Directors are required to hold (or have a benefit in) shares in the Company equivalent in value to at least one year's base fees. Such holdings must be acquired over a reasonable time using personal funds.

The table below sets out the number of shares held directly and indirectly by Directors and Executive KMP employed as at 30 September 2022:

	Balance at 1 October 2021	Acquired <sup>(1)</sup>	Disposed	Balance at 30 September 2022	Minimum Shareholding Required <sup>(2)</sup>	Date Minimum Shareholding Required to be met <sup>(3)</sup>
<b>Executive KMP</b>						
Sanjeev Gandhi <sup>(4)</sup>	40,735	36,836	–	77,571	192,890	31 March 2026
Christopher Davis	44,506	11,695	–	56,201	35,930	30 September 2024
Angus Melbourne	55,896	6,395	–	62,291	34,788	31 December 2022
Leah Barlow <sup>(5)</sup>	3,810	–	–	3,810	28,366	31 March 2027
<b>Directors</b>						
Malcolm Broomhead	37,984	1,963	–	39,847	38,578	
John Beevers	14,800	–	–	14,800	13,389	
Maxine Brenner	9,539	–	–	9,539	13,389	
Boon Swan Foo	–	16,000	–	16,000	13,389	
Denise Gibson	13,000	–	–	13,000	13,389	
Karen Moses	11,000	3,348	–	14,348	13,389	
Gordon Naylor <sup>(5)</sup>	–	11,500	–	11,500	13,389	
Gene Tilbrook	14,070	1,963	–	16,033	13,389	

(1) Shares acquired include FY2020 STI deferred shares that have vested but remain subject to holding locks and shares acquired through the Dividend Reinvestment Plan (DRP).

(2) Calculated using base fees or FAR and the Orica closing share price as at 30 September 2022.

(3) Directors are required to acquire a shareholding of at least one year's base fees over a reasonable time.

(4) Includes 30,428 vested rights granted under the CEO's fixed equity arrangement (relating to his FY2021 and FY2022 awards) as these are no longer subject to forfeiture and can be converted into ordinary shares with nil consideration.

(5) Opening balance shown refers to their balance on commencement as KMP.



**REMUNERATION REPORT (CONTINUED)**

**SECTION 6. KMP STATUTORY DISCLOSURES**

**6.1 Executive KMP remuneration**

Details of the nature and amount of each element of remuneration for the Executive KMP are set out in the table below. Remuneration outcomes presented in these tables are calculated with reference to the Corporations Act 2001 and relevant Australian Accounting Standards for FY2022 rather than the basis of take-home pay.

	Short-term employee benefits					Post-employment benefits	Total excluding SBP* Expense \$000	SBP Expense <sup>(4)(5)</sup> \$000	Total \$000
	Base (Fixed) Pay \$000	Cash STI Payment <sup>(1)</sup> \$000	Other Benefits <sup>(2)</sup> \$000	Other Long-Term Benefits <sup>(3)</sup> \$000	Super-annuation Benefits \$000	Termination Benefits \$000			
<b>Current Executive KMP</b>									
Sanjeev Gandhi									
2022	1,400.0	1,057.4	133.3	–	–	–	2,590.7	959.7	3,550.4
2021	1,200.0	–	96.6	–	–	–	1,296.6	701.5	1,998.1
Christopher Davis									
2022	888.5	273.8	4.6	25.0	24.0	–	1,215.9	200.8	1,416.7
2021	852.8	–	48.2	14.0	22.2	–	937.2	58.4	995.6
Angus Melbourne									
2022	895.8	603.4	15.3	–	24.0	–	1,538.5	200.9	1,739.4
2021	897.6	–	46.2	–	22.2	–	966.0	51.2	1,017.2
Leah Barlow <sup>(6)</sup>									
2022	181.2	121.1	11.0	–	6.3	–	319.6	–	319.6
2021	–	–	–	–	–	–	–	–	–
<b>Total Current Executive KMP</b>									
2022	3,365.5	2,055.7	164.2	25.0	54.3	–	5,664.7	1,361.4	7,026.1
2021	2,950.4	–	191.1	14.0	44.4	–	3,199.8	811.1	4,010.9



## REMUNERATION REPORT (CONTINUED)

	Short-term employee benefits				Post-employment benefits	Termination Benefits \$000	Total excluding SBP* Expense \$000	SBP Expense (4)(5) \$000	Total \$000
	Base (Fixed) Pay \$000	Cash STI Payment <sup>(1)</sup> \$000	Other Benefits <sup>(2)</sup> \$000	Other Long-Term Benefits <sup>(3)</sup> \$000	Super-annuation Benefits \$000				
<b>Former Executive KMP</b>									
James Bonnor <sup>(6)</sup>									
<b>2022</b>	-	-	-	-	-	-	-	-	-
2021	849.6	-	636.6	11.3	22.2	-	1,519.7	50.2	1,569.9
Brian Gillespie <sup>(6)</sup>									
<b>2022</b>	-	-	-	-	-	-	-	-	-
2021	232.2	-	26.3	-	9.5	-	268.0	-	268.0
Germán Morales <sup>(6)</sup>									
<b>2022</b>	-	-	-	-	-	-	-	-	-
2021	756.8	-	435.1	-	27.2	-	1,219.1	44.8	1,263.9
<b>Total</b>									
<b>2022</b>	-	-	-	-	-	-	-	-	-
2021	1,838.6	-	1,098.0	11.3	58.9	-	3,006.8	95.0	3,101.8

\* Share-based payment (SBP).

(1) Cash STI Payment includes payments relating to FY2022 performance accrued but not paid until FY2023.

(2) These benefits include car parking, medical and insurance costs, relocation or assignment related expenses including reimbursement of accommodation, health insurance and taxation services, and movements in annual leave accrual (inclusive of any applicable fringe benefits tax). A negative balance may appear where the leave accrual has decreased from the prior year.

(3) This benefit includes the movement in long service leave accrual.

(4) This includes the value calculated under AASB 2 *Share-based Payment* of long-term incentive allocations to Executives which vest over three years. Value only accrues to the Executive when performance conditions have been met. The share-based payment expense represents the amount required under Accounting Standards to be expensed during the year in respect of current and past long-term incentive allocations to Executives. These amounts are therefore not amounts received by Executives during the year nor may they be payable to the Executive at any other time if performance hurdles are not met. The mechanism which determines whether long-term incentives vest in the future is described in Section 3.1. Where a negative SBP Expense is shown, this represents a write-back of a previous share-based payment accrual based on a revised estimate of performance conditions being met.

(5) Under AASB 2 *Share-based Payment*, STI paid to Executives as deferred equity is accounted for as a share-based payment and expensed over two years. Accordingly, 50% of the value of deferred equity is included in the Executives share-based payment expense in the relevant performance year with the remainder included in the subsequent year. No deferred equity was awarded in respect of FY2021 performance.

(6) Remuneration for 2022 relates to the Executive KMP period only. Remuneration relating to former Executive KMP in 2021 is included for comparative purposes.



## REMUNERATION REPORT (CONTINUED)

### 6.2 Summary of awards held under Orica's Executive equity arrangements

Details of LTIP performance rights, CEO fixed equity rights, sign-on rights and deferred shares awarded under the STI plan are set out in the table below.

For the year ended 30 September 2022	Grant date	Granted during FY2022	Vested	Lapsed	Balance at year end	Fair value of instruments at grant date \$	Value of equity instruments included in compensation for the year \$
<b>Current Executive KMP</b>							
<b>Sanjeev Gandhi</b>							
FY2022 Fixed Equity Rights <sup>(1)</sup>	3 Dec 21	19,828	19,828	–	–	300,000	300,000
FY2022 LTIP Performance rights	17 Jan 22	224,719	–	–	224,719	1,902,244	461,150
FY2021 LTIP Performance rights	3 Feb 21	–	–	–	70,629	949,960	–
Sign-on rights <sup>(2)</sup>	20 July 20	–	15,045	–	–	749,988	198,515
<b>Christopher Davis</b>							
FY2022 LTIP Performance rights	17 Jan 22	69,398	–	–	69,398	587,454	142,413
FY2021 LTIP Performance rights	3 Feb 21	–	–	–	61,801	831,223	–
FY2020 LTIP Performance rights	10 Jan 20	–	–	–	44,112	851,803	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	52,892	–	778,041	–
FY2020 STI Deferred shares <sup>(3)</sup>	8 Dec 20	–	6,874	–	–	116,796	58,398
<b>Angus Melbourne</b>							
FY2022 LTIP Performance rights	17 Jan 22	72,951	–	–	72,951	617,528	149,704
FY2021 LTIP Performance rights	3 Feb 21	–	–	–	64,965	873,779	–
FY2020 LTIP Performance rights	10 Jan 20	–	–	–	46,370	895,405	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	59,237	–	871,376	–
FY2020 STI Deferred shares <sup>(3)</sup>	8 Dec 20	–	6,029	–	–	102,435	51,218

(1) A grant of restricted rights was made to Sanjeev Gandhi in relation to his FY2022 fixed equity component of remuneration. 11 of the 12 tranches vested during FY2022 (in relation to service from 1 October to 31 August 2022) with the remaining tranche vesting on 1 October 2022 (in relation to service from 1 September to 30 September 2022).

(2) A grant of sign-on rights was made to Sanjeev Gandhi following commencement of employment with Orica in FY2020. Tranche 2 (33.33% of the rights) vested on 31 December 2021.

(3) The FY2020 deferred shares vested on 7 December 2021. Per the terms and conditions of grant, the vested shares remain subject to disposal restrictions via a holding lock for a further three years following vesting which prevents Executives from selling the vested shares during this period. In certain situations where a tax charge to participants arose at vesting, Executives were permitted to sell sufficient shares to cover the tax liability with the remaining shares.



## REMUNERATION REPORT (CONTINUED)

The total number of rights and the fair value of rights issued under the LTI are:

Grant date	Vesting date	Number of rights issued	Number of rights held at 30 September 2022	Number of rights held at 30 September 2021	Number of participants at 30 September 2022	Number of participants at 30 September 2021	Fair value of rights at grant date \$
29 Jul 22 <sup>(1)</sup>	30 Nov 24	23,378	23,378	–	2	–	392,283
17 Jan 22	30 Nov 24	1,061,048	1,008,986	–	244	–	14,196,822
17 Jan 22 <sup>(2)</sup>	30 Nov 24	733,498	733,498	–	9	–	9,814,203
30 Jul 21 <sup>(1)</sup>	30 Nov 23	36,834	36,834	36,834	3	4	535,566
3 Feb 21	30 Nov 23	1,226,741	1,065,573	1,065,573	286	306	17,836,814
3 Feb 21 <sup>(2)</sup>	30 Nov 23	776,085	440,815	440,815	9	9	10,438,343
10 Jan 20	30 Nov 22	939,811	754,443	886,806	281	292	19,623,254
10 Jan 20 <sup>(2)</sup>	30 Nov 22	507,595	267,429	474,827	7	7	9,801,689
08 Aug 19 <sup>(1)</sup>	30 Nov 21	71,078	–	54,830	–	15	1,256,097
11 Jan 19	30 Nov 21	1,139,030	–	1,001,594	–	278	18,110,577
11 Jan 19 <sup>(2)</sup>	30 Nov 21	782,122	–	681,806	–	10	11,440,237

The assumptions underlying the rights valuations are:

Grant date	Price of Orica Shares at grant date \$	Expected volatility in share price %	Dividends expected on shares %	Risk free interest rate %	Fair value per right RONA \$	Fair value per right RTSR \$
29 Jul 22 <sup>(1)</sup>	16.78	30.0	2.96	1.26	12.31	6.50
17 Jan 22	13.38	30.0	2.96	1.26	12.31	6.50
17 Jan 22 <sup>(2)</sup>	13.38	30.0	2.96	1.26	11.08	5.85
30 Jul 21 <sup>(1)</sup>	12.39	22.5	3.00	0.11	14.54	–
3 Feb 21	15.79	22.5	3.00	0.11	14.54	–
3 Feb 21 <sup>(2)</sup>	15.79	22.5	3.00	0.11	13.45	–
10 Jan 20	22.71	20.0	3.00	0.79	20.88	–
10 Jan 20 <sup>(2)</sup>	22.71	20.0	3.00	0.79	19.31	–
08 Aug 19 <sup>(1)</sup>	22.51	25.0	3.00	1.81	15.90	–
11 Jan 19	17.30	25.0	3.00	1.81	15.90	–
11 Jan 19 <sup>(2)</sup>	17.30	25.0	3.00	1.81	14.71	–

(1) A supplementary LTI offer was made in August 2019, July 2021 and July 2022 to selected senior management who joined Orica after the grant date of the main offer in January 2019, February 2021 and January 2022. No supplementary offer was made in 2020. The terms and conditions of the supplementary offer are the same as the main offer.

(2) Under the Executive LTI plan, performance rights granted are subject to a single performance condition, RONA with a two-year holding lock applying to shares acquired following vesting. A discount to the fair value has been made to reflect lack of marketability during this period.



**REMUNERATION REPORT (CONTINUED)**

**6.3 Non-Executive Director remuneration**

Details of Non-Executive Directors' remuneration are set out in the following table:

	Short-term employee benefits			Post-employment benefits	Total \$000
	Directors fees \$000	Committee fees \$000	Other benefits <sup>(1)</sup> \$000	Super-annuation \$000	
<b>Current Directors</b>					
Malcolm Broomhead, Chairman <sup>(2)</sup>					
2022	510.0	–	0.6	24.0	534.6
2021	340.0	–	0.6	16.3	356.9
John Beevers					
2022	177.0	45.0	–	22.5	244.5
2021	177.0	45.0	–	21.8	243.8
Maxine Brenner					
2022	177.0	67.5	–	24.0	268.5
2021	177.0	67.5	–	22.2	266.7
Boon Swan Foo					
2022	177.0	45.0	9.0	22.5	253.5
2021	177.0	45.0	–	21.8	243.8
Denise Gibson					
2022	177.0	67.5	12.0	24.0	280.5
2021	177.0	67.5	–	22.2	266.7
Karen Moses <sup>(3)</sup>					
2022	191.2	67.5	–	9.8	268.5
2021	193.3	67.5	–	5.9	266.7
Gordon Naylor <sup>(4)</sup>					
2022	88.5	1.9	12.0	9.3	111.7
2021	–	–	–	–	–
Gene Tilbrook					
2022	177.0	67.5	12.0	24.0	280.5
2021	177.0	67.5	–	22.2	266.7
<b>Total Directors</b>					
2022	1,674.7	361.9	45.6	160.1	2,242.3
2021	1,418.3	360.0	0.6	132.4	1,911.3

(1) These benefits include travel allowances and car parking benefits.

(2) Malcolm Broomhead forfeited his FY2021 Board Chairman fees from 1 June 2021 to 30 September 2021.

(3) Karen Moses elected not to receive superannuation contributions from Orica from 1 March 2022 to 30 September 2022. Superannuation contributions were received in accordance with statutory requirements from 1 October 2021 to 28 February 2022.

(4) Gordon Naylor was appointed as a Non-Executive Director on 1 April 2022.



## REMUNERATION REPORT (CONTINUED)

### Rounding

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest tenth of a million dollars, the Company being in a class specified in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016.

The Directors' Report is signed on behalf of the Board in accordance with a resolution of the Directors of Orica Limited.

**M W Broomhead**  
Chairman

Dated at Melbourne 8 November 2022

**S Gandhi**  
Managing Director and Chief Executive Officer



# LEAD AUDITOR'S INDEPENDENCE



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

To the Directors of Orica Limited

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

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

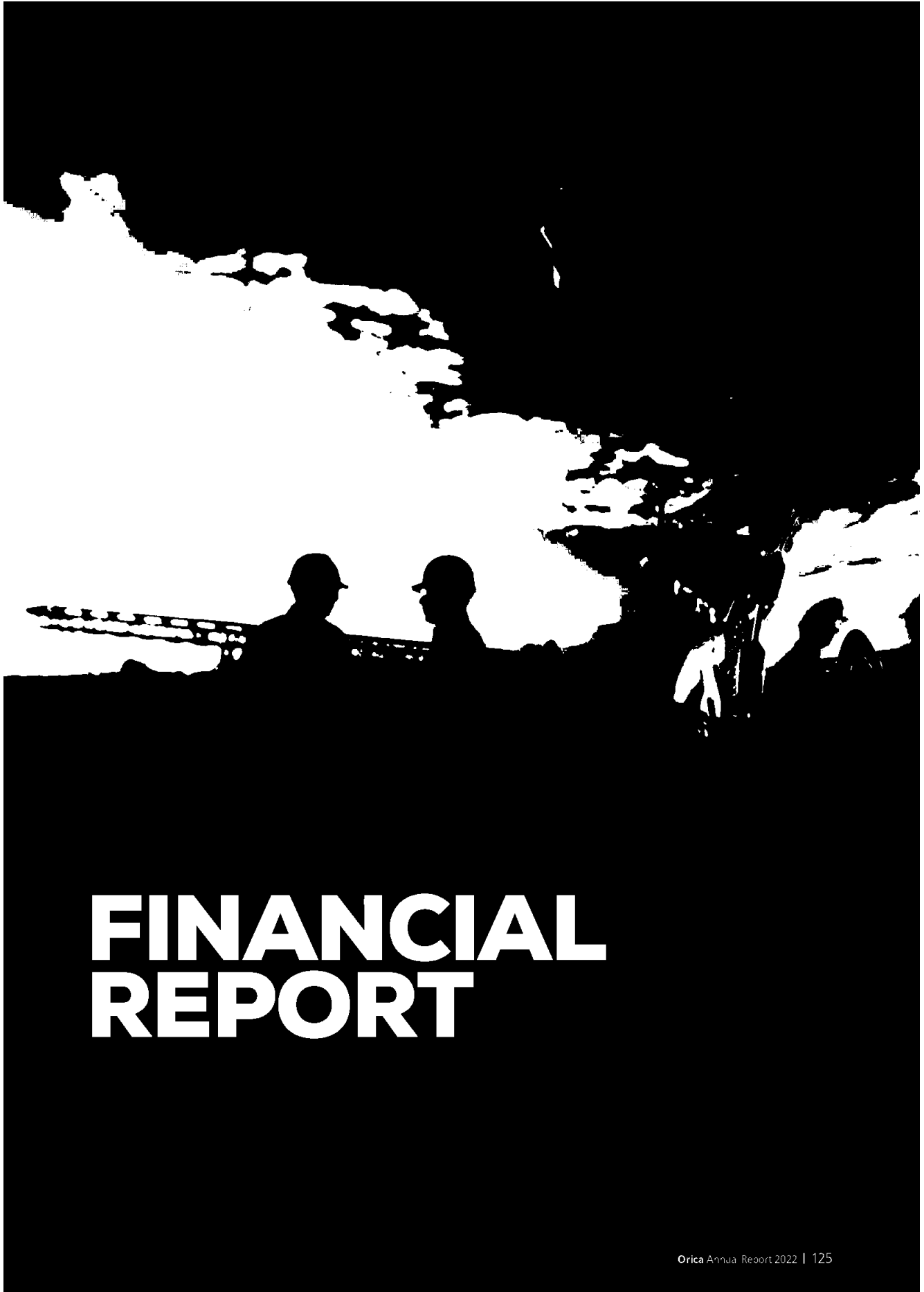
Penny Stragalinos

Partner

Melbourne

8 November 2022

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



# FINANCIAL REPORT

Orica Annual Report 2022 | 125



# INCOME STATEMENT

For the year ended 30 September

		Consolidated	
	Notes	2022 \$m	2021 \$m
<b>Continuing operations</b>			
<b>Sales revenue</b>	(1b)	<b>7,096.4</b>	<b>5,207.9</b>
<b>Other income</b>	(1d)	<b>31.8</b>	<b>45.7</b>
Raw materials and inventories		(3,909.5)	(2,449.8)
Employee benefits expense		(1,223.7)	(1,111.2)
Depreciation and amortisation expense	(1b)	(385.8)	(358.1)
Purchased services and other expenses		(622.0)	(510.3)
Outgoing freight		(307.1)	(304.6)
Repairs and maintenance		(156.1)	(149.4)
Impairment expense	(1e)	(167.9)	(480.0)
Loss on sale of JSC "Orica CIS"	(1e)	(40.6)	–
Gain on sale of Nitro Consult AB	(1e)	19.5	–
Operating model restructuring	(1e)	–	(45.6)
Significant environmental provision expense	(1e)	–	(39.3)
Gain on sale of Botany site	(1e)	–	71.6
Gain on sale of Villawood site	(1e)	–	40.8
Share of net profit of equity accounted investees	(13)	39.8	34.4
Total		(6,753.4)	(5,301.5)
<b>Profit/(loss) from operations</b>		<b>374.8</b>	<b>(47.9)</b>
<b>Net financing costs</b>			
Financial income	(3b)	2.1	1.0
Financial expenses	(3b)	(102.4)	(106.3)
<b>Net financing costs</b>	(3b)	<b>(100.3)</b>	<b>(105.3)</b>
<b>Profit/(loss) before income tax expense from continuing operations</b>		<b>274.5</b>	<b>(153.2)</b>
Income tax expense	(11)	(140.9)	(25.3)
<b>Profit/(loss) after tax from continuing operations</b>		<b>133.6</b>	<b>(178.5)</b>
<b>Discontinued operations</b>			
Net loss on sale of Minova after tax	(1e)	(93.7)	–
Profit after tax from Minova	(15)	9.1	14.6
<b>(Loss)/profit after tax from discontinued operations</b>		<b>(84.6)</b>	<b>14.6</b>
<b>Net profit/(loss) for the year</b>		<b>49.0</b>	<b>(163.9)</b>
<b>Net profit/(loss) for the year attributable to:</b>			
Shareholders of Orica Limited		60.1	(173.8)
Non-controlling interests		(11.1)	9.9
<b>Net profit/(loss) for the year</b>		<b>49.0</b>	<b>(163.9)</b>
		<b>cents</b>	<b>cents</b>
<b>Earnings per share attributable to ordinary shareholders of Orica Limited:</b>			
<b>From continuing operations:</b>			
Basic earnings per share	(2)	35.1	(46.3)
Diluted earnings per share	(2)	35.0	(46.3)
<b>Total attributable to ordinary shareholders of Orica Limited</b>			
Basic earnings per share	(2)	14.5	(42.7)
Diluted earnings per share	(2)	14.4	(42.7)

The Income Statement is to be read in conjunction with the accompanying notes to the financial statements.



# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September

	Notes	Consolidated	
		2022 \$m	2021 \$m
<b>Net profit/(loss) for the year</b>		<b>49.0</b>	<b>(163.9)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to income statement:</b>			
<i>Exchange differences on translation of foreign operations</i>			
Exchange gain on translation of foreign operations, net of tax	(11c)	164.2	3.7
Net (loss)/gain on hedge of net investments in foreign subsidiaries, net of tax	(11c)	(64.5)	2.5
Currency translation on companies disposed of, transferred to the income statement		135.3	–
<b>Net exchange differences on translation of foreign operations</b>		<b>235.0</b>	<b>6.2</b>
<i>Sundry items:</i>			
Net gain on cash flow hedges, net of tax	(11c)	12.1	5.4
<b>Items that will not be reclassified subsequently to income statement:</b>			
Net actuarial gain on defined benefit obligations, net of tax	(11c)	65.9	54.9
<b>Other comprehensive income for the year</b>		<b>313.0</b>	<b>66.5</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>362.0</b>	<b>(97.4)</b>
<b>Attributable to:</b>			
Shareholders of Orica Limited		372.2	(105.1)
Non-controlling interests		(10.2)	7.7
<b>Total comprehensive income/(loss) for the year</b>		<b>362.0</b>	<b>(97.4)</b>

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the financial statements.



# BALANCE SHEET

As at 30 September

	Notes	Consolidated	
		2022 \$m	2021 \$m
<b>Current assets</b>			
Cash and cash equivalents		1,255.3	551.0
Trade receivables	(5)	903.1	678.2
Other receivables		126.8	112.1
Inventories	(5)	872.6	635.8
Assets held for sale	(15)	–	298.2
Other assets		151.7	116.3
<b>Total current assets</b>		<b>3,309.5</b>	<b>2,391.6</b>
<b>Non-current assets</b>			
Other receivables		56.6	33.8
Equity accounted investees	(13)	323.8	290.4
Property, plant and equipment	(7)	3,082.3	3,040.2
Intangible assets	(8)	1,142.9	1,150.4
Deferred tax assets	(11d)	395.6	400.2
Other assets		57.1	59.1
<b>Total non-current assets</b>		<b>5,058.3</b>	<b>4,974.1</b>
<b>Total assets</b>		<b>8,367.8</b>	<b>7,365.7</b>
<b>Current liabilities</b>			
Trade payables	(5)	1,091.7	876.5
Other payables		385.6	287.5
Interest bearing liabilities	(3a)	713.3	61.4
Provisions	(6)	229.1	223.1
Liabilities held for sale	(15)	–	137.8
Other liabilities		60.5	82.5
<b>Total current liabilities</b>		<b>2,480.2</b>	<b>1,668.8</b>
<b>Non-current liabilities</b>			
Other payables		31.2	8.8
Interest bearing liabilities	(3a)	1,693.7	2,261.8
Provisions	(6)	329.8	533.7
Deferred tax liabilities	(11d)	47.2	39.6
Other liabilities		56.5	60.6
<b>Total non-current liabilities</b>		<b>2,158.4</b>	<b>2,904.5</b>
<b>Total liabilities</b>		<b>4,638.6</b>	<b>4,573.3</b>
<b>Net assets</b>		<b>3,729.2</b>	<b>2,792.4</b>
<b>Equity</b>			
Ordinary shares	(4a)	3,389.7	2,686.1
Reserves		(397.0)	(647.2)
Retained earnings		693.1	687.4
<b>Total equity attributable to ordinary shareholders of Orica Limited</b>		<b>3,685.8</b>	<b>2,726.3</b>
Non-controlling interests		43.4	66.1
<b>Total equity</b>		<b>3,729.2</b>	<b>2,792.4</b>

The Balance Sheet is to be read in conjunction with the accompanying notes to the financial statements.



## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September

	Ordinary shares \$m	Retained earnings \$m	Foreign currency translation reserve \$m	Cash flow hedge reserve \$m	Other reserves \$m	Total \$m	Non-controlling interests \$m	Total equity \$m
<b>2021</b>								
Balance at 1 October 2020	2,659.1	903.8	(527.7)	(22.0)	(120.6)	2,892.6	47.8	2,940.4
Net (loss)/profit for the year	–	(173.8)	–	–	–	(173.8)	9.9	(163.9)
Other comprehensive income/(loss)	–	54.9	8.4	5.4	–	68.7	(2.2)	66.5
<b>Total comprehensive (loss)/income for the year</b>	<b>–</b>	<b>(118.9)</b>	<b>8.4</b>	<b>5.4</b>	<b>–</b>	<b>(105.1)</b>	<b>7.7</b>	<b>(97.4)</b>
<b>Transactions with owners, recorded directly in equity</b>								
Total changes in contributed equity (note 4a)	27.0	–	–	–	–	27.0	20.6	47.6
Share-based payments expense, net of costs	–	–	–	–	9.9	9.9	–	9.9
Share-based payments settlement	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	(2.8)	(2.8)
Dividends/distributions (note 4c)	–	(97.5)	–	–	–	(97.5)	–	(97.5)
Dividends declared /paid to non-controlling interests	–	–	–	–	–	–	(7.2)	(7.2)
<b>Balance at the end of the year</b>	<b>2,686.1</b>	<b>687.4</b>	<b>(519.3)</b>	<b>(16.6)</b>	<b>(111.3)</b>	<b>2,726.3</b>	<b>66.1</b>	<b>2,792.4</b>
<b>2022</b>								
Balance at 1 October 2021	2,686.1	687.4	(519.3)	(16.6)	(111.3)	2,726.3	66.1	2,792.4
Net profit/(loss) for the year	–	60.1	–	–	–	60.1	(11.1)	49.0
Other comprehensive income	–	65.9	234.1	12.1	–	312.1	0.9	313.0
<b>Total comprehensive income/(loss) for the year</b>	<b>–</b>	<b>126.0</b>	<b>234.1</b>	<b>12.1</b>	<b>–</b>	<b>372.2</b>	<b>(10.2)</b>	<b>362.0</b>
<b>Transactions with owners, recorded directly in equity</b>								
Total changes in contributed equity (note 4a)	703.6	–	–	–	(3.3)	700.3	(5.5)	694.8
Share-based payments expense, net of costs	–	–	–	–	8.0	8.0	–	8.0
Share-based payments settlement	–	–	–	–	(0.7)	(0.7)	–	(0.7)
Dividends/distributions (note 4c)	–	(120.3)	–	–	–	(120.3)	–	(120.3)
Dividends declared /paid to non-controlling interests	–	–	–	–	–	–	(7.0)	(7.0)
<b>Balance at the end of the year</b>	<b>3,389.7</b>	<b>693.1</b>	<b>(285.2)</b>	<b>(4.5)</b>	<b>(107.3)</b>	<b>3,685.8</b>	<b>43.4</b>	<b>3,729.2</b>

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements.



# STATEMENT OF CASH FLOWS

For the year ended 30 September

Consolidated			
	Notes	2022 \$m Inflows/ (Outflows)	2021 \$m Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Receipts from customers		8,087.5	6,427.0
Payments to suppliers and employees		(7,565.8)	(5,596.2)
Interest received		2.2	1.1
Interest paid		(113.0)	(114.2)
Dividends received		23.2	17.5
Other operating income received		34.4	32.2
Net income taxes paid		(106.2)	(148.5)
<b>Net cash flows from operating activities</b>	(3c)	<b>362.3</b>	<b>618.9</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(319.1)	(305.4)
Payments for intangibles		(30.2)	(17.8)
Proceeds from sale of property, plant and equipment		10.4	152.4
Payments for purchase of businesses/controlled entities	(14)	(14.4)	(25.1)
Proceeds from sale of businesses, net of cash disposed and disposal costs	(15)	123.6	–
Proceeds from sale of business to non-controlling interests		0.5	–
<b>Net cash flows used in investing activities</b>		<b>(229.2)</b>	<b>(195.9)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,706.1	2,330.8
Repayment of borrowings		(1,706.3)	(2,939.7)
Dividends paid – Orica ordinary shares	(4c)	(90.6)	(72.4)
Dividends paid – non-controlling interests		(7.0)	(7.2)
Principal portion of lease payments		(60.6)	(60.8)
Proceeds from issue of ordinary shares, net of costs		673.9	0.7
<b>Net cash flows from/(used in) financing activities</b>		<b>515.5</b>	<b>(748.6)</b>
<b>Net increase/(decrease) in cash held</b>		<b>648.6</b>	<b>(325.6)</b>
Cash at the beginning of the period		593.7	920.5
Effects of exchange rate changes on cash		13.0	(1.2)
<b>Cash at the end of the period</b>		<b>1,255.3</b>	<b>593.7</b>

The Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements. The statement above includes discontinued operations, refer to note 15 for further details.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September

<b>Section A. Financial performance</b>	<b>133</b>
1. Segment report	133
2. Earnings per share (EPS)	139
<b>Section B. Capital management</b>	<b>141</b>
3. Net debt and net financing costs	141
4. Contributed equity and reserves	144
<b>Section C. Operating assets and liabilities</b>	<b>146</b>
5. Working capital	146
6. Provisions	147
7. Property, plant and equipment	150
8. Intangible assets	152
9. Impairment testing of assets	154
<b>Section D. Managing Financial Risks</b>	<b>158</b>
10. Financial risk management	158
<b>Section E. Taxation</b>	<b>165</b>
11. Taxation	165
<b>Section F. Group structure</b>	<b>169</b>
12. Investments in controlled entities	169
13. Equity accounted investees and joint operations	169
14. Businesses and non-controlling interests acquired	171
15. Businesses disposed and discontinued operations	173
16. Parent Company disclosure – Orica Limited	177
17. Deed of Cross Guarantee	178
<b>Section G. Reward and recognition</b>	<b>180</b>
18. Employee share plans and remuneration	180
19. Defined benefit obligations	181
<b>Section H. Other</b>	<b>185</b>
20. Contingent liabilities	185
21. Auditor's remuneration	186
22. Events subsequent to balance date	187
23. List of controlled entities	188
24. New accounting policies and accounting standards	190



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### ABOUT THIS REPORT

#### Basis of preparation

This is a general purpose Financial Report which has been prepared by a for-profit entity in accordance with the requirements of applicable Australian Accounting Standards and the *Corporations Act 2001* and complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

It has been prepared on a historical cost basis, except for derivative financial instruments, superannuation commitments and investments in financial assets which have been measured at fair value.

The financial statements are presented in Australian dollars with all amounts rounded off, except where otherwise stated, to the nearest tenth of a million dollars, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016.

Orica's Directors have included information in this report that they deem to be material and relevant to the understanding of the consolidated financial statements. Where appropriate, comparative information has been reclassified to conform to changes in presentation and to enhance comparability.

Disclosure may be considered material and relevant if the dollar amount is significant due to size or nature, or the information is important to understand the:

- Group's current year results;
- impact of significant changes in Orica's business; or
- aspects of the Group's operations that are important to future performance.

Except as described in note 24, the financial statements have been prepared using consistent accounting policies in line with those of the previous financial year and corresponding interim reporting period.

#### Significant accounting policies that apply to the overall financial statements

##### Foreign currencies

###### Functional and Presentation Currency

The Company's functional and presentation currency is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

###### Transactions and Balances

Transactions in currencies other than the functional currency of the Company or entity concerned are recorded using the exchange rate on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies at the balance date are retranslated at closing exchange rates. Non-monetary assets are not retranslated unless they are carried at fair value. Gains and losses arising on the retranslation of monetary assets and liabilities are included in the income statement, except where the application of hedge accounting requires inclusion in other comprehensive income (refer to note 10).

###### Consolidation of Group Entities

On consolidation, assets and liabilities of foreign operations are translated into Australian dollars at the closing rate at balance date. The results of foreign operations are translated into Australian dollars at average exchange rates for the period where these do not materially differ from rates applicable on the date of the transaction. Foreign exchange differences arising on the retranslation of foreign operations are recognised directly in a separate component of equity.

#### Critical accounting judgements and estimates

Application of the Group accounting policies requires management to make judgements, and to apply estimates and assumptions to future events. The areas involving a higher degree of judgement or complexity, and which are material to the report, are highlighted in the following notes:

Note 3	Net debt and net financing costs	Note 9	Impairment testing of assets
Note 5	Working capital	Note 11	Taxation
Note 6	Provisions	Note 19	Defined benefit obligations
Note 7	Property, plant and equipment	Note 20	Contingent liabilities
Note 8	Intangible assets		



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### SECTION A. FINANCIAL PERFORMANCE

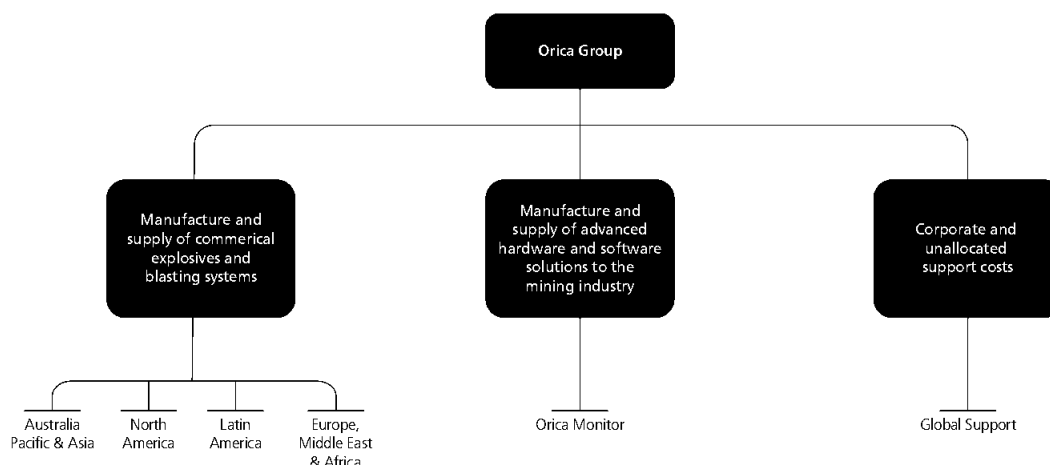
A key element of the Group's strategy is to create sustainable shareholder value. This section highlights the results and performance of the Group for the year ended 30 September 2022.

#### 1. SEGMENT REPORT

##### (a) Identification and description of segments

Orica's reportable segments are based on the internal management structure as reported to the Group's Chief Operating Decision Maker (the Group's Managing Director and Chief Executive Officer).

The Minova business was sold on 28 February 2022 and is presented as a discontinued operation. Refer to note 15 for further details.





**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**1. SEGMENT REPORT (CONTINUED)**

**(b) Reportable segments**

2022 \$m	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Orica Monitor	Global Support	Elimin- ations	Total Contin- uing Opera- tions	Discont- inued Opera- tions	Elimin- ations	Consoli- dated
<b>Revenue</b>											
External sales	2,723.6	1,570.9	1,656.5	1,027.0	118.4	–	–	7,096.4	231.1	–	7,327.5
Inter-segment sales	153.4	103.1	34.9	25.9	0.7	–	(318.0)	–	–	–	–
Total sales revenue	2,877.0	1,674.0	1,691.4	1,052.9	119.1	–	(318.0)	7,096.4	231.1	–	7,327.5
Other income (refer to note 1d) <sup>(1)</sup>	17.6	8.3	1.2	(6.9)	0.2	11.4	–	31.8	(0.8)	–	31.0
Total revenue and other income	2,894.6	1,682.3	1,692.6	1,046.0	119.3	11.4	(318.0)	7,128.2	230.3	–	7,358.5
<b>Results before individually significant items</b>											
Profit/(loss) before financing costs and income tax	366.6	132.4	53.2	45.5	34.6	(68.5)	–	563.8	14.7	–	578.5
Financial income											2.2
Financial expenses											(102.5)
<b>Profit before income tax expense</b>											<b>478.2</b>
Income tax expense											(154.0)
<b>Profit after income tax expense</b>											<b>324.2</b>
Less: Profit attributable to non-controlling interests											(7.2)
<b>Profit after income tax expense before individually significant items attributable to shareholders of Orica Limited</b>											<b>317.0</b>
<b>Individually significant items (refer to note 1e)</b>											
Gross individually significant items	–	–	–	(208.5)	19.5	–	–	(189.0)	(85.0)	–	(274.0)
Tax on individually significant items	–	–	–	7.5	–	–	–	7.5	(8.7)	–	(1.2)
Net individually significant items attributable to non-controlling interests	–	–	–	18.3	–	–	–	18.3	–	–	18.3
<b>Individually significant items attributable to shareholders of Orica Limited</b>	–	–	–	<b>(182.7)</b>	<b>19.5</b>	–	–	<b>(163.2)</b>	<b>(93.7)</b>	–	<b>(256.9)</b>
<b>Profit for the year attributable to shareholders of Orica Limited</b>											<b>60.1</b>
Segment assets	3,641.7	1,468.1	1,323.6	730.8	274.3	929.3	–	8,367.8	–	–	8,367.8
Segment liabilities	1,076.6	322.0	519.5	221.9	34.3	2,464.3	–	4,638.6	–	–	4,638.6
Equity accounted investees	90.0	231.9	–	0.5	–	1.4	–	323.8	–	–	323.8
Acquisitions of PPE and intangibles (excluding right of use assets)	160.4	72.5	32.0	27.2	5.0	44.0	–	341.1	8.2	–	349.3
Depreciation and amortisation	184.0	58.9	46.3	31.2	13.9	51.5	–	385.8	–	–	385.8
Share of net profit of equity accounted investees	6.0	32.0	–	1.8	–	–	–	39.8	–	–	39.8

(1) Includes foreign currency gains/(losses) in various reportable segments.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 1. SEGMENT REPORT (CONTINUED)

2021 \$m	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Orica Monitor	Global Support	Elimin- ations	Total Contin- uing Opera- tions	Discont- inued Opera- tions	Elimin- ations	Consoli- dated
<b>Revenue</b>											
External sales	2,105.9	1,229.6	956.5	801.4	114.5	–	–	5,207.9	474.3	–	5,682.2
Inter-segment sales	131.5	104.0	31.8	25.8	1.8	–	(294.9)	–	0.1	(0.1)	–
Total sales revenue	2,237.4	1,333.6	988.3	827.2	116.3	–	(294.9)	5,207.9	474.4	(0.1)	5,682.2
Other income (refer to note 1d) <sup>(1)</sup>	21.6	8.9	13.3	3.8	1.0	(2.9)	–	45.7	0.7	–	46.4
Total revenue and other income	2,259.0	1,342.5	1,001.6	831.0	117.3	(2.9)	(294.9)	5,253.6	475.1	(0.1)	5,728.6
<b>Results before individually significant items</b>											
Profit/(loss) before financing costs and income tax	279.7	107.9	28.9	25.0	30.7	(67.6)	–	404.6	22.0	–	426.6
Financial income											1.1
Financial expenses											(106.7)
<b>Profit before income tax expense</b>											<b>321.0</b>
Income tax expense											(102.7)
<b>Profit after income tax expense</b>											<b>218.3</b>
Less: Profit attributable to non-controlling interests											(9.9)
<b>Profit after income tax expense before individually significant items attributable to shareholders of Orica Limited</b>											<b>208.4</b>
<b>Individually significant items (refer to note 1e)</b>											
Gross individually significant items	(330.9)	(9.4)	(4.3)	(165.6)	–	57.7	–	(452.5)	(1.4)	–	(453.9)
Tax on individually significant items	44.8	2.6	1.2	0.7	–	22.0	–	71.3	0.4	–	71.7
Net individually significant items attributable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–
<b>Individually significant items attributable to shareholders of Orica Limited</b>	<b>(286.1)</b>	<b>(6.8)</b>	<b>(3.1)</b>	<b>(164.9)</b>	<b>–</b>	<b>79.7</b>	<b>–</b>	<b>(381.2)</b>	<b>(1.0)</b>	<b>–</b>	<b>(382.2)</b>
<b>Profit for the year attributable to shareholders of Orica Limited</b>											<b>(173.8)</b>
Segment assets	3,291.8	1,216.4	1,015.8	786.2	277.5	479.8	–	7,067.5	298.2	–	7,365.7
Segment liabilities	1,000.7	318.1	362.5	231.9	60.4	2,461.9	–	4,435.5	137.8	–	4,573.3
Equity accounted investees	83.9	202.4	–	2.7	–	1.4	–	290.4	–	–	290.4
Acquisitions of PPE and intangibles	130.8	70.9	32.5	31.9	8.4	36.3	–	310.8	12.5	–	323.3
Depreciation and amortisation	174.2	61.0	44.4	31.1	12.9	34.5	–	358.1	11.7	–	369.8
Share of net profit of equity accounted investees	6.4	24.6	2.2	1.2	–	–	–	34.4	–	–	34.4

(1) Includes foreign currency gains/(losses) in various reportable segments.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**1. SEGMENT REPORT (CONTINUED)**

	Consolidated	
	2022 \$m	2021 \$m
<b>(c) Disaggregation of revenue (by commodity/industry)</b>		
Gold	1,468.4	1,107.0
Copper	1,741.5	991.3
Thermal Coal	1,121.9	864.0
Quarry and Construction	934.6	816.5
Iron Ore	598.9	433.2
Coking Coal	446.1	352.0
Orica Monitor	118.4	114.5
Other	666.6	529.4
Minova (Discontinued operations)	231.1	474.3
<b>Total disaggregated revenue</b>	<b>7,327.5</b>	<b>5,682.2</b>

	Consolidated					
	2022			2021		
	Continuing \$m	Discontinued \$m	Consolidated \$m	Continuing \$m	Discontinued \$m	Consolidated \$m
<b>(d) Other income</b>						
Other income	39.3	0.2	39.5	34.0	0.1	34.1
Net foreign currency (losses)/gains	(15.2)	(1.1)	(16.3)	2.4	(0.8)	1.6
Net gain on sale of property, plant and equipment	7.7	0.1	7.8	9.3	1.4	10.7
<b>Total other income</b>	<b>31.8</b>	<b>(0.8)</b>	<b>31.0</b>	<b>45.7</b>	<b>0.7</b>	<b>46.4</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 1. SEGMENT REPORT (CONTINUED)

#### Recognition and measurement

Significant items are those gains or losses where their nature and or impact is considered material to the Financial Statements.

	Consolidated					
	2022			2021		
	Gross \$m	Tax \$m	Net \$m	Gross \$m	Tax \$m	Net \$m
<b>(e) Individually significant items</b>						
<b>Profit after income tax includes the following individually significant items of expense:</b>						
<b>Significant items from continuing operations</b>						
Impairment expense <sup>(1)</sup>	(167.9)	(1.8)	(169.7)	(480.0)	41.0	(439.0)
Loss on sale of JSC "Orica CIS" <sup>(2)</sup>	(40.6)	9.3	(31.3)	–	–	–
Gain on sale of Nitro Consult AB <sup>(2)</sup>	19.5	–	19.5	–	–	–
Operating model restructuring expense	–	–	–	(45.6)	12.8	(32.8)
Significant environmental provision expense	–	–	–	(39.3)	11.8	(27.5)
Gain on sale of Botany site	–	–	–	71.6	–	71.6
Gain on sale of Villawood site	–	–	–	40.8	5.7	46.5
Individually significant items from continuing operations	(189.0)	7.5	(181.5)	(452.5)	71.3	(381.2)
Non-controlling interests in individually significant items	18.3	–	18.3	–	–	–
<b>Individually significant items attributable to shareholders of Orica from continuing operations</b>	<b>(170.7)</b>	<b>7.5</b>	<b>(163.2)</b>	<b>(452.5)</b>	<b>71.3</b>	<b>(381.2)</b>
Loss on sale of Minova	(85.0)	(8.7)	(93.7)	–	–	–
Operating model restructuring expense	–	–	–	(1.4)	0.4	(1.0)
Individually significant items from discontinued operations	(85.0)	(8.7)	(93.7)	(1.4)	0.4	(1.0)
<b>Individually significant items attributable to shareholders of Orica</b>	<b>(255.7)</b>	<b>(1.2)</b>	<b>(256.9)</b>	<b>(453.9)</b>	<b>71.7</b>	<b>(382.2)</b>

(1) The Group has recognised an impairment charge against the assets of the Turkey and Russia operations, as well as goodwill in the EMEA segment. Refer to note 9.

(2) Refer to note 15.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 1. SEGMENT REPORT (CONTINUED)

#### (f) Geographical segments

The presentation of geographical revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Consolidated		Consolidated	
	Revenue		Non-current assets <sup>(1)</sup>	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Australia	1,969.2	1,656.6	2,586.9	2,604.1
Peru	950.8	546.5	310.0	285.1
United States of America	705.2	695.3	419.6	377.6
Other <sup>(2)</sup>	3,702.3	2,783.9	1,304.0	1,342.6
<b>Consolidated</b>	<b>7,327.5</b>	<b>5,682.2</b>	<b>4,620.5</b>	<b>4,609.4</b>

(1) Excluding: financial derivatives (included within other assets) and deferred tax assets.

(2) Other than Australia, Peru and the United States of America, sales to other countries are individually less than 10% of the Group's total revenues.

#### Recognition and measurement

Revenue is recognised when, or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration includes a variable amount (net of trade discounts and volume rebates), the Group estimates the amount of consideration to which it will be entitled. The majority of the Group's operations are conducted under Master Service Agreements which require customers to place orders for goods or services on a periodic basis. The performance obligations are identified at the point that the customer places the order.

#### Supply of products and provision of services

Revenue is derived from contractual agreements for either:

- the supply of products; or
- the supply of products and the provision of services.

Contracts for the supply of products are one performance obligation; and contracts for the supply of products and services include one or two separate performance obligations depending on whether the customer can benefit from the products independently of the services.

Product revenue is recognised when the goods are delivered to the contracted point of delivery as this is the point at which the customer gains control of the product and the performance obligation is satisfied by the Group.

Service revenue is recognised over time as the customer simultaneously receives and consumes the benefits of the Group's performance. Where products and services are combined into one single performance obligation, revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

#### Contracts to provide a designated output

The provision of goods and services in contracts that provide a designated quantity of output results in the identification of a single performance obligation to deliver an integrated service to the customer. Revenue from this performance obligation is recognised over time as the customer simultaneously receives and consumes the benefits of the Group's performance.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 2. EARNINGS PER SHARE (EPS)

	Consolidated	
	2022 \$m	2021 \$m
<b>(i) As reported in the income statement</b>		
<b>Earnings used in the calculation of basic EPS attributable to ordinary shareholders of Orica Limited</b>		
Profit/(loss) after tax from continuing operations	133.6	(178.5)
(Loss)/profit after tax for from discontinued operations	(84.6)	14.6
Less: Net (loss)/profit for the year attributable to non-controlling interests	(11.1)	9.9
<b>Total</b>	<b>60.1</b>	<b>(173.8)</b>
	<b>Number of shares</b>	
<b>Weighted average number of shares used in the calculation:</b>		
<b>Number for basic earnings per share</b>	<b>414,802,433</b>	<b>406,755,512</b>
<b>Effect of dilutive share options and rights</b>	<b>2,569,554</b>	<b>–</b>
<b>Number for diluted earnings per share</b>	<b>417,371,987</b>	<b>406,755,512</b>
The weighted average number of options and rights that have not been included in the calculation of diluted earnings per share	1,511,936	4,199,023
	<b>Cents per share</b>	<b>Cents per share</b>
<b>From continuing operations attributable to ordinary shareholders of Orica Limited</b>		
Basic earnings per share	35.1	(46.3)
Diluted earnings per share	35.0	(46.3)
<b>Total attributable to ordinary shareholders of Orica Limited</b>		
Basic earnings per share	14.5	(42.7)
Diluted earnings per share	14.4	(42.7)



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**2. EARNINGS PER SHARE (EPS) (CONTINUED)**

	Consolidated	
	2022 \$m	2021 \$m
<b>(ii) Adjusted for individually significant items</b>		
<b>Earnings used in the calculation of basic EPS adjusted for individually significant items attributable to ordinary shareholders of Orica Limited</b>		
Profit/(loss) after tax from continuing operations	133.6	(178.5)
(Loss)/profit after tax for from discontinued operations	(84.6)	14.6
Less: Net (loss)/profit for the year attributable to non-controlling interests	(11.1)	9.9
Adjusted for individually significant items from continuing operations (refer to note 1e)	163.2	381.2
Adjusted for individually significant items from discontinued operations (refer to note 1e)	93.7	1.0
<b>Total adjusted</b>	<b>317.0</b>	<b>208.4</b>
	<b>Cents per share</b>	<b>Cents per share</b>
<b>From continuing operations before individually significant items attributable to ordinary shareholders of Orica Limited</b>		
Basic earnings per share	74.4	47.4
Diluted earnings per share	74.0	47.3
<b>Total attributable to ordinary shareholders of Orica Limited before individually significant items attributable to ordinary shareholders of Orica Limited</b>		
Basic earnings per share <sup>(1)</sup>	76.4	51.2
Diluted earnings per share <sup>(1)</sup>	76.0	51.1

(1) Earnings per share before individually significant items is a non-IFRS measure. Management excludes individually significant items from the calculation in order to enhance the comparability from year-to-year and provide investors with further clarity in order to assess the underlying performance of operations.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### SECTION B. CAPITAL MANAGEMENT

Orica's objectives when managing capital (net debt and total equity) are to safeguard the Group's ability to continue as a going concern and to ensure that the capital structure enhances, protects and balances financial flexibility against minimising the cost of capital. This section outlines the principal capital management initiatives that have been undertaken, current year drivers of the Group's cash flows, as well as the key operating assets used and liabilities incurred to support financial performance.

### 3. NET DEBT AND NET FINANCING COSTS

In order to maintain an appropriate capital structure, the Group may adjust the amount of dividends paid to shareholders, utilise a dividend reinvestment plan, return capital to shareholders such as a share buy-back or issue new equity, in addition to incurring an appropriate level of borrowings. Currently, Orica maintains a dividend payout ratio policy and expects the total payout ratio to be in the range of 40%-70% of underlying earnings. It is also expected that the total dividend paid each year will be weighted towards the final dividend.

Orica monitors debt capacity against a number of key credit metrics aligned to debt covenants, principally the gearing ratio (net debt excluding lease liabilities divided by net debt excluding lease liabilities plus equity) and the interest cover ratio (EBIT excluding individually significant items, divided by net financing costs excluding lease interest). These ratios, together with performance measure criteria determined by Standard & Poor's, are targeted in support of the maintenance of an investment grade credit rating, which enables access to borrowings from a range of sources. Standard & Poor's key measures include Funds from Operations (FFO)/Debt and Debt/EBITDA. Of note, Standard & Poor's rating methodology adjusts Orica's net debt to incorporate post-retirement benefit obligations, asset retirement obligations (i.e. environmental and decommissioning provisions) and leases. Orica's debt covenants are exclusive of these items.

The Group's current target for gearing is 30%-40% and interest cover is 5 times or greater. Ratios may move outside of these target ranges for relatively short periods of time after major acquisitions or other significant transactions.

In addition, the gearing and interest cover ratios are monitored to ensure an adequate buffer against covenant levels applicable to the various financing facilities.

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$m</b>	<b>\$m</b>
<b>The gearing ratio is calculated as follows:</b>		
Interest bearing liabilities excluding lease liabilities – continuing operations (refer to note 3a)	2,167.5	2,072.4
Interest bearing liabilities excluding lease liabilities – held-for-sale	–	0.3
less cash and cash equivalents – continuing operations	(1,255.3)	(551.0)
less cash and cash equivalents – held-for-sale	–	(42.7)
<b>Total net debt</b>	<b>912.2</b>	<b>1,479.0</b>
Total equity	3,729.2	2,792.4
Total net debt and equity	4,641.4	4,271.4
<b>Gearing ratio (%)</b>	<b>19.7%</b>	<b>34.6%</b>
The interest ratio is calculated as follows:		
EBIT (excluding individually significant items – refer to note 1b)	578.5	426.6
<b>Net financing costs excluding lease interest (note 3b)</b>	<b>88.5</b>	<b>93.3</b>
<b>Interest cover ratio (times)</b>	<b>6.5</b>	<b>4.6</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**3. NET DEBT AND NET FINANCING COSTS (CONTINUED)**

**(a) Interest bearing liabilities**

	Opening Balance \$m	Non-cash movements \$m	Net cash movements \$m	Closing Balance \$m
<b>Current</b>				
Unsecured				
Private Placement debt <sup>(1)</sup>	–	655.8	–	655.8
Bank loans <sup>(1)</sup>	0.3	1.4	(1.7)	–
Bank overdraft	2.1	–	(2.1)	–
Other loans	1.0	–	(1.0)	–
Lease liabilities	58.0	72.8	(73.3)	57.5
<b>Total</b>	<b>61.4</b>	<b>730.0</b>	<b>(78.1)</b>	<b>713.3</b>
<b>Non-current</b>				
Unsecured				
Private Placement debt <sup>(1)</sup>	2,068.8	(563.9)	–	1,504.9
Bank loans <sup>(1)</sup>	–	1.7	(1.7)	–
CEFC <sup>(1)</sup>	–	–	6.4	6.4
Other loans	0.2	–	0.2	0.4
Lease liabilities	192.8	(10.8)	–	182.0
<b>Total</b>	<b>2,261.8</b>	<b>(573.0)</b>	<b>4.9</b>	<b>1,693.7</b>
<b>Total</b>	<b>2,323.2</b>	<b>157.0</b>	<b>(73.2)</b>	<b>2,407.0</b>

(1) Orica Limited provides guarantees on certain facilities, refer to note 16 for further details.

During the current and prior year, there were no defaults or breaches of covenants on any loans.

	Consolidated	
	2022 \$m	2021 \$m
<b>(b) Net financing costs</b>		
<b>Finance income</b>		
Interest income	2.2	1.1
<b>Total finance income (note 15)</b>	<b>2.2</b>	<b>1.1</b>
<b>Finance costs</b>		
Interest expense	105.1	99.1
Lease interest expense from continuing operations	11.6	12.0
Lease interest expense from discontinued operations	0.2	0.3
Gain on discounting of provisions <sup>(1)</sup>	(14.4)	(4.7)
<b>Total finance costs (note 15)</b>	<b>102.5</b>	<b>106.7</b>
<b>Net financing costs</b>	<b>(100.3)</b>	<b>(105.6)</b>
<b>Net financing costs excluding lease interest</b>	<b>(88.5)</b>	<b>(93.3)</b>

(1) Primarily due to the change in the discount rate applied to measure the Botany groundwater provision.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 3. NET DEBT AND NET FINANCING COSTS (CONTINUED)

	Notes	Consolidated	
		2022 \$m	2021 \$m
<b>(c) Notes to the statement of cash flows</b>			
<b>Reconciliation of profit/(loss) after income tax to net cash flows from operating activities</b>			
Profit/(loss) after income tax expense		49.0	(163.9)
<b>Adjusted for the following items:</b>			
Depreciation and amortisation	(1b)	385.8	369.8
Net gain on sale of property, plant and equipment	(1d) (1e)	(7.8)	(123.1)
Impairment expense		169.7	480.0
Net loss on disposal of controlled entities		105.5	–
Share based payments expense		8.0	9.9
Share of equity accounted investees net profit after adding back dividends received		(16.6)	(16.9)
Unwinding of discount on provisions		(14.4)	(4.7)
Other		3.9	(4.1)
Changes in working capital and provisions excluding the effects of acquisitions and disposals of businesses/controlled entities			
(increase)/decrease in trade and other receivables		(297.2)	112.5
increase in inventories		(290.3)	(83.1)
increase in net deferred taxes		(13.8)	(18.0)
increase in payables and provisions		239.1	126.9
increase/(decrease) in income taxes payable		41.4	(66.4)
<b>Net cash flows from operating activities</b>		<b>362.3</b>	<b>618.9</b>

#### Recognition and Measurement

##### Cash and cash equivalents

Cash includes cash at bank, cash on hand and deposits at call.

##### Interest bearing liabilities, excluding lease liabilities

Interest bearing liabilities are initially recognised net of transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the liabilities on an effective interest basis, unless they are liabilities designated in a fair value relationship in which case they continue to be measured at fair value (refer to note 10).

##### Financing costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets where interest on funds are capitalised. Interest income and interest expense relating to interest rate swaps and cross currency interest rate swaps are presented on a net basis.

##### Lease liabilities

The Group recognises all lease liabilities and corresponding right of use assets, with the exception of short-term (12 months or less) and low-value leases, on the balance sheet. Lease liabilities are recorded at the present value of fixed payments, variable lease payments that depend on an index or rate, amounts payable under residual value guarantees and extension options expected to be exercised. Where a lease contains an extension option which the Group can exercise without negotiation, lease payments for the extension period are included in the liability if the Group is reasonably certain that it will exercise the option. Variable lease payments not dependent on an index or rate are excluded from the liability. Lease payments are discounted at the incremental borrowing rate of the lessee unless the rate implicit in the lease can be readily determined.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 3. NET DEBT AND NET FINANCING COSTS (CONTINUED)

Lease liabilities are remeasured when there is a change in future lease payments resulting from a change in an index or rate, or a change in the assessed lease term. A corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount has been reduced to zero.

The Group applied judgement to determine the incremental borrowing rates as well as the lease term for some lease contracts that include extension or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

The Group recognises depreciation of the right of use assets and interest on the lease liabilities in the income statement over the lease term. Repayments of lease liabilities are separated into a principal portion (presented within financing activities) and interest portion (presented within operating activities) in the cash flow statement.

Expenses relating to short-term and low-value leases of \$53.8 million (2021 \$38.2 million) and variable lease payments not included in lease liabilities of \$132.2 million (2021 \$98.8 million) have been recognised in the income statement. Total cash outflow for leases was \$259.3 million (2021 \$210.1 million).

#### Critical accounting judgements and estimates

- Determination of the discount rate to use; and
- Determination of whether it is reasonably certain that an extension or termination option will be exercised.

### 4. CONTRIBUTED EQUITY AND RESERVES

#### (a) Contributed equity

Movements in issued and fully paid shares of Orica since 1 October 2020 were as follows:

Details	Date	Number of shares	Issue price \$	\$m
<b>Ordinary shares</b>				
Opening balance of shares issued	1-Oct-20	405,878,815		2,659.1
Shares issued under the Orica dividend reinvestment plan	15-Jan-21	1,044,084	15.99	16.7
Shares issued under the Orica dividend reinvestment plan	9-Jul-21	590,200	14.19	8.4
Deferred shares issued to settle Short-Term Incentive				1.2
Shares issued under the Orica GEESP <sup>(1)</sup>				0.7
<b>Balance at the end of the year</b>	<b>30-Sep-21</b>	<b>407,513,099</b>		<b>2,686.1</b>
On market share repurchase	31-Oct-21			(8.4)
Shares issued under the Orica dividend reinvestment plan	22-Dec-21	1,317,955	14.40	18.9
Shares issued under the Orica dividend reinvestment plan	8-Jul-22	666,029	16.19	10.8
Shares issued under the Institutional Share Placement, net of costs	9-Aug-22	40,625,000	16.00	640.6
Shares issued under Share Purchase Plan	2-Sep-22	2,685,802	15.29	41.1
Shares issued under the Orica GEESP <sup>(1)</sup>				0.6
<b>Balance at the end of the year</b>	<b>30-Sep-22</b>	<b>452,807,885</b>		<b>3,389.7</b>

(1) General Employee Exempt Share Plan (GEESP).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 4. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

#### (b) Reserves

##### Recognition and Measurement

##### Foreign currency translation reserve

Records the foreign currency differences arising from the translation of foreign operations. The relevant portion of the reserve is recognised in the income statement when the foreign operation is disposed of.

##### Cash flow hedge reserve

Represents the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

##### Other reserves

Other reserves represents share based payments reserves and equity reserves arising from the purchase of non-controlling interests.

#### (c) Dividends

	Consolidated	
	2022 \$m	2021 \$m
Dividends paid or declared in respect of the year ended 30 September were:		
<b>Ordinary shares</b>		
interim dividend of 7.5 cents per share, unfranked, paid 9 July 2021		30.6
interim dividend of 13.0 cents per share, unfranked, paid 8 July 2022	53.1	
final dividend of 16.5 cents per share, unfranked, paid 15 January 2021		66.9
final dividend of 16.5 cents per share, unfranked, paid 22 December 2021	67.2	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan (DRP) during the year were as follows:		
paid in cash	90.6	72.4
DRP – satisfied by issue of shares	29.7	25.1

Since the end of the financial year, the Directors declared the following dividend:

- final dividend on ordinary shares of 22.0 cents per share, unfranked, payable 22 December 2022.

The financial effect of the final dividend on ordinary shares has not been brought to account in the financial statements for the year ended 30 September 2022 – however will be recognised in the 2023 financial statements.

##### Franking credits

Franking credits available at the 30% corporate tax rate after allowing for tax payable in respect of the current year's profit or loss and the payment of the final dividend for 2022 are nil (2021 nil).



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**SECTION C. OPERATING ASSETS AND LIABILITIES**

This section highlights current year drivers of the Group's operating and investing cash flows, as well as the key operating assets used and liabilities incurred to support delivering financial performance.

**5. WORKING CAPITAL**

**(a) Trade working capital**

Trade working capital includes inventories, receivables and payables that arise from normal trading conditions. The Group continuously looks to improve working capital efficiency in order to maximise operating cash flow.

	Consolidated	
	2022 \$m	2021 \$m
Inventories <sup>(i)</sup>	872.6	635.8
Trade receivables <sup>(ii)</sup>	903.1	678.2
Trade payables <sup>(iii)</sup>	(1,091.7)	(876.5)
<b>Trade working capital</b>	<b>684.0</b>	<b>437.5</b>

**(i) Inventories**

*The classification of inventories is detailed below:*

	Consolidated	
	2022 \$m	2021 \$m
Raw materials	337.0	223.2
Work in progress	0.7	0.1
Finished goods	534.9	412.5
	<b>872.6</b>	<b>635.8</b>

**Recognition and Measurement**

Inventories are measured at the lower of cost and net realisable value. Cost is based on a first-in first-out or weighted average basis. For manufactured goods, cost includes direct material and fixed overheads based on normal operating capacity. Inventories have been shown net of provision for impairment of \$51.1 million (2021 \$38.3 million).

**(ii) Trade receivables**

The ageing of trade receivables and allowance for impairment is detailed below:

	Consolidated		Consolidated	
	2022 Gross \$m	2022 Allowance \$m	2021 Gross \$m	2021 Allowance \$m
Not past due	851.8	–	611.9	–
Past due 0 – 30 days	52.0	(0.7)	65.6	–
Past due 31 – 120 days	20.4	(20.4)	20.6	(19.9)
Past 120 days	43.1	(43.1)	48.7	(48.7)
	<b>967.3</b>	<b>(64.2)</b>	<b>746.8</b>	<b>(68.6)</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 5. WORKING CAPITAL (CONTINUED)

#### Recognition and Measurement

The collectability of trade and other receivables is assessed continuously, specific allowances are made for any doubtful trade and other receivables based on a review of all outstanding amounts at year end. The expected impairment loss calculation for trade receivables considers both quantitative information from historic credit losses as well as qualitative information on different customer/debtor profiles and segments. The net carrying amount of trade and other receivables approximates their fair values. A risk assessment process is used for all accounts, with a stop credit process in place for most long overdue accounts.

#### (iii) Trade payables

##### Recognition and Measurement

Trade and other payables are recognised when the Group is required to make future payments as a result of the purchase of goods or as services provided prior to the end of the reporting period. The carrying amount of trade payables approximates their fair values due to their short-term nature.

#### (b) Non-trade working capital

Non-trade working capital includes all other receivables and payables not related to the purchase of goods and is recognised net of provisions for impairment of \$18.5 million (2021 \$28.0 million).

#### Critical accounting judgements and estimates

In the course of normal trading activities, management uses its judgement in establishing the carrying value of various elements of working capital – principally inventory and accounts receivable. Provisions are established for obsolete or slow moving inventories. Actual expenses in future periods may be different from the provisions established and any such differences would impact future earnings of the Group.

### 6. PROVISIONS

	Consolidated	
	2022 \$m	2021 \$m
<b>Current</b>		
Employee entitlements	108.4	105.6
Environmental and decommissioning <sup>(1)(2)</sup>	85.0	84.3
Restructuring	4.1	13.7
Other	31.6	19.5
	<b>229.1</b>	<b>223.1</b>
<b>Non-current</b>		
Employee entitlements	16.1	16.5
Retirement benefit obligations (see note 19b)	83.3	209.1
Environmental and decommissioning <sup>(1)(2)</sup>	221.6	299.3
Restructuring	0.3	0.3
Other	8.5	8.5
	<b>329.8</b>	<b>533.7</b>

(1) Payments of \$52.4 million (2021: \$43.4 million) were made during the year in relation to environmental and decommissioning provisions.

(2) Net provision decreases of \$5.9 million (2021: increases of \$42.8 million) have been recognised in the income statement during the year. Net provision decreases of \$21.2 million (2021: increases of \$8.5 million) have been capitalised as a part of the carrying value of Property, Plant & Equipment.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**6. PROVISIONS (CONTINUED)**

The total environmental and decommissioning provision comprises:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$m</b>	<b>\$m</b>
Botany Groundwater remediation	182.8	211.9
Botany (HCB) waste	24.0	29.4
Burrup decommissioning	14.9	44.2
Initiating systems network optimisation	23.3	27.0
Deer Park remediation	13.7	12.2
Yarraville remediation	11.6	15.7
Other provisions	36.3	43.2
<b>Total</b>	<b>306.6</b>	<b>383.6</b>

**Recognition and Measurement**

**Employee Entitlements**

A liability for employee entitlements is recognised for the amount expected to be paid where the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and that obligation can be reliably measured.

**Decommissioning**

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 dismantling and removing the asset and restoring the site on which it is located are recognised as a depreciable asset with a corresponding provision being raised where a legal or constructive obligation exists.

At each reporting date, the liability is remeasured in line with changes in discount rates, timing and estimated cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance cost.

**Environmental**

As a result of historical and current operations, certain sites owned or used by the Group will require future remediation activities to address environmental contamination. Estimated costs for the remediation of soil, groundwater and untreated waste are recognised as a provision when:

- there is a present legal or constructive obligation to remediate;
- a probable outflow of economic resources will occur to undertake the remediation; and
- the associated costs can be reliably estimated.

Where future expenditure is expected to meet the recognition and measurement criteria of an asset (as described in Note 7), a provision is recognised only to the extent of the performance of the obligation (i.e. when costs are incurred by the Group).

Where the cost relates to the enhancement of land which is expected to be sold (e.g. where the Group no longer has ongoing operations), then the costs are assessed for recognition as an asset taking into consideration the nature and extent of the activities and also the expected sales proceeds compared to the sum of the current book value of the land and the estimated total costs. Any costs which result in the total carrying value exceeding the expected proceeds on sale are expensed.

The amount of each provision reflects the best estimate of the expenditure required to settle each respective obligation having regard to a range of potential scenarios, input from subject matter experts on appropriate remediation techniques and relevant technological advances.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 6. PROVISIONS (CONTINUED)

#### Critical accounting judgements and estimates

##### *Environmental provisions for other sites*

Judgement is required in determining whether a constructive obligation to remediate environmental contamination exists. The Group considers that a constructive obligation exists where there is a current risk to human health or the environment arising from environmental contamination; or where an expectation has been established with a third party (including regulators, employees, neighbours or other stakeholders) that remediation activities will be undertaken.

Where an obligation (legal or constructive) exists, further judgement is necessary to determine the future expenditure required to settle the obligation. This is due to uncertainties in assumptions regarding the nature or extent of the contamination, the nature of the remedial solution deployed and its effectiveness, the application of relevant laws or regulations and the information available at certain locations where Orica no longer controls the site. Changes in these assumptions may impact future reported provisions. Subject to those factors and taking into consideration experience gained to date regarding environmental matters of a similar nature, Orica considers that the provision balances are appropriate based on currently available information. Changes in the assumptions noted above may result in costs incurred in future periods being greater than or less than amounts provided.

Environmental provisions are reviewed bi-annually taking into account any material changes to facts or circumstances which would be expected to impact the valuation of the provision.

##### *Botany groundwater remediation*

Orica's historical operations at the Botany Industrial Park resulted in contamination of the soil and groundwater. Due to the complex nature of the chemicals involved and its distribution e.g. Dense Non-Aqueous Phase Liquid (DNAPL), the lack of known practical remediation approaches and the unknown scale of the contamination, a practical solution to completely remediate the contamination has not been found. Orica continues to work in close cooperation with the New South Wales (NSW) Environmental Protection Authority (EPA) to address the contamination.

Orica has a current obligation to contain and mitigate the effects of the contamination on the groundwater at the site. Orica and the NSW EPA entered into a Voluntary Management Proposal to contain groundwater contamination while an effective remediation approach to the DNAPL source contamination is identified (refer to contingent environmental liabilities section below).

The findings from the 2018 review of costs and operational duration of the Groundwater Treatment Plant (GTP) indicated that the cessation of groundwater extraction using the GTP is possible within an 18-year timeframe. After this period, Orica anticipates that the contamination levels will be materially below current levels and will be able to be managed through natural attenuation or less intensive technologies.

##### *Contingent environmental liabilities*

In addition to the obligations for which an environmental provision have been recognised, certain sites may require future remediation activities to address environmental contamination.

Where the criteria for recognition of a provision are not met, a contingent liability may exist in the following circumstances:

- sites where known contamination exists but does not pose a current threat to human health or the environment and there is no current legal or regulatory requirement to remediate. Orica has a possible obligation for remediation which may be confirmed by future events and the likelihood of a future outflow of resources is not remote; or
- sites where contamination is known or likely to exist and it is probable that a future outflow of resources will occur, however the impact cannot be reliably measured due to uncertainties related to the extent of Orica's remediation obligations or the remediation techniques that may be utilised.

Any costs associated with these matters are expensed as incurred. Information regarding each class of contingent liability is set out below.

##### *Botany – remediation of source contamination*

Specifically related to the remediation of DNAPL source contamination a reliable estimate of the costs to complete remediation is not possible given the lack of proven remediation techniques that can be effectively deployed at the site and uncertainty of the scale of the DNAPL contamination.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**6. PROVISIONS (CONTINUED)**

*Other sites*

Contingent liabilities exist with respect to a number of other sites owned or used by Orica where future remediation may be required and possible obligations exist. Orica's obligations with respect to these sites will be confirmed by future events and are subject to the following uncertainties regarding the amount and timing of future outflows:

- Orica's future decisions regarding the use of the site including the timing of any changes to the current use;
- the requirements of laws and regulations at an unknown future point in time and the outcome of discussions with regulators at that time;
- the nature and extent of environmental remediation required at a future point in time; and
- the availability and determination of solutions to address identified environmental issues and the cost and duration of the method selected.

Depending on the outcome of these factors, Orica may be required to incur expenditure to prevent or remediate environmental contamination. Due to the uncertainties described above, it is not practicable to estimate the financial effect of the possible future outflows.

**7. PROPERTY, PLANT AND EQUIPMENT**

	Owned assets		Leased assets		Total \$m
	Land, buildings and improvements \$m	Machinery, plant and equipment \$m	Land, buildings and improvements \$m	Machinery, plant and equipment \$m	
<b>Consolidated</b>					
<b>2021</b>					
Cost	962.4	5,083.9	208.8	174.3	6,429.4
Accumulated impairment losses	(57.7)	(296.7)	-	-	(354.4)
Accumulated depreciation	(386.7)	(2,498.7)	(77.2)	(72.2)	(3,034.8)
<b>Total carrying value</b>	<b>518.0</b>	<b>2,288.5</b>	<b>131.6</b>	<b>102.1</b>	<b>3,040.2</b>
<b>Movement</b>					
Carrying amount at the beginning of the year	427.4	2,548.9	167.9	122.8	3,267.0
Additions	33.0	292.5	4.0	30.8	360.3
Additions through acquisitions of entities (see note 14)	-	2.0	-	-	2.0
Disposals	(7.3)	(13.6)	(6.8)	(0.2)	(27.9)
Transfers between property, plant & equipment assets	169.1	(169.1)	-	-	-
Depreciation expense	(29.1)	(231.9)	(29.2)	(42.3)	(332.5)
Impairment expense (see note 9)	(57.7)	(101.9)	-	-	(159.6)
Transfer to assets held for sale	(16.4)	(39.6)	(4.0)	(6.9)	(66.9)
Foreign currency exchange differences	(1.0)	1.2	(0.3)	(2.1)	(2.2)
<b>Carrying amount at the end of the year</b>	<b>518.0</b>	<b>2,288.5</b>	<b>131.6</b>	<b>102.1</b>	<b>3,040.2</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Owned assets		Leased assets		Total \$m
	Land, buildings and improvements \$m	Machinery, plant and equipment \$m	Land, buildings and improvements \$m	Machinery, plant and equipment \$m	
<b>Consolidated</b>					
<b>2022</b>					
Cost	983.8	5,299.2	231.8	201.7	6,716.5
Accumulated impairment losses	(71.3)	(336.7)	(0.6)	(0.3)	(408.9)
Accumulated depreciation	(397.4)	(2,609.7)	(102.4)	(115.8)	(3,225.3)
<b>Total carrying value</b>	<b>515.1</b>	<b>2,352.8</b>	<b>128.8</b>	<b>85.6</b>	<b>3,082.3</b>
<b>Movement</b>					
Carrying amount at the beginning of the year	518.0	2,288.5	131.6	102.1	3,040.2
Additions	0.6	310.3	19.0	23.9	353.8
Additions through acquisitions of entities (see note 14)	–	1.0	0.4	–	1.4
Disposals	(4.1)	(20.5)	(2.3)	(0.3)	(27.2)
Disposals through disposals of entities (see note 15)	–	(2.5)	(0.6)	–	(3.1)
Transfers between property, plant & equipment and intangible assets	14.9	(22.7)	–	–	(7.8)
Depreciation expense	(27.8)	(240.9)	(23.6)	(40.2)	(332.5)
Impairment expense	(13.6)	(40.0)	(0.6)	(0.3)	(54.5)
Revaluation of capitalised provisions	–	(21.2)	–	–	(21.2)
Foreign currency exchange differences	27.1	100.8	4.9	0.4	133.2
<b>Carrying amount at the end of the year</b>	<b>515.1</b>	<b>2,352.8</b>	<b>128.8</b>	<b>85.6</b>	<b>3,082.3</b>

#### Capital expenditure commitments

Capital expenditure on property, plant and equipment and business acquisitions contracted for but not provided for and payable no later than one year was \$105.1 million (2021 \$60.9 million) and later than one but less than five years was \$13.0 million (2021 \$14.6 million).

#### Recognition and Measurement

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item and includes capitalised interest. Subsequent costs are capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The right of use asset at initial recognition reflects the lease liability adjusted for any lease payments made before the commencement date plus any make good obligations and initial direct costs incurred (refer to note 3). The leases recognised by the Group under AASB 16 predominantly relate to property leases including offices and storage as well as plant & equipment leases including vehicles and rail cars.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Critical accounting judgements and estimates**

Management reviews the appropriateness of useful lives of assets at least annually, any changes to useful lives may affect prospective depreciation rates and asset carrying values. Depreciation is recorded on a straight line basis using the following useful lives:

	<b>Owned assets</b>	<b>Right of use assets – leased</b>
Land	Indefinite	1 to 70 years
Buildings and improvements	25 to 40 years	1 to 20 years
Machinery, plant and equipment	3 to 40 years	1 to 15 years

**8. INTANGIBLE ASSETS**

<b>Consolidated</b>	<b>Goodwill \$m</b>	<b>Patents, trademarks and rights \$m</b>	<b>Software \$m</b>	<b>Other \$m</b>	<b>Total \$m</b>
<b>2021</b>					
Cost	1,230.6	158.7	278.6	157.3	1,825.2
Accumulated impairment losses	(333.9)	–	(114.4)	–	(448.3)
Accumulated amortisation	–	(94.4)	(64.9)	(67.2)	(226.5)
<b>Net carrying amount</b>	<b>896.7</b>	<b>64.3</b>	<b>99.3</b>	<b>90.1</b>	<b>1,150.4</b>
<b>Movement</b>					
Carrying amount at the beginning of the year	1,186.5	83.3	93.6	76.9	1,440.3
Additions	–	11.4	18.3	0.9	30.6
Additions through acquisitions of entities (see note 14)	–	20.3	–	–	20.3
Amortisation expense	–	(16.6)	(19.8)	(0.9)	(37.3)
Impairment expense	(320.4)	–	–	–	(320.4)
Transfer to assets held for sale	–	(17.0)	(0.6)	–	(17.6)
Foreign currency exchange differences	30.6	(17.1)	7.8	13.2	34.5
<b>Carrying amount at the end of the year</b>	<b>896.7</b>	<b>64.3</b>	<b>99.3</b>	<b>90.1</b>	<b>1,150.4</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 8. INTANGIBLE ASSETS (CONTINUED)

Consolidated	Goodwill \$m	Patents, trademarks and rights \$m	Software \$m	Other \$m	Total \$m
<b>2022</b>					
Cost	1,258.7	216.7	314.7	131.7	1,921.8
Accumulated impairment losses	(381.7)	–	(114.5)	–	(496.2)
Accumulated amortisation	–	(109.7)	(106.1)	(66.9)	(282.7)
<b>Net carrying amount</b>	<b>877.0</b>	<b>107.0</b>	<b>94.1</b>	<b>64.8</b>	<b>1,142.9</b>
<b>Movement</b>					
Carrying amount at the beginning of the year	896.7	64.3	99.3	90.1	1,150.4
Additions	–	–	30.1	0.1	30.2
Additions through acquisitions of entities (see note 14)	25.5	6.7	–	–	32.2
Disposals	–	(0.1)	(0.5)	–	(0.6)
Disposals through disposal of entities (see note 15)	–	–	(0.1)	(0.4)	(0.5)
Transfers between property, plant & equipment and intangible assets	(6.8)	41.1	(0.9)	(25.6)	7.8
Amortisation expense	–	(11.5)	(40.2)	(1.6)	(53.3)
Impairment expense	(45.3)	–	(0.1)	–	(45.4)
Foreign currency exchange differences	6.9	6.5	6.5	2.2	22.1
<b>Carrying amount at the end of the year</b>	<b>877.0</b>	<b>107.0</b>	<b>94.1</b>	<b>64.8</b>	<b>1,142.9</b>

#### Individually significant items

Impairment of goodwill relating to the EMEA segment of \$45.3 million.

#### Recognition and Measurement

##### Unidentifiable intangibles – Goodwill

Where the fair value of the consideration paid for a business acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is treated as goodwill. Goodwill is not amortised but the recoverable amount is tested for impairment at least annually.

##### Identifiable intangibles

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Identifiable intangible assets with a finite life are amortised on a straight line basis over their expected useful life to the Group, being up to thirty years. Expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits of the specific asset to which it relates and which the Group controls (therefore excluding Software as a Service). All other expenditure is expensed as incurred.

#### Critical accounting judgements and estimates

Management reviews the appropriateness of useful lives of assets at least annually, any changes to useful lives may affect prospective amortisation rates and asset carry values.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 9. IMPAIRMENT TESTING OF ASSETS

#### Recognition and Measurement

##### Methodology

Formal impairment tests are carried out annually for goodwill. In addition, formal impairment tests for all assets are performed when there is an indication of impairment. The Group conducts an internal review of asset values at each reporting period, which is used as a source of information to assess for any indications of impairment. External factors, such as changes in expected future prices, costs and other market factors, are also monitored to assess for indications of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the income statement to reduce the carrying amount in the balance sheet to its recoverable amount. The recoverable amount is determined using the higher of value in use or fair value less costs to dispose. Value in use is the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Group's continued use and does not consider future development. The value in use calculations use cash flow projections which do not exceed 5 years based on actual operating results and the operating budgets approved by the Board of Directors. Fair value less costs to dispose is the value that would be received in exchange for an asset in an orderly transaction.

The discount rates applied to the post-tax cash flows are derived using the weighted average cost of capital methodology. Adjustments to the rates are made for any risks that are not reflected in the underlying cash flows, including country risk. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBIT growth rate.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups and referred to as cash-generating units (CGU). Cash-generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets with each CGU being no larger than a segment. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The test of goodwill and its impairment is undertaken at the segment level, except for the Pilbara CGU which contains the joint operation with Yara International ASA Group.

As part of the Group's ongoing integration of climate risk considerations into financial analysis and forward planning, we again incorporated the allocated capital to our decarbonisation activities into asset impairment testing, as forecasted capital expenditure and costs. These are the capital outflows required to meet the Group's commitment to reduce Scope 1 and 2 emissions by at least 40% by 2030. Testing was informed by our strategic scenario analysis process but did not identify the requirement for adjustments to future cash flows at this time. As the Group continues to strengthen the integration of climate risk considerations into financial analysis and forward planning, financial implications stemming from climate change will continue to be considered and built into future cash flow assumptions.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 9. IMPAIRMENT TESTING OF ASSETS (CONTINUED)

#### Key assumptions

	Post-tax discount rates 2022 %	Weighted average post-tax discount rates 2022 %	Terminal growth rates 2022 %	Weighted average terminal growth rate 2022 %	Goodwill 2022 \$m
Australia Pacific & Asia	8.8-15.5	9.8	2.3-6.5	3.2	429.7
Pilbara	8.8	8.8	2.6	2.6	–
North America	8.3	8.3	1.7	1.7	168.5
Latin America	8.3-12.7	9.9	1.5-5.0	3.0	163.7
Europe, Middle East & Africa	7.5-22.5	12.3	0.7-13.1	4.2	–
Orica Monitor	8.8	8.8	2.6	2.6	115.1
<b>Total</b>					<b>877.0</b>

	Post-tax discount rates 2021 %	Weighted average post-tax discount rates 2021 %	Terminal growth rates 2021 %	Weighted average terminal growth rate 2021 %	Goodwill 2021 \$m
Australia Pacific & Asia	8.4-11.8	9.2	2.3-6.5	3.0	408.6
Pilbara	8.1	8.1	1.2	1.2	–
North America	7.8	7.8	1.6	1.6	162.9
Latin America	7.8-13.3	8.9	1.4-5.0	3.1	161.5
Europe, Middle East & Africa	8.3-21.5	14.1	1.1-6.5	3.8	48.6
Orica Monitor	8.4	8.4	2.5	2.5	115.1
<b>Total</b>					<b>896.7</b>

#### Critical accounting judgements and estimates

##### 2022

##### Turkey

The significant decline in the local economy and the devaluation of the Lira has resulted in the impairment of our investments in Orica Nitro Patlayici Maddeler Sanayi ve Ticaret Anonim Sirketi and GeoNitro Limited. The total impairment charge is \$32.7 million of which \$18.3 million is attributable to non-controlling interests.

As at 30 September 2022, there was a foreign currency translation reserve balance of \$92.4 million debit (of which \$45.5 million is attributable to non-controlling interests) which would be released on sale, liquidation, repayment of share capital or abandonment of the entity.

##### Russia

The escalation of the Russia-Ukraine conflict, and imposed sanctions and export restrictions, led to our decision to exit the Russian operations.

On 9 September 2022, the Group executed a contract to sell JSC "Orica CIS" Joint-Stock Company for cash consideration of \$13.1 million. Orica has risk adjusted the proceeds given the trade sanctions imposed on Russia.

The Group has recognised a gross impairment expense of \$89.9 million (\$1.8 million was booked as a debit to tax expense), reducing the value of the Russian business to nil. In addition, there was a loss on disposal of \$40.6 million (\$9.3 million was booked as a credit to tax expense), relating to the release of foreign currency translation reserve as required by Australian Accounting Standards.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 9. IMPAIRMENT TESTING OF ASSETS (CONTINUED)

#### EMEA

Due to the issues outlined above impairment testing was performed on the EMEA region. The key assumptions underlying the value in use calculations are as follows:

- no future cashflows for the Turkey or Russian businesses;
- growth in post-tax cashflows for the region of \$17.5 million between FY23 and FY27;
- a weighted average terminal growth rate in line with local country economic forecasts of 4.2%; and
- a weighted average post-tax discount rate of 12.3%.

The present value of cashflows in EMEA no longer support the carrying value of goodwill. Therefore, the remaining balance of \$45.3 million has been impaired.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors require a further impairment of other assets.

#### LATAM

Based on the latest projected cash flows of the Group, the carrying value of the Latin America segment is approximately equal to its value in use. The value in use calculations are sensitive to earnings forecasts, changes in discount rates and terminal growth rates.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors require an impairment of assets. The key assumptions underlying the value in use calculations are as follows:

- growth in post-tax cashflows for the region of \$33.4 million between FY23 and FY27. This is reliant on achieving future growth in earnings primarily due to securing new or expanded contracts and delivery of value-added services;
- a weighted average terminal growth rate in line with local country economic forecasts of 3.0%; and
- a weighted average post-tax rate of 9.9%.

#### Pilbara

Based on the latest projected cash flows of the Group, the carrying value Pilbara is approximately equal to its value in use. The value in use calculations are sensitive to earnings forecasts, changes in discount rates and terminal growth rates.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors require a further impairment to property, plant and equipment. The key assumptions underlying the value in use calculations are as follows:

- growth in post-tax cashflows for the region of \$16 million between FY23 and FY27;
- a weighted average terminal growth rate in line with local country economic forecasts of 2.6%; and
- a weighted average post-tax rate of 8.8%.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 9. IMPAIRMENT TESTING OF ASSETS (CONTINUED)

#### 2021

##### *Pilbara*

The Group owns a 50% interest of Yara Pilbara Nitrates Pty Ltd (YPN), with the remaining shares being held by subsidiaries in the Yara International ASA group. YPN owns and operates a 330,000 tonnes per annum industrial grade technical ammonium nitrate plant on the Burrup Peninsula (Western Australia). For accounting purposes YPN is a joint operation and Orica recognises its share of any jointly held or incurred assets, liabilities, revenues, and expenses in the consolidated financial statements along with goodwill related to the establishment of the joint operation and capitalised interest.

The Group's asset base in the Pilbara consists of the TAN plant, the equity accounted investee Orica Mining Services Pilbara Pty Ltd and the Pippingarra emulsion plant. Following a review of product movement and cashflows post the commissioning of the TAN plant on 1 October 2020, management have concluded that the Pilbara is a separate CGU. The recoverable amount for the plant and other assets in the region is below their carrying value and therefore an impairment has been recognised against goodwill of \$158.0 million and property, plant and equipment of \$159.6 million.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors, require a further impairment to property, plant & equipment. The key assumptions underlying the value in use calculations are as follows:

- EBIT growth of \$24 million within five years primarily due to volume and price growth;
- a terminal growth rate of 1.2%; and
- a post-tax discount rate of 8.1%.

##### *EMEA*

EMEA has been severely impacted by COVID-19, with numerous sites suspending operations and customer project delays in the Nordics and Middle East. The latest forecasts project that recovery in the region will be slower than previously anticipated, particularly in Europe. As a result, the goodwill in the segment has been impaired by \$162.4 million.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors require a further impairment to goodwill. The key assumptions underlying the value in use calculations are as follows:

- growth in EBIT to \$79 million within five years primarily due to easing of COVID-19 impacts, new technology and growth in Africa and the CIS;
- a weighted average terminal growth rate in line with local country economic forecasts of 3.8%; and
- a weighted average post-tax discount rate of 14.1%.

##### *LATAM*

Based on the latest projected cash flows of the Group, the carrying value of the Latin America segment is approximately equal to its value in use. The value in use calculations are sensitive to earnings forecasts, changes in discount rates and terminal growth rates.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors require an impairment to goodwill. The key assumptions underlying the value in use calculations are as follows:

- growth in EBIT to \$87 million within five years. This is reliant on achieving future growth in earnings primarily due to easing of COVID-19 impacts, securing new or expanded contracts and delivery of value added services;
- a weighted average terminal growth rate in line with local country economic forecasts of 3.1%; and
- a weighted average post-tax discount rate of 8.9%.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### SECTION D. MANAGING FINANCIAL RISKS

Orica's Review of Operations and Financial Performance highlights funding and other treasury matters as material business risks that could adversely affect the achievement of future business performance.

This section discusses the principal market and other financial risks that the Group is exposed to and the risk management program, which seeks to mitigate these risks and reduce the volatility of Orica's financial performance.

### 10. FINANCIAL RISK MANAGEMENT

#### Financial risk factors

Financial risk management is carried out centrally by the Group's treasury function under policies approved by the Board.

The Group's principal financial risks are associated with:

- interest rate risk (note 10a);
- foreign exchange risk (note 10b);
- commodity price risk (note 10c);
- credit risk (note 10d); and
- liquidity risk (note 10e).

#### (a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Group is primarily exposed to interest rate risk on outstanding interest bearing liabilities. Non-derivative interest bearing assets are predominantly short-term liquid assets. Interest bearing liabilities issued at fixed rates expose the Group to a fair value interest rate risk while borrowings issued at a variable rate give rise to a cash flow interest rate risk.

Interest rate risk on long-term interest bearing liabilities is managed by adjusting the ratio of fixed interest debt to variable interest debt. This is managed within policies determined by the Board via the use of interest rate swaps and cross currency interest rate swaps. As at September 2022, fixed rate borrowings after the impact of interest rate swaps and cross currency swaps were \$1,413.9 million (2021 \$1,268.5 million), representing a fixed/floating split of 65% and 35% respectively (2021 61% and 39%).

#### Interest rate sensitivity

A 10% movement in interest rates without management intervention would have a \$4.6 million (2021 \$4.1 million) impact on profit before tax and a \$3.2 million (2021 \$2.9 million) impact on shareholders' equity.

#### (b) Foreign exchange risk

##### (i) Foreign exchange risk – transactional

Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset, liability or cash flow will fluctuate due to changes in foreign currency rates.

The Group is exposed to foreign exchange risk due to foreign currency borrowings and sales and/or purchases denominated, either directly or indirectly, in currencies other than the functional currencies of the Group's subsidiaries.

Foreign exchange risk on foreign currency borrowings is managed using cross currency swaps and forward foreign exchange contracts. As at September 2022, the notional balance of derivative contracts hedging foreign currency debt was \$1,106.8 million (2021 \$1,003.4 million).

In regard to foreign currency risk relating to sales and purchases, the Group may hedge up to 100% of committed exposures utilising a declining percentage over time methodology. Only exposures that can be forecast to a high probability are hedged. Transactions can be hedged for up to five years. The derivative instruments used for hedging purchase and sale exposures are bought vanilla option contracts and forward exchange contracts. Forward exchange contracts may be used only under Board policy for committed exposures and anticipated exposures expected to occur within 12 months. Bought vanilla option contracts may be used for all exposures. These contracts are designated as cash flow hedges and are recognised at their fair value. At reporting date, Orica held foreign exchange contracts with a fair value gain of \$8.3 million (2021 fair value gain of \$4.9 million).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Foreign exchange sensitivity

The table below shows the Group's main exposure to foreign currency transactional risk (Australian dollar equivalent) and the effect on profit or loss and equity had exchange rates been 10% higher or lower than the year end rate with all other variables held constant.

The analysis takes into account all underlying exposures and related hedges but not the impact of any management actions that might take place if these events occurred.

	2022			
	USD \$m	IDR \$m	CAD \$m	EUR \$m
Cash and cash equivalents	261.9	77.4	18.7	20.6
Trade and other receivables	289.4	54.6	–	5.6
Trade and other payables	(396.8)	(29.3)	(3.6)	(14.1)
Interest bearing liabilities	(1,346.7)	(19.1)	–	(16.0)
Net derivatives	1,299.9	–	(37.8)	12.8
<b>Net exposure</b>	<b>107.7</b>	<b>83.6</b>	<b>(22.7)</b>	<b>8.9</b>
<b>Effect on profit/(loss) before tax</b>				
If exchange rates were 10% lower	7.8	9.3	(2.5)	0.2
If exchange rates were 10% higher	(6.4)	(7.6)	2.1	(0.2)
<b>Increase/(decrease) in equity</b>				
If exchange rates were 10% lower	8.4	6.5	(1.8)	0.7
If exchange rates were 10% higher	(6.9)	(5.3)	1.4	(0.6)

	2021			
	USD \$m	IDR \$m	CAD \$m	EUR \$m
Cash and cash equivalents	182.4	33.7	1.4	13.4
Trade and other receivables	232.0	17.9	0.1	17.7
Trade and other payables	(302.1)	(25.3)	(2.1)	(16.5)
Interest bearing liabilities	(1,342.1)	(19.3)	(30.6)	(61.5)
Net derivatives	1,390.6	–	29.7	66.8
<b>Net exposure</b>	<b>160.8</b>	<b>7.0</b>	<b>(1.5)</b>	<b>19.9</b>
<b>Effect on profit/(loss) before tax</b>				
If exchange rates were 10% lower	5.5	0.8	–	1.0
If exchange rates were 10% higher	(4.5)	(0.6)	–	(0.8)
<b>Increase/(decrease) in equity</b>				
If exchange rates were 10% lower	12.5	0.6	(0.1)	1.5
If exchange rates were 10% higher	(10.2)	(0.5)	0.1	(1.3)

#### (ii) Foreign currency risk – translational

Foreign currency earnings translation risk arises primarily as a result of earnings generated by foreign operations with functional currencies of CAD, USD, PEN, MXN, and BRL being translated into AUD. Derivative contracts to hedge earnings exposures do not qualify for hedge accounting under Australian Accounting Standards. Board approved policy allows hedging of this exposure in order to reduce the volatility of full year earnings resulting from changes in exchange rates. At reporting date, Orica held no derivative contracts to hedge earnings exposures (2021 nil).



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**10. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Net investment in foreign operations*

Hedging of foreign investment exposures is undertaken primarily through originating debt in the functional currency of the foreign operation, or by raising debt in a different currency and swapping the debt to the currency of the foreign operation using derivative financial instruments. The remaining translation exposure is managed, where considered appropriate, using forward foreign exchange contracts, or cross currency interest rate swaps. As at reporting date, 28.9% of the Group's net investment in foreign operations was hedged (2021 37.0%).

**(c) Commodity price risk**

Commodity price risk refers to the risk that Orica's profit or loss or equity will fluctuate due to changes in commodity prices.

Natural gas or ammonia are the primary feedstocks in Orica's production process. Orica manages its contract portfolio so that on a mass balance basis it seeks to maintain a low risk position across the contract cycle such that material input cost variations are passed through to customers in price variations through rise and fall adjustments contained in all significant contracts.

The Group may enter into derivative contracts to hedge commodity price risk that is not eliminated via contractual or other commercial arrangements. At reporting date, the fair value of commodity derivative contracts was nil (2021 nil).

**(d) Credit risk**

Credit risk represents the loss that would be recognised if counterparties failed to meet their obligations under a contract or arrangement. The Group is exposed to credit risk from trade and other receivables and financial instrument contracts.

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 manages bank counterparty risk by ensuring that actual and potential exposure is monitored daily against counterparty credit limits, which have been assigned based on counterparty credit ratings. The Group does not hold any credit derivatives to offset its credit exposures.

Orica's maximum exposure to credit risk as at 30 September is the carrying amount, net of impairment, of the financial assets as detailed in the table below:

<b>Financial assets</b>	<b>2022 \$m</b>	<b>2021 \$m</b>
Cash and cash equivalents	1,255.3	593.7
Derivative assets	74.7	56.9
Trade and other receivables	1,086.5	894.1
<b>Total</b>	<b>2,416.5</b>	<b>1,544.7</b>

**(e) Liquidity risk**

Liquidity risk arises from the possibility that there will be insufficient funds available to make payment as and when required.

The Group manages this risk via:

- maintaining an adequate level of undrawn committed facilities in various currencies that can be drawn upon at short notice;
- using instruments that are readily tradeable in the financial markets;
- monitoring duration of long-term debt;
- spreading, to the extent practicable, the maturity dates of long-term debt facilities; and
- comprehensively analysing all forecast inflows and outflows that relate to financial assets and liabilities.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Facilities available and the amounts drawn and undrawn are as follows:

	2022 \$m	2021 \$m
<b>Unsecured bank overdraft facilities</b>		
Unsecured bank overdraft facilities available	57.1	58.4
Amount of facilities undrawn	57.1	56.3
<b>Committed standby and loan facilities</b>		
Committed standby and loan facilities available	3,596.6	3,561.1
Amount of facilities unused	1,422.8	1,486.3

The bank overdrafts are payable on demand and are subject to an annual review. The repayment dates of the committed standby and loan facilities range from 25 October 2022<sup>(1)</sup> to 25 October 2030 (2021 25 October 2022 to 25 October 2030).

(1) \$123 million US Private Placement bond maturity was repaid on 25 October 2022. The redemption was financed via committed bank debt facilities.

The contractual maturity of the Group's financial liabilities including estimated interest payments as at 30 September are shown in the table below. The amounts shown represent the future undiscounted principal and interest cash flows and therefore differ from the carrying amount on the balance sheet:

2022	1 year or less \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m	Contractual cash flows \$m	Carrying amount \$m
<b>Non derivative financial liabilities</b>						
Interest bearing liabilities, excluding lease liabilities	754.9	69.7	871.4	1,013.6	2,709.6	2,167.5
Lease liabilities	69.1	54.2	79.5	120.2	323.0	239.5
Trade and other payables	1,477.3	31.2	–	–	1,508.5	1,508.5
<b>Derivative financial liabilities</b>						
Inflows	(543.4)	(12.7)	(38.0)	(416.3)	(1,010.4)	–
Outflows	562.4	27.2	78.7	427.0	1,095.3	64.3
<b>Total</b>	<b>2,320.3</b>	<b>169.6</b>	<b>991.6</b>	<b>1,144.5</b>	<b>4,626.0</b>	<b>3,979.8</b>
2021	1 year or less \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m	Contractual cash flows \$m	Carrying amount \$m
<b>Non derivative financial liabilities</b>						
Interest bearing liabilities, excluding lease liabilities	90.3	692.8	383.9	1,396.5	2,563.5	2,072.7
Lease liabilities	67.6	56.3	87.4	120.4	331.7	260.4
Trade and other payables	1,254.2	8.8	–	–	1,263.0	1,263.0
<b>Derivative financial liabilities</b>						
Inflows	(157.6)	(18.6)	(55.1)	(622.3)	(853.6)	–
Outflows	162.7	21.4	75.4	676.0	935.5	65.7
<b>Total</b>	<b>1,417.2</b>	<b>760.7</b>	<b>491.6</b>	<b>1,570.6</b>	<b>4,240.1</b>	<b>3,661.8</b>

#### Fair value measurement

The balance sheet includes financial assets and financial liabilities that are measured at fair value. These fair values are categorised into hierarchy levels that are representative of the inputs used in measuring the fair value.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**10. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Valuation method	Level 1 – uses quoted prices for identical instruments in active markets.
	Level 2 – uses inputs for the asset or liability other than quoted prices that are observable either directly or indirectly.
	Level 3 – uses valuation techniques where one or more significant inputs are based on unobservable market data.

At reporting date, other assets and other liabilities on the balance sheet included derivatives carried at fair value are categorised as Level 2 as the inputs are observable. There has been no movement between levels since prior year.

Valuation techniques include, where applicable, reference to prices quoted in active markets, discounted cash flow analysis, fair value of recent arm's length transactions involving the same instruments or other instruments that are substantially the same, and option pricing models. Changes in default probabilities are included in the valuation of derivatives using credit and debit valuation adjustments.

The fair values of forward exchange contracts are calculated by reference to forward exchange market rates for contracts with similar maturity profiles at the time of valuation.

The fair values of cross currency interest rate swaps and interest rate swaps and other financial liabilities measured at fair value are determined using valuation techniques which utilise data from observable markets. Assumptions are based on market conditions existing at each balance date. The fair value is calculated as the present value of the estimated future cash flows using an appropriate market-based yield curve, which is independently derived and representative of Orica's cost of borrowings.

	2022		2021	
	Current \$m	Non-Current \$m	Current \$m	Non-Current \$m
<b>Derivative financial instruments</b>				
<b>Derivative assets</b>				
Designated as a hedge of interest bearing liabilities	16.3	46.0	–	48.9
Other	12.4	–	8.0	–
<b>Total</b>	<b>28.7</b>	<b>46.0</b>	<b>8.0</b>	<b>48.9</b>
<b>Derivative liabilities</b>				
Designated as a hedge of interest bearing liabilities	(3.6)	(56.5)	–	(60.6)
Other	(4.2)	–	(5.1)	–
<b>Total</b>	<b>(7.8)</b>	<b>(56.5)</b>	<b>(5.1)</b>	<b>(60.6)</b>

**Financial assets and liabilities carried at amortised cost**

The fair value of cash and cash equivalents, trade and other receivables (note 5), and trade and other payables (note 5) approximates their carrying amount due to their short maturity.

Interest bearing liabilities excluding lease liabilities have a carrying amount of \$2,167.5 million (2021 \$2,072.7 million including discontinued operations). The carrying amount of bank and other loans which are primarily short-term in nature approximates fair value. Private Placement debt which is primarily long-term in nature has a carrying amount of \$2,160.7 million (2021 \$2,068.8 million) and a fair value of \$2,068.0 million (2021 \$2,122.2 million). Fair value of Private Placement debt is determined as the present value of future contracted cash flows discounted using standard valuation techniques at applicable market yields having regard to timing of cash flows.

**Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet where Orica currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No financial assets or liabilities are currently held under netting arrangements.

Orica has entered into derivative transactions under International Swaps and Derivatives Association ('ISDA') master agreements that do not meet the criteria for offsetting but allow for the related amounts to be set-off in certain circumstances, such as the event of default. As Orica does not presently have a legally enforceable right of set-off, derivatives are presented on a gross basis on the balance sheet.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Derivatives and hedge accounting*

The Group uses derivatives and other financial instruments to hedge its exposure to currency, interest rate and commodity price risk exposures arising from operational, financing and investing activities. Where applicable, these instruments are formally designated in hedge relationships as defined by AASB 9. To qualify for hedge accounting the Group formally designates and documents details of the hedge, risk management objective and strategy for entering into the arrangement and methodology used for measuring effectiveness.

Hedge accounting relationships are categorised according to the nature of the risks being hedged:

Hedge type	Description
<b>Fair value hedge</b>	Hedges the change in fair value of recognised assets and liabilities.
<b>Cash flow hedge</b>	Hedges the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or highly probable forecast transaction.
<b>Net investment hedge</b>	Hedges the foreign currency translation exposure of the net assets of foreign operations.

Critical terms of hedging instruments and hedged items are transacted to match on a 1:1 ratio by notional values. Matching critical terms enables economic offset thereafter to be determined qualitatively.

Hedge ineffectiveness arises primarily from the counterparties' and the Group's own credit risk which is included in the fair value of the derivative hedge instrument but not the hedge item. During the current and prior financial years, there was no material impact on profit or loss resulting from hedge ineffectiveness.

AASB 9 also allows certain costs of hedging to be deferred in equity. Gains or losses associated with 'currency basis' cost of hedging are deferred in the cash flow hedge reserve as they are not material for separate disclosure. The amounts are systematically released to the income statement to align with the hedged exposure.

The London Interbank Offered Rate (LIBOR) is expected to be replaced by alternative risk-free rates (ARR) as part of inter-bank offer rate (IBOR) reform. IBOR reform impacts Orica's interest rate swaps, which reference 3-month US LIBOR. At 30 September 2022, the notional value of hedging instruments that reference 3-month US LIBOR is US\$150m and Orica has not transitioned any of its existing interest rate swaps to ARR's. Orica's interest rate swaps will only transition to ARR once US LIBOR publication ceases, which is anticipated to occur on 30 June 2023.

#### *Effects of hedge accounting on financial position and performance*

##### *Fair value and cash flow hedges*

The table below shows the carrying amounts of the Group's Private Placement debt and the derivatives which are designated in fair value and/or cash flow hedge relationships to hedge them:

- the carrying amount of the Private Placement debt includes foreign exchange remeasurements to year end rates and fair value adjustments when included in a fair value hedge;
- the breakdown of the hedging derivatives includes remeasurement of foreign currency notional values at year end rates, fair value movements due to interest rate risk, foreign currency cash flows designated into cash flow hedges, costs of hedging recognised in other comprehensive income and ineffectiveness recognised in the income statement; and
- hedged value represents the carrying amount of the Private Placement debt adjusted for the carrying amount of the designated derivatives.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**10. FINANCIAL RISK MANAGEMENT (CONTINUED)**

	Fair value of derivatives <sup>(1)</sup>						Hedged value \$m
	Carrying amount \$m	Foreign exchange notional @ spot \$m	Fair value interest rate risk \$m	Balance in cash flow hedge reserve – gross of tax <sup>(2)</sup> \$m	Recognised in income statement <sup>(2)</sup> \$m	Total carrying amount (asset)/ liability \$m	
<b>2022</b>							
Private Placement debt	2,160.7	(105.6)	97.1	6.5	(1.0)	(3.0)	2,157.7
<b>2021</b>							
Private Placement debt	2,068.8	(2.3)	(9.1)	23.4	(0.3)	11.7	2,080.5

(1) Individual derivative transactions may be included in more than one hedge type designation.

(2) Amounts recognised in the income statement are presented within financing costs.

(3) Includes cost of hedging as defined by AASB 9 of \$1.2 million (2021 \$5.8 million).

**Net investment hedges**

As at 30 September, hedging instruments designated in a net investment hedge consisted primarily of foreign currency debt and had a carrying amount of \$1,000.9 million (2021 \$909.7 million). During the period movements in the hedging instruments of \$92.1 million loss (2021 \$3.5 million loss) were recognised in the foreign currency translation reserve, with no ineffectiveness (2021 nil) recognised in the income statement.

**Derivatives and hedge accounting – significant accounting policies**

**Valuation:** Derivatives are measured at fair value at inception, and subsequently remeasured to fair value at each reporting date.

	Fair value hedges	Cash flow hedges	Net investment hedges
<b>Gains or losses on fair value movements of the financial instrument</b>	Recognised in the income statement, together with gains or losses in relation to the hedged item attributable to the risk being hedged.	The effective portion is recognised in other comprehensive income. The ineffective portion is recognised immediately in the income statement.	The effective portion is recognised in the foreign currency translation reserve in equity. The ineffective portion is recognised immediately in the income statement.
<b>Discontinuation of hedge accounting</b>	The cumulative gain or loss that has been recorded to the carrying amount of the hedged item is amortised to the income statement using the effective interest method.	When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity. If the forecast transaction is no longer forecast to occur, the cumulative gain or loss is transferred immediately to the income statement.	Amounts remain deferred in the foreign currency translation reserve and are subsequently recognised in the income statement in the event of disposal of the foreign operation.

**Derivatives not in a designated hedge arrangement**

Financial instruments that do not qualify for hedge accounting but remain economically effective, are accounted for as trading instruments. These instruments are classified as current and are stated at fair value, with any resultant gain or loss recognised in the income statement. The Group policy is to not hold or issue financial instruments for speculative purposes.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### SECTION E. TAXATION

This section outlines the taxes paid by Orica and the impact tax has on the financial statements.

Orica has operations in more than 45 countries, with customers in more than 100 countries. In 2022, Orica paid \$188.7 million (2021 \$227.2 million) globally in corporate taxes and payroll taxes. Orica collected and remitted \$200.1 million (2021 \$127.1 million) globally in GST/VAT.

As Orica operates in a number of countries around the world, it is subject to local tax rules in each of those countries. Orica's tax rate is sensitive to the geographic mix of profits earned in different countries with different tax rates, as tax will be due in the country where the profits are earned. Many of the jurisdictions Orica has operations in have headline tax rates lower than 30%.

### 11. TAXATION

#### (a) Income tax expense recognised in the income statement

	Consolidated					
	2022			2021		
	Continuing \$m	Discontinued \$m	Consolidated \$m	Continuing \$m	Discontinued \$m	Consolidated \$m
Current tax expense						
Current year	141.3	7.4	148.7	68.9	5.5	74.4
Deferred tax	(2.2)	6.9	4.7	(46.5)	–	(46.5)
Under provided in prior years	1.8	–	1.8	2.9	0.2	3.1
<b>Total income tax expense in income statement</b>	<b>140.9</b>	<b>14.3</b>	<b>155.2</b>	<b>25.3</b>	<b>5.7</b>	<b>31.0</b>

#### (b) Reconciliation of income tax expense to prima facie tax payable

##### Income tax expense attributable to profit before individually significant items

Profit from operations before individually significant items	463.5	14.7	478.2	299.3	21.7	321.0
Prima facie income tax expense calculated at 30% on profit	139.1	4.4	143.5	89.8	6.5	96.3
Tax effect of items which (decrease)/ increase tax expense:						
variations in tax rates of foreign controlled entities	7.7	–	7.7	(2.0)	(1.4)	(3.4)
tax under provided in prior years	1.8	–	1.8	2.9	0.2	3.1
non-allowable interest deductions	3.4	–	3.4	13.2	2.1	15.3
non-creditable withholding taxes	5.7	–	5.7	7.1	–	7.1
recognition of previously unbooked temporary differences	(4.2)	–	(4.2)	(19.4)	–	(19.4)
(recognition)/utilisation of unbooked prior year tax losses	(14.2)	–	(14.2)	(2.0)	0.1	(1.9)
other	9.1	1.2	10.3	7.0	(1.4)	5.6
<b>Income tax expense attributable to profit before individually significant items</b>	<b>148.4</b>	<b>5.6</b>	<b>154.0</b>	<b>96.6</b>	<b>6.1</b>	<b>102.7</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**11. TAXATION (CONTINUED)**

	Consolidated					
	2022			2021		
	Continuing \$m	Discontinued \$m	Consolidated \$m	Continuing \$m	Discontinued \$m	Consolidated \$m
<b>Income tax (benefit)/expense attributable to individually significant items</b>						
Loss from individually significant items	(189.0)	(85.0)	(274.0)	(452.5)	(1.4)	(453.9)
Prima facie income tax expense calculated at 30% on individually significant items	(56.7)	(25.5)	(82.2)	(135.8)	(0.4)	(136.2)
Tax effect of items which (decrease)/increase tax expense:						
impairment expense	55.1	–	55.1	103.0	–	103.0
non-taxable gain on sale of Nitro Consult AB	(5.9)	–	(5.9)	–	–	–
non-deductible loss on sale of Minova	–	34.2	34.2	–	–	–
utilisation of capital losses for gain on sale of land	–	–	–	(39.5)	–	(39.5)
non-allowable operating model restructuring expense	–	–	–	1.0	–	1.0
<b>Income tax benefit attributable to loss on individually significant items</b>	<b>(7.5)</b>	<b>8.7</b>	<b>1.2</b>	<b>(71.3)</b>	<b>(0.4)</b>	<b>(71.7)</b>
<b>Income tax expense reported in the income statement</b>	<b>140.9</b>	<b>14.3</b>	<b>155.2</b>	<b>25.3</b>	<b>5.7</b>	<b>31.0</b>

**(c) Income tax recognised in Equity**

	Consolidated					
	2022			2021		
	\$m	\$m	\$m	\$m	\$m	\$m
	<b>Before tax</b>	<b>Tax (expense)/ benefit</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Tax (expense)/ benefit</b>	<b>Net of tax</b>
Net gain/(loss) on hedge of net investments in foreign subsidiaries	(92.1)	27.6	(64.5)	3.6	(1.1)	2.5
Cash flow hedges						
– Effective portion of changes in fair value	17.3	(5.2)	12.1	6.6	(2.0)	4.6
– Transferred to income statement	–	–	–	1.1	(0.3)	0.8
Exchange gain/(loss) on translation of foreign operations	213.8	(49.6)	164.2	9.3	(5.6)	3.7
Net actuarial gain/(loss) on defined benefit obligations	91.7	(25.8)	65.9	75.4	(20.5)	54.9
<b>Recognised in comprehensive income</b>	<b>230.7</b>	<b>(53.0)</b>	<b>177.7</b>	<b>96.0</b>	<b>(29.5)</b>	<b>66.5</b>
Deductible share issue costs	(11.2)	1.8	(9.4)	–	–	–
<b>Total recognised in equity</b>	<b>219.5</b>	<b>(51.2)</b>	<b>168.3</b>	<b>96.0</b>	<b>(29.5)</b>	<b>66.5</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 11. TAXATION (CONTINUED)

#### (d) Recognised deferred tax assets and liabilities

	Balance Sheet		Consolidated Income Statement	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Deferred tax assets</b>				
Trade and other receivables	15.8	28.1	12.3	(12.5)
Inventories	38.1	19.5	(19.2)	(6.1)
Property plant and equipment	50.7	17.2	(33.6)	(14.6)
Intangible assets	67.8	64.4	3.8	29.8
Trade and other payables	50.7	41.0	(9.2)	8.8
Interest bearing liabilities	–	11.3	28.9	22.6
Provision for employee entitlements	31.5	28.1	(3.8)	1.7
Provision for retirement benefit obligations	17.0	40.3	(3.1)	0.4
Provision for environmental and decommissioning	83.8	98.5	14.8	(11.1)
Provision for other	6.9	3.3	(3.6)	15.7
Tax losses	133.2	134.9	0.2	(17.5)
Other items	4.4	5.3	(2.5)	0.7
<b>Deferred tax assets</b>	<b>499.9</b>	<b>491.9</b>		
Less set-off against deferred tax liabilities	(104.3)	(91.7)		
<b>Net deferred tax assets</b>	<b>395.6</b>	<b>400.2</b>		
<b>Deferred tax liabilities</b>				
Property plant and equipment	105.7	99.0	7.1	(57.1)
Intangible assets	25.8	24.5	1.1	2.0
Interest bearing liabilities	11.4	–	10.7	–
Other items	8.6	7.8	0.8	(9.3)
<b>Deferred tax liabilities</b>	<b>151.5</b>	<b>131.3</b>		
Less set-off against deferred tax assets	(104.3)	(91.7)		
<b>Net deferred tax liabilities</b>	<b>47.2</b>	<b>39.6</b>		
<b>Deferred tax expense</b>			<b>4.7</b>	<b>(46.5)</b>

	Consolidated	
	2022 \$m	2021 \$m
Tax losses not booked	118.7	74.5
Capital losses not booked	83.2	44.3
Temporary differences not booked	83.6	97.8

Tax losses not booked expire between 2023 and 2038.

#### Recognition and Measurement

Income tax on the profit or loss for the year comprises current and deferred tax and is recognised in the income statement.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 11. TAXATION (CONTINUED)

Deferred tax balances are determined by calculating temporary differences based on the carrying amounts of assets and liabilities for financial reporting purposes and their amounts for taxation purposes. Where amounts are recognised directly in equity the corresponding tax impact is also recognised directly in equity.

The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

#### *Tax consolidation*

Orica Limited is the parent entity in the tax consolidated group comprising all wholly-owned Australian entities.

Due to the existence of a tax sharing agreement between the entities in the tax consolidated group, the parent entity recognises the tax effects of its own transactions and the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary entities.

#### **Critical accounting judgements and estimates**

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. These include transfer pricing, indirect taxes and transaction-related issues. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Group recognises liabilities for tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which such determination is made.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Assumptions are also made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances or differences in opinions will alter outcomes which may impact the amount of deferred tax assets and deferred tax liabilities recorded on the balance sheet and the amount of tax losses and timing differences not yet recognised. In these circumstances, the carrying amount of deferred tax assets and liabilities may change, resulting in an impact on the earnings of the Group.

#### **Contingent tax liabilities**

In the normal course of business, contingent liabilities may arise from tax investigations or legal proceedings. Where management are of the view that potential liabilities have a low probability of crystallising or it is not possible to quantify them reliably, they are not provided for and are disclosed as contingent liabilities.

Consistent with other companies of the size and diversity of Orica, the Group is the subject of ongoing information requests, investigations and audit activities by tax and regulatory authorities in jurisdictions in which Orica operates. Orica co-operates fully with the tax and regulatory authorities. It is possible that Orica may incur fines and/or other penalties as a consequence of these investigations and audits.

#### *(i) Brazilian Tax Action*

The Brazilian Taxation Authority (BTA) is claiming unpaid taxes, interest and penalties of approximately \$29 million for the 1997 financial year relating to an alleged understatement of income based on an audit of production records. Orica believes BTA has misinterpreted those production records and recently received a favourable decision from the Brazilian Civil Court in relation to an excise dispute based on the same factual matter. This decision should support the income tax dispute.

ICI plc, the vendor of the business to Orica, has been notified to preserve Orica's rights under the tax indemnity obtained upon acquisition of the business which provides indemnity for amounts exceeding certain limits. The BTA has been granted a bank guarantee of up to approximately \$28 million.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### SECTION F. GROUP STRUCTURE

Orica has a diverse spread of global operations, which includes controlled entities incorporated in over 45 countries, as well as entering strategic partnering arrangements with certain third parties. This section highlights the Group structure including Orica's controlled entities, as well as those where Orica holds less than 100% interest.

### 12. INVESTMENTS IN CONTROLLED ENTITIES

#### Recognition and Measurement

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the parent entity) and its subsidiaries as defined in AASB 10 *Consolidated Financial Statements*.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

When the Group relinquishes control over a subsidiary, it derecognises its share of net assets. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised profits arising within the Group are eliminated in full.

Refer to note 23 for the list of investments in controlled entities.

### 13. EQUITY ACCOUNTED INVESTEEES AND JOINT OPERATIONS

#### (a) Investments accounted for using the equity method

The table below shows material investments (based on carrying values). All other investments are included in "Individually immaterial".

Name	Principal activity	Balance date	Ownership		Profit/(loss) for the year		Consolidated Carrying value	
			2022 %	2021 %	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Nelson Brothers, LLC <sup>(1)</sup>	Manufacture and sale of explosives	30-Sep	50.0	50.0	9.0	8.3	43.2	40.7
Nelson Brothers Mining Services LLC <sup>(1)</sup>	Sale of explosives	30-Sep	50.0	50.0	8.9	7.0	37.2	34.3
Poly Orica Management Co., Ltd <sup>(2)</sup>	Manufacture and sale of explosives	31-Dec	49.0	49.0	3.8	4.2	78.3	74.5
Southwest Energy LLC <sup>(1)</sup>	Sale of explosives	30-Sep	50.0	50.0	14.1	9.3	151.0	126.8
Individually immaterial	Various				4.0	5.6	14.1	14.1
					<b>39.8</b>	<b>34.4</b>	<b>323.8</b>	<b>290.4</b>

(1) Entities are incorporated in USA.

(2) Entity is incorporated in China.

All equity accounted investees disclosed in the table above are classified as joint ventures.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**13. EQUITY ACCOUNTED INVESTEEES AND JOINT OPERATIONS (CONTINUED)**

The following table summarises the financial information of significant equity accounted investees as included in their own financial statements.

**Equity Accounted Investees**

<b>2022 Name</b>	<b>Nelson Brothers, LLC \$m</b>	<b>Nelson Brothers Mining Services LLC \$m</b>	<b>Poly Orica Management Co., Ltd \$m</b>	<b>Southwest Energy LLC \$m</b>
<b>Balance Sheet</b>				
Current assets	90.2	34.3	107.8	92.2
Non-current assets	89.7	16.7	85.0	126.2
Current liabilities	(85.8)	(27.1)	(24.9)	(37.6)
Non-current liabilities	(32.7)	(10.4)	(2.2)	(7.1)
Net assets (100%)	61.4	13.5	165.7	173.7
Group's share of net assets	30.7	6.8	81.2	86.9
<b>Income Statement</b>				
Revenue	354.5	190.5	113.8	299.0
Net profit	17.9	17.4	11.8	28.9
Total profit and comprehensive income (100%)	17.9	17.4	11.8	28.9
Group's share of total comprehensive income	9.0	8.7	5.8	14.5
Translation and other adjustments	–	0.2	(2.0)	(0.4)
Included in the Group's income statement	9.0	8.9	3.8	14.1
Dividends received by the Group	9.8	9.5	–	3.9

<b>2021 Name</b>	<b>Nelson Brothers, LLC \$m</b>	<b>Nelson Brothers Mining Services LLC \$m</b>	<b>Poly Orica Management Co., Ltd \$m</b>	<b>Southwest Energy LLC \$m</b>
<b>Balance Sheet</b>				
Current assets	69.4	24.8	96.3	77.6
Non-current assets	70.7	14.7	81.9	99.0
Current liabilities	(64.1)	(25.8)	(18.4)	(26.9)
Non-current liabilities	(19.7)	(1.2)	(3.1)	(10.9)
Net assets (100%)	56.3	12.5	156.7	138.8
Group's share of net assets	28.2	6.3	76.8	69.4
<b>Income Statement</b>				
Revenue	273.3	139.3	101.7	275.4
Net profit	16.5	14.3	9.8	18.9
Total profit and comprehensive income (100%)	16.5	14.3	9.8	18.9
Group's share of total comprehensive income	8.3	7.2	4.8	9.5
Translation and other adjustments	–	(0.2)	(0.6)	(0.2)
Included in the Group's income statement	8.3	7.0	4.2	9.3
Dividends received by the Group	7.8	5.9	–	2.4



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 13. EQUITY ACCOUNTED INVESTEEES AND JOINT OPERATIONS (CONTINUED)

#### (b) Joint operations

The Group owns 50% interest of Yara Pilbara Nitrates Pty Ltd, with the remaining shares held by subsidiaries in the Yara International ASA Group.

#### (c) Transactions with equity accounted investees

Transactions during the year with equity accounted investees were:

	2022 \$m	2021 \$m
Sales of goods to equity accounted investees	397.2	316.3
Purchase of goods from equity accounted investees	118.1	107.2
Dividend income received from equity accounted investees	23.2	17.5

#### (d) Transactions with related parties

All transactions with other related parties are made on normal commercial terms and conditions and in the ordinary course of business.

#### Recognition and Measurement

##### Investments accounted for using the equity method

The Group's interests in investments accounted for using the equity method comprise interests in associates and joint ventures.

An associate exists where Orica holds an interest in the equity of an entity, generally of between 20% and 50%, and is able to significantly influence the decisions of the entity. A joint venture is an arrangement in which the Group has joint control.

##### Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Orica recognises its share of any jointly held or incurred assets, liabilities, revenue and expenses in the consolidated financial statements under applicable headings.

### 14. BUSINESSES AND NON-CONTROLLING INTERESTS ACQUIRED

Business combinations are accounted for under the acquisition method when control is transferred to the Group, in accordance with AASB 3 *Business Combinations*. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. The transaction costs are expensed in the income statement.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**14. BUSINESSES AND NON-CONTROLLING INTERESTS ACQUIRED (CONTINUED)**

Consolidated – 2022

*Acquisitions of business and controlled entities*

On 29 October 2021, the Group entered a contract to acquire 100% of the shares of RIG Technologies International Pty Ltd and Resources Innovation Group Pty Ltd, based in Western Australia, who design and build downhole measurement technology. The purchase price comprises \$12.5 million paid on completion and potential earn out payments based on the achievement of revenue targets over the next five years.

	<b>RIG Technology \$m</b>
Consideration	
cash paid	12.5
deferred settlement	21.5
Total consideration	34.0
Fair value of net assets of businesses acquired	
property, plant and equipment	1.4
intangibles	6.7
other	0.4
Total fair value of net assets of businesses/controlled entities acquired	8.5
Goodwill on acquisition	25.5

Goodwill on the purchase is attributable mainly to the skills and technical talent of the acquired business' work forces and the synergies expected to be achieved from integrating this business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since 1 October 2021, the Group has acquired an additional 1.2% of Exsa, for the consideration of \$1.9 million. The ownership at 30 September 2022 is 99.9%.

**Consolidated – 2021**

As part of Orica's technology development strategy, the Group acquired the shares of Hopper Industrial Group and assets from OreControl Blasting Consultants LLC and OrePro Holdings LLC for total consideration of \$22.3 million. No Goodwill was recognised on these transactions.

Since 1 October 2020, the Group has acquired an additional 1.9% of Exsa, for the consideration of \$2.8 million. The ownership at 30 September 2021 is 98.7%.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 15. BUSINESSES DISPOSED AND DISCONTINUED OPERATIONS

#### Businesses disposed – 2022

The Group disposed of the Minova business on 28 February 2022 and Nitro Consult AB on 7 March 2022.

	Minova 2022 \$m	Nitro Consult AB 2022 \$m
Summary		
Cash received	149.4	25.6
Cash disposed	(26.6)	(11.1)
<b>Net cash received</b>	<b>122.8</b>	<b>14.5</b>
Deferred cash consideration	28.2	–
Less disposal costs	(12.0)	(1.7)
<b>Net consideration</b>	<b>139.0</b>	<b>12.8</b>
Carrying value of net assets of businesses disposed		
Trade and other receivables	76.7	2.4
Inventories	68.7	1.6
Other assets	5.3	7.6
Property, plant and equipment	68.2	2.5
Right of use assets	–	0.6
Intangibles	16.1	0.5
Deferred tax asset	23.3	1.6
Trade and other payables	(76.9)	(1.2)
Interest-bearing liabilities	(10.4)	(0.7)
Provisions	(34.9)	(20.6)
	<b>136.1</b>	<b>(5.7)</b>
Less: Non-controlling interests at date of disposal	(7.8)	–
<b>Profit on sale of businesses before release of foreign currency translation reserve (FCTR)</b>	<b>10.7</b>	<b>18.5</b>
Release of FCTR	(95.7)	1.0
<b>(Loss)/profit on sale of businesses before tax</b>	<b>(85.0)</b>	<b>19.5</b>
Income tax expense	(8.7)	–
<b>Net (loss)/profit on sale of businesses</b>	<b>(93.7)</b>	<b>19.5</b>

As outlined in note 9, Orica disposed of JSC "Orica CIS" on 9 September 2022. The entity was fully impaired and the proceeds have been risk adjusted given the trade sanctions imposed on Russia. As required by Australian Accounting Standards, the foreign currency translation reserve was released to the profit and loss statement on disposal. This resulted in a gross loss of \$40.6 million (\$31.3 million loss after tax).



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**15. BUSINESSES DISPOSED AND DISCONTINUED OPERATIONS (CONTINUED)**

**Businesses disposed – 2021**

In September 2021 the Group disposed of Arboleda S.A. and its investment in the equity accounted investee Ulaex S.A.

	<b>Arboleda S.A.</b>
	<b>\$m</b>
Consideration	18.1
Disposal costs	(0.5)
<b>Net consideration</b>	<b>17.6</b>
<b>Carrying value of net assets of businesses/controlled entities disposed</b>	
Equity accounted investee	15.9
Trade and other receivables	1.7
	<b>17.6</b>
<b>Profit on sale of business/controlled entities</b>	<b>–</b>

**Discontinued operations**

The Minova business was considered a discontinued operation on 30 September 2021. The results of the business up until completion date of the sale are presented below.

	<b>Minova</b>
	<b>2021</b>
	<b>\$m</b>
<b>Assets held for sale</b>	
Property, plant and equipment	66.9
Intangibles	17.6
Cash and cash equivalents	42.7
Inventories	58.6
Trade receivables	67.2
Other receivables	2.8
Deferred tax asset	30.2
Other assets	12.2
<b>Assets held for sale</b>	<b>298.2</b>
<b>Liabilities held for sale</b>	
Trade payables	70.2
Other payables	20.0
Interest-bearing liabilities	9.9
Provisions	32.2
Other liabilities	–
Deferred tax liability	5.5
<b>Liabilities held for sale</b>	<b>137.8</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 15. BUSINESSES DISPOSED AND DISCONTINUED OPERATIONS (CONTINUED)

	Continuing 2022 \$m	Discontinued 2022 \$m	Consolidated 2022 \$m	Continuing 2021 \$m	Discontinued 2021 \$m	Consolidated 2021 \$m
<b>Sales revenue</b>	<b>7,096.4</b>	<b>231.1</b>	<b>7,327.5</b>	<b>5,207.9</b>	<b>474.3</b>	<b>5,682.2</b>
<b>Other income<sup>(1)</sup></b>	<b>31.8</b>	<b>(0.8)</b>	<b>31.0</b>	<b>45.7</b>	<b>0.7</b>	<b>46.4</b>
Raw materials and inventories	(3,909.5)	(150.4)	(4,059.9)	(2,449.8)	(294.0)	(2,743.8)
Employee benefits expense	(1,223.7)	(41.3)	(1,265.0)	(1,111.2)	(95.7)	(1,206.9)
Depreciation and amortisation expense	(385.8)	–	(385.8)	(358.1)	(11.7)	(369.8)
Purchased services and other expenses	(622.0)	(14.9)	(636.9)	(510.3)	(31.4)	(541.7)
Outgoing freight	(307.1)	(5.6)	(312.7)	(304.6)	(12.9)	(317.5)
Repairs and maintenance	(156.1)	(3.4)	(159.5)	(149.4)	(7.3)	(156.7)
Impairment expense	(167.9)	–	(167.9)	(480.0)	–	(480.0)
Loss on sale of JSC "Orica CIS"	(40.6)	–	(40.6)	–	–	–
Gain on sale of Nitro Consult AB	19.5	–	19.5	–	–	–
Loss on sale of Minova	–	(85.0)	(85.0)	–	–	–
Operating model restructuring	–	–	–	(45.6)	(1.4)	(47.0)
Significant environmental provision expense	–	–	–	(39.3)	–	(39.3)
Gain on sale of Botony site	–	–	–	71.6	–	71.6
Gain on sale of Villawood site	–	–	–	40.8	–	40.8
Share of net profit of equity accounted investees	39.8	–	39.8	34.4	–	34.4
Total	(6,753.4)	(300.6)	(7,054.0)	(5,301.5)	(454.4)	(5,755.9)
<b>Profit/(loss) from operations</b>	<b>374.8</b>	<b>(70.3)</b>	<b>304.5</b>	<b>(47.9)</b>	<b>20.6</b>	<b>(27.3)</b>
<b>Net financing costs</b>						
Financial income	2.1	0.1	2.2	1.0	0.1	1.1
Financial expenses	(102.4)	(0.1)	(102.5)	(106.3)	(0.4)	(106.7)
<b>Net financing costs</b>	<b>(100.3)</b>	<b>–</b>	<b>(100.3)</b>	<b>(105.3)</b>	<b>(0.3)</b>	<b>(105.6)</b>
<b>Profit/(loss) before income tax expense</b>	<b>274.5</b>	<b>(70.3)</b>	<b>204.2</b>	<b>(153.2)</b>	<b>20.3</b>	<b>(132.9)</b>
Income tax expense	(140.9)	(14.3)	(155.2)	(25.3)	(5.7)	(31.0)
<b>Profit/(loss) after tax</b>	<b>133.6</b>	<b>(84.6)</b>	<b>49.0</b>	<b>(178.5)</b>	<b>14.6</b>	<b>(163.9)</b>
<b>Net profit/(loss) for the year attributable to:</b>						
Shareholders of Orica Limited	145.5	(85.4)	60.1	(188.6)	14.8	(173.8)
Non-controlling interests	(11.9)	0.8	(11.1)	10.1	(0.2)	9.9
<b>Net profit/(loss) for the year</b>	<b>133.6</b>	<b>(84.6)</b>	<b>49.0</b>	<b>(178.5)</b>	<b>14.6</b>	<b>(163.9)</b>

(1) Discontinued operations other income includes foreign exchange loss of \$1.1 million (2021 \$0.8 million loss).

	Continuing 2022 cents	Discontinued 2022 cents	Consolidated 2022 cents	Continuing 2021 cents	Discontinued 2021 cents	Consolidated 2021 cents
<b>Earnings per share attributable to ordinary shareholders of Orica Limited:</b>						
Basic earnings per share	35.1	(20.6)	14.5	(46.3)	3.6	(42.7)
Diluted earnings per share	35.0	(20.6)	14.4	(46.3)	3.6	(42.7)



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**15. BUSINESSES DISPOSED AND DISCONTINUED OPERATIONS (CONTINUED)**

Reconciliation of net profit for the year

	Continuing 2022 \$m	Discontinued 2022 \$m	Consolidated 2022 \$m	Continuing 2021 \$m	Discontinued 2021 \$m	Consolidated 2021 \$m
<b>Before individually significant items</b>						
Profit from operations	563.8	14.7	578.5	404.6	22.0	426.6
Net financing costs	(100.3)	–	(100.3)	(105.3)	(0.3)	(105.6)
Profit before income tax expense	463.5	14.7	478.2	299.3	21.7	321.0
Income tax expense	(148.4)	(5.6)	(154.0)	(96.6)	(6.1)	(102.7)
<b>Profit after tax before non-controlling interests</b>	<b>315.1</b>	<b>9.1</b>	<b>324.2</b>	<b>202.7</b>	<b>15.6</b>	<b>218.3</b>
Non-controlling interests	(6.4)	(0.8)	(7.2)	(10.1)	0.2	(9.9)
<b>Profit after tax before individually significant items</b>	<b>308.7</b>	<b>8.3</b>	<b>317.0</b>	<b>192.6</b>	<b>15.8</b>	<b>208.4</b>
<b>Individually significant items</b>						
Loss before income tax expense	(189.0)	(85.0)	(274.0)	(452.5)	(1.4)	(453.9)
Income tax benefit/(expense)	7.5	(8.7)	(1.2)	71.3	0.4	71.7
<b>Loss after tax before non-controlling interests</b>	<b>(181.5)</b>	<b>(93.7)</b>	<b>(275.2)</b>	<b>(381.2)</b>	<b>(1.0)</b>	<b>(382.2)</b>
Non-controlling interests	18.3	–	18.3	–	–	–
<b>Loss after tax from individually significant items</b>	<b>(163.2)</b>	<b>(93.7)</b>	<b>(256.9)</b>	<b>(381.2)</b>	<b>(1.0)</b>	<b>(382.2)</b>
<b>Net profit/(loss) after tax</b>						
Net profit/(loss) before income tax expense	274.5	(70.3)	204.2	(153.2)	20.3	(132.9)
Income tax expense	(140.9)	(14.3)	(155.2)	(25.3)	(5.7)	(31.0)
<b>Profit/(loss) after tax before non-controlling interests</b>	<b>133.6</b>	<b>(84.6)</b>	<b>49.0</b>	<b>(178.5)</b>	<b>14.6</b>	<b>(163.9)</b>
Non-controlling interests	11.9	(0.8)	11.1	(10.1)	0.2	(9.9)
<b>Net profit/(loss) after tax</b>	<b>145.5</b>	<b>(85.4)</b>	<b>60.1</b>	<b>(188.6)</b>	<b>14.8</b>	<b>(173.8)</b>
<b>Net profit/(loss) for the year attributable to:</b>						
Shareholders of Orica Limited	145.5	(85.4)	60.1	(188.6)	14.8	(173.8)
Non-controlling interests	(11.9)	0.8	(11.1)	10.1	(0.2)	9.9
<b>Net profit/(loss) for the year</b>	<b>133.6</b>	<b>(84.6)</b>	<b>49.0</b>	<b>(178.5)</b>	<b>14.6</b>	<b>(163.9)</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 15. BUSINESSES DISPOSED AND DISCONTINUED OPERATIONS (CONTINUED)

	Minova	
	2022 \$m	2021 \$m
<b>Cash flows from/(used in) discontinued operations</b>		
Net cash (used in)/from operating activities	(4.7)	16.9
Net cash used in investing activities	(8.2)	(9.6)
Net cash used in financing activities	(3.2)	(2.7)
<b>Net cash flows for the year</b>	<b>(16.1)</b>	<b>4.6</b>

#### Recognition and Measurement

A discontinued operation is a component of the Group where the operations and cash flows can be clearly distinguished from the rest of the Group. It represents a separate major line of operations and is part of a single co-ordinated plan to dispose of a separate major line of operation or business.

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.

When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

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

### 16. PARENT COMPANY DISCLOSURE – ORICA LIMITED

	Company	
	2022 \$m	2021 \$m
Total current assets	2,384.0	1,805.6
Total assets	3,946.2	3,367.8
Total current liabilities	159.0	174.7
Total liabilities	168.8	176.1
<b>Equity</b>		
Ordinary shares	3,389.7	2,686.1
Retained earnings	387.7	505.6
<b>Total equity attributable to ordinary shareholders of Orica Limited</b>	<b>3,777.4</b>	<b>3,191.7</b>
<b>Net profit and total comprehensive income for the year</b>	<b>2.6</b>	<b>387.9</b>

The Company did not have any contractual commitments for the acquisition of property, plant or equipment in the current or previous years.

#### Contingent liabilities and contingent assets

Under the terms of a Deed of Cross Guarantee entered into under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, each wholly owned subsidiary which is a party to the Deed has covenanted with the Trustee of the Deed to guarantee the payment of any debts of the other companies which are party to the Deed which might arise on the winding up of those companies. A consolidated balance sheet and income statement for this closed group is shown in note 17.

Orica Limited guaranteed senior notes issued in the US Private Placement market in 2010, 2013, 2017 and 2020. The notes have maturities between calendar years 2022 and 2030 (2021: 2022 and 2030). Orica Limited has also provided guarantees for committed bank facilities.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 17. DEED OF CROSS GUARANTEE

The parent entity, Orica Limited, and certain subsidiaries are subject to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others.

The parties to the Deed are:

- Initiating Explosives Systems Pty Ltd
- Orica Australia Pty Ltd
- Orica Investments Pty Ltd
- Orica Explosives Holdings Pty Ltd
- Orica Explosives Holdings No 2 Pty Ltd
- Orica Explosives Technology Pty Ltd
- Orica IC Assets Pty Ltd

By entering into the Deed, the wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

A consolidated income statement and consolidated balance sheet are shown below:

<b>Summarised Balance Sheet</b>	<b>2022 \$m</b>	<b>2021 \$m</b>
<b>Current assets</b>		
Cash and cash equivalents	9.6	9.9
Trade and other receivables	342.7	298.3
Inventories	199.4	151.8
Other assets <sup>(1)</sup>	19.7	17.4
<b>Total current assets</b>	<b>571.4</b>	<b>477.4</b>
<b>Non-current assets</b>		
Trade and other receivables	2.5	2.0
Equity accounted investees	13.3	11.1
Other financial assets	7,357.8	7,015.6
Property, plant and equipment	1,265.8	1,272.7
Intangible assets	174.1	168.5
Deferred tax assets	185.5	188.9
<b>Total non-current assets</b>	<b>8,999.0</b>	<b>8,658.8</b>
<b>Total assets</b>	<b>9,570.4</b>	<b>9,136.2</b>
<b>Current liabilities</b>		
Trade and other payables	404.9	280.0
Interest bearing liabilities	20.8	16.6
Current tax liabilities	137.8	28.9
Provisions	41.0	128.4
<b>Total current liabilities</b>	<b>604.5</b>	<b>453.9</b>
<b>Non-current liabilities</b>		
Trade and other payables	21.9	1.8
Interest bearing liabilities	4,659.0	4,540.9
Provisions	207.9	322.4
<b>Total non-current liabilities</b>	<b>4,888.8</b>	<b>4,865.1</b>
<b>Total liabilities</b>	<b>5,493.3</b>	<b>5,319.0</b>
<b>Net assets</b>	<b>4,077.1</b>	<b>3,817.2</b>
<b>Equity</b>		
Ordinary shares	3,398.1	2,686.1
Reserves	827.0	681.6
Retained earnings	(148.0)	449.5
<b>Total equity</b>	<b>4,077.1</b>	<b>3,817.2</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 17. DEED OF CROSS GUARANTEE (CONTINUED)

<b>Summarised Income Statement and retained profit</b>	<b>2022 \$m</b>	<b>2021 \$m</b>
Loss before income tax expense <sup>(2)</sup>	(541.8)	(156.8)
Income tax benefit	19.5	12.4
<b>Loss from operations</b>	<b>(522.3)</b>	<b>(144.4)</b>
Retained profit at the beginning of the year	449.5	672.3
Actuarial gains recognised directly in equity	45.1	19.1
Ordinary dividends – interim	(53.1)	(30.6)
Ordinary dividends – final	(67.2)	(66.9)
<b>Retained (loss)/profit at the end of the year</b>	<b>(148.0)</b>	<b>449.5</b>

(1) Other assets include net tax receivables with Group entities outside the Deed of Cross Guarantee.

(2) Loss before income tax primarily due to the impairment of the investment associated with Russia, Turkey and Minova.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### SECTION G. REWARD AND RECOGNITION

Orica operates in more than 45 countries and has more than 12,000 employees. This section provides insights into the reward and recognition of employees, in addition to the employee benefits expense and employee provisions disclosed in the income statement and note 6 respectively.

This section should be read in conjunction with the Remuneration Report, contained within the Directors' Report, which provides specific details on the setting of remuneration for Key Management Personnel.

### 18. EMPLOYEE SHARE PLANS AND REMUNERATION

The following plans have options or rights ("instruments") over Orica shares outstanding at 30 September 2021 and 30 September 2022:

#### The Long-Term Incentive Plan (LTIP)

Refer to Remuneration Report.

#### Sign-on Rights

For a select group of senior managers who join Orica post allocation of an LTIP grant (and who generally have forgone at-risk remuneration from their previous employer) rights may be allocated at the discretion of the Orica Board.

#### Recognition and Measurement

The issued instruments are measured at fair value based on valuations prepared by PwC. The fair value is recognised in the income statement over the period that employees become entitled to the instruments.

#### Key Management Personnel compensation summary

As deemed under AASB 124 *Related Parties Disclosures*, Key Management Personnel (KMP) include each of the Directors, both Executive and Non-Executive, and those members of the Executive Committee who have authority and responsibility for planning, directing and controlling the activities of Orica.

A summary of the KMP compensation is set out in the following table:

	Consolidated	
	2022 \$000	2021 \$000
Short-term employee benefits	7,667.6	10,085.5
Other long-term benefits	25.0	40.1
Post employment benefits	214.4	281.3
Share based payments	1,361.4	1,019.7
Termination benefits	–	437.5
	<b>9,268.4</b>	<b>11,864.1</b>

Information regarding individual Directors and Executives compensation and some equity instrument disclosures as permitted by *Corporation Regulations 2M.3.03* are provided in the Remuneration Report.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 19. DEFINED BENEFIT OBLIGATIONS

#### Recognition and Measurement

Contributions to defined contribution superannuation funds are recognised in the income statement in the year in which the expense is incurred.

For each defined benefit scheme, the cost of providing retirement benefits is expensed in the income statement so as to recognise current and past service costs, interest cost on net liabilities, and the effect of any curtailments or settlements. Actuarial gains and losses are recognised in other comprehensive income. The Group's net liabilities in respect of defined benefit pension plans is the present value of the future benefit employees have earned, less the fair value of any plan assets.

#### (a) Defined benefit pension plans

The Group participates in several Australian and overseas defined benefit post-employment plans that provide benefits to employees upon retirement. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries. Information within these financial statements has been prepared by the local plan external actuaries. Orica were assisted by Willis Towers Watson to consolidate those results globally. During the year, the Group made employer contributions of \$27.0 million (2021 \$30.7 million) to defined benefit plans. The Group's external actuaries have forecast total employer contributions and benefit payments to defined benefit plans of \$25.4 million for 2023.

#### (b) (i) Balance Sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	2022 \$m	2021 \$m
Present value of the funded defined benefit obligations	527.6	735.4
Present value of unfunded defined benefit obligations	65.4	128.1
Fair value of defined benefit plan assets	(512.8)	(631.4)
Deficit	80.2	232.1
Restrictions on assets recognised	3.1	1.9
Net liability in the balance sheet	83.3	234.0
Amounts in the balance sheet:		
Liabilities	91.0	238.0
Assets	(7.7)	(4.0)
<b>Net liability recognised in balance sheet at end of the year</b>	<b>83.3</b>	<b>234.0</b>
<b>Comprised of:</b>		
Net liabilities of continuing operations	83.3	209.1
Net liabilities held for sale	–	24.9
<b>Net liability recognised in balance sheet at end of the year</b>	<b>83.3</b>	<b>234.0</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**19. DEFINED BENEFIT OBLIGATIONS (CONTINUED)**

**(b) (ii) Amounts recognised in the Income Statement**

The amounts recognised in the income statement are as follows:

	2022 \$m	2021 \$m
Current service cost	14.1	16.5
Interest cost on net defined benefit liabilities	4.5	6.3
Losses from immediate recognition	(0.4)	(0.5)
Past service cost	0.8	1.0
<b>Total included in employee benefits expense</b>	<b>19.0</b>	<b>23.3</b>

**Comprised of:**

Continuing operations	19.0	22.6
Discontinued operations	–	0.7
<b>Total included in employee benefits expense</b>	<b>19.0</b>	<b>23.3</b>

**(b) (iii) Amounts included in the Statement of Other Comprehensive Income**

	2022 \$m	2021 \$m
Actuarial gain on defined benefit obligations:		
Due to changes in demographic assumptions	(6.3)	(10.6)
Due to changes in financial assumptions	186.1	45.8
Due to experience adjustments	(4.3)	(7.8)
Total	175.5	27.4
Return on plan assets (lesser than)/greater than discount rate	(82.7)	49.8
Change in irrecoverable surplus other than interest	(1.1)	(1.8)
Total gain recognised via the Statement of Other Comprehensive Income	91.7	75.4
Tax expense on total gain recognised via the Statement of Other Comprehensive Income	(25.8)	(20.5)
<b>Total gain after tax recognised via the Statement of Other Comprehensive Income</b>	<b>65.9</b>	<b>54.9</b>

**Comprised of:**

Continuing operations	65.9	53.0
Discontinued operations	–	1.9
<b>Total gain after tax recognised via the Statement of Other Comprehensive Income</b>	<b>65.9</b>	<b>54.9</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 19. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

#### (b) (iv) Reconciliations

	2022 \$m	2021 \$m
Reconciliation of present value of the defined benefit obligations:		
Balance at the beginning of the year	810.6	882.7
Current service cost	14.1	16.5
Interest cost	21.6	20.3
Actuarial gains	(175.9)	(27.9)
Contributions by plan participants	0.8	0.9
Benefits paid	(55.2)	(43.5)
Settlements/curtailments	0.8	1.0
Business disposal	(20.1)	–
Exchange differences on foreign funds	(3.7)	13.5
<b>Balance at the end of the year</b>	<b>593.0</b>	<b>863.5</b>

#### Comprised of:

Continuing operations	593.0	810.6
Held for sale	–	52.9
<b>Balance at the end of the year</b>	<b>593.0</b>	<b>863.5</b>

	2022 \$m	2021 \$m
Reconciliation of the fair value of the plan assets:		
Balance at the beginning of the year	603.4	569.2
Interest income on plan asset	17.1	14.0
Return on plan assets greater than discount rate	(82.7)	49.8
Contributions by plan participants	0.8	0.9
Contributions by employer	27.0	30.7
Benefits paid	(55.2)	(43.5)
Exchange differences on foreign funds	2.4	10.3
<b>Balance at the end of the year</b>	<b>512.8</b>	<b>631.4</b>

#### Comprised of:

Continuing operations	512.8	603.4
Held for sale	–	28.0
<b>Balance at the end of the year</b>	<b>512.8</b>	<b>631.4</b>

The fair value of plan assets does not include any amounts relating to the Group's own financial instruments, property occupied by, or other assets used by, the Group.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**19. DEFINED BENEFIT OBLIGATIONS (CONTINUED)**

	2022 \$m	2021 \$m
Comprising:		
Quoted in active markets:		
Equities	172.4	227.5
Debt securities	204.4	242.2
Property	3.2	9.4
Other quoted securities	69.4	92.3
Other:		
Property	34.2	30.1
Insurance contracts	4.4	4.9
Cash and cash equivalents	24.8	25.0
	<b>512.8</b>	<b>631.4</b>

The principal assumptions applied in determining the present value of defined benefit obligations and their bases were as follows:

- rates of increase in pensionable remuneration, pensions in payment and healthcare costs: historical experience and management's long-term future expectations;
- discount rates: prevailing long-term high quality bond yields, chosen to match the currency and duration of the relevant obligation; and
- mortality rates: the local actuaries' designated mortality rates for the individual plans concerned.

The weighted averages for those assumptions and related sensitivity information are presented below. Sensitivity information indicates by how much the defined benefit obligations would increase or decrease if a given assumption were to increase or decrease with no change in other assumptions.

	Weighted average of assumptions used p.a.		Change in assumptions	
	2022	2021	+1% p.a. \$m	-1% p.a. \$m
Rate of increase in pensionable remuneration	3.32%	2.99%	11.9	(10.5)
Rate of increase in pension payments	2.80%	2.36%	11.7	(10.6)
Discount rate for pension plans	5.07%	2.74%	(60.9)	72.8

The expected age at death for persons aged 65 is 87.8 years for men and 90.2 years for women at 30 September 2022. A change of one year in the expected age of death would result in an \$12.3 million movement in the defined benefit obligation at 30 September 2022.

**Critical accounting judgements and estimates**

The defined benefit obligation costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of judgement in relation to assumptions for future salary and superannuation increases, long-term price inflation and bond rates. While management believes the assumptions used are appropriate, a change in the assumptions used may impact the earnings and equity of the Group.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### SECTION H. OTHER

This section includes additional financial information that is required by Australian Accounting Standards and which management considers to be relevant information for shareholders.

### 20. CONTINGENT LIABILITIES

Contingent liabilities relating to environmental uncertainties are disclosed in note 6 and those relating to taxation in note 11. All others are disclosed below.

#### (a) Guarantees, indemnities and warranties

- The Group has entered into various long-term supply contracts. For some contracts, minimum charges are payable regardless of the level of operations, but the levels of operations are expected to remain above those that would trigger minimum payments.
- There are guarantees relating to certain leases of property, plant and equipment and other agreements arising in the ordinary course of business.
- Contracts of sale covering companies and assets which were divested during the current and prior years include commercial warranties and indemnities to the purchasers.

#### (b) Legal, claims and other

There are a number of legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. Management have concluded that any potential liabilities over and above those already provided for in the financial statements would not have a material effect on the Group's financial performance.

#### Critical accounting judgements and estimates

Where management are of the view that potential liabilities that arise in the normal course of business have a low probability of crystallising or it is not possible to quantify them reliably, they are not provided for and are disclosed as contingent liabilities.

#### Legal proceedings

The outcome of currently pending and future legal, judicial, regulatory, administrative and other proceedings of a litigious nature ("Proceedings") cannot be predicted with certainty. Proceedings can raise complex legal issues and are subject to many uncertainties including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each Proceeding is brought and differences in applicable law. Thus, an adverse decision in Proceedings could result in additional costs that are not covered, either wholly or partially, under insurance policies and that could significantly impact the business and results of operations of the Group. Therefore, it is possible that the financial position, results of operations or cash flows of the Group could be materially affected by an unfavourable outcome of those Proceedings. Proceedings are evaluated on a case-by-case basis considering the available information, including that from legal counsel, to assess potential outcomes.

#### Warranties and Indemnities

In the course of acquisitions and disposals of businesses and assets, Orica routinely negotiates warranties and indemnities across a range of commercial issues and risks, including environmental risks associated with real property. Management uses the information available and exercises judgement in the overall context of these transactions, in determining the scope and extent of these warranties and indemnities. In assessing Orica's financial position, management relies on warranties and indemnities received, and considers potential exposures on warranties and indemnities provided. It is possible that the financial position, results of operations and cash flows of the Group could be materially affected if circumstances arise where warranties and indemnities received are not honoured, or for those provided, circumstances change adversely.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 21. AUDITOR'S REMUNERATION

	Consolidated	
	2022 \$000	2021 \$000
<b>Total remuneration received, or due and receivable, by the auditors for:</b>		
Audit services		
Auditor of the Company – KPMG Australia		
– Audit and review of financial reports	4,220	3,967
Auditor of the Company – overseas KPMG firms		
– Audit and review of financial reports <sup>(1)</sup>	1,776	1,915
	<b>5,996</b>	<b>5,882</b>
Other services		
Auditor of the Company – KPMG Australia		
– advisory services in relation to integrated reporting and sustainability	28	351
– advisory services in relation to compliance reporting	29	306
– other services	87	118
	144	775
	<b>6,140</b>	<b>6,657</b>

(1) Fees paid or payable for overseas subsidiaries' local statutory requirements.

From time to time, KPMG, the auditor of Orica, provides other services to the Group, which are subject to strict corporate governance procedures adopted by the Company which encompass the selection of service providers and the setting of their remuneration.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 22. EVENTS SUBSEQUENT TO BALANCE DATE

#### Acquisition of business

On 3 October 2022, the Group acquired 100% of the shares of Axis Mining Technology Pty Ltd and DV8 Technology Ltd, who design, develop and manufacture specialised geospatial tools and instruments for the mining industry. The purchase price comprises \$258 million paid on completion and potential earn out payments of up to \$90 million based on the achievement of cumulative EBITDA generated from 1 October 2022 to 31 December 2024, and contingent on certain key management remaining employed by Orica during the earn-out period. Any amounts relating to the earn out will be recognised in the profit and loss as a Significant Item.

Based on the initial completion statement, Goodwill of \$177 million will be recognised on this transaction. Accounting standards permit a measurement period of up to one year to finalise acquisition accounting.

	AXIS Group \$m
<b>Consideration</b>	
Cash paid	258.0
<b>Total consideration</b>	<b>258.0</b>
<b>Fair value of net assets of businesses acquired</b>	
Intangibles	100.0
Property, plant and equipment	2.4
Deferred tax liability	(30.0)
Others	8.6
<b>Total fair value of net assets of businesses/controlled entities acquired</b>	<b>81.0</b>
<b>Goodwill on acquisition</b>	<b>177.0</b>

Goodwill on the purchase is attributable mainly to the skills and technical talent of the acquired business' work forces and the synergies expected to be achieved from integrating this business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs of \$6.5 million that were not directly attributable to the issue of shares are included in the statement of profit or loss and in operating cash flows in the statement of cash flows.

The financial effect of this transaction is not included in the financial statements for the year ended 30 September 2022 and will be recognised in the 2023 financial statements.

#### Dividends

On 8 November 2022, the Directors declared a final dividend of 22.0 cents per ordinary share payable on 22 December 2022. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2022 and will be recognised in the FY2023 financial statements.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2022, 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 these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**23. LIST OF CONTROLLED ENTITIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities held during 2021 and 2022 (non-controlling interests shareholding disclosed if not 100% owned):

Name of Entity	Place of incorporation if other than Australia	Name of Entity	Place of incorporation if other than Australia
<b>Company</b>		GroundProbe Technologies Pty Ltd <sup>(b)</sup>	
Orica Limited		GroundProbe (Nanjing) Mining Technology Co. Ltd	China
<b>Controlled Entities</b>		Hallowell Manufacturing LLC <sup>(h)</sup>	USA
Alaska Pacific Powder Company <sup>(a)</sup>	USA	Holding EXSA S.A.C. – 0.1%	Peru
Altona Properties Pty Ltd <sup>(b)</sup> – 37.4%		Hopper Industrial Group Pty Ltd <sup>(b)</sup>	
Aminova International Limited	Hong Kong	Indian Explosives Private Limited	India
Ammonium Nitrate Development and Production Limited – 9.3%	Thailand	Initiating Explosives Systems Pty Ltd	
Anbao Insurance Pte Ltd	Singapore	International Blasting Services Inc – 0.1%	Panama
Arboleda S.A <sup>(c)</sup>	Panama	JSC "Orica CIS" <sup>(g)</sup>	Russia
ASA Organizacion Industrial S.A. de C.V.	Mexico	Minova Africa (Pty) Ltd <sup>(g)</sup> – 26%	South Africa
Barbara Limited <sup>(g)</sup>	UK	Minova Africa Holdings (Pty) Limited <sup>(g)</sup>	South Africa
Beijing Ruichy Minova Synthetic Material Company Limited	China	Minova Arnall Sp. z o.o. <sup>(g)</sup>	Poland
BST Manufacturing, Inc.	USA	Minova Australia Pty Ltd <sup>(b)(g)</sup>	
CJSC (ZAO) Carbo-Zakk <sup>(g)</sup> – 6.25%	Russia	Minova Bohemia s.r.o. <sup>(g)</sup>	Czech Republic
Controladora DNS de RL de CV	Mexico	Minova CarboTech GmbH <sup>(g)</sup>	Germany
Dansel Business Corporation	Panama	Minova Codiv S.L. <sup>(g)</sup>	Spain
Dyno Nobel VH Company LLC – 49%	USA	Minova Ekochem S.A. <sup>(g)</sup>	Poland
Emirates Explosives LLC – 35%	United Arab Emirates	Minova Holding GmbH <sup>(g)</sup>	Germany
Explosivos de Mexico S.A. de C.V.	Mexico	Minova Holding Inc <sup>(g)</sup>	USA
Explosivos Mexicanos S.A. de C.V.	Mexico	Minova International Limited <sup>(g)</sup>	UK
Exsa Chile SpA – 0.1%	Chile	Minova Kazakhstan Limited Liability Partnership <sup>(g)</sup>	Kazakhstan
Exsa Colombia S.A.S. – 0.1%	Colombia	Minova Ksante Sp. z o.o. <sup>(g)</sup>	Poland
Exsa S.A. – 0.1%	Peru	Minova MAI GmbH	Austria
Fortune Properties (Alrode) (Pty) Limited <sup>(g)</sup>	South Africa	Minova Mexico S.A. de C.V.	Mexico
GeoNitro Limited – 69.4%	Georgia	Minova MineTek Private Limited <sup>(g)</sup>	India
GP FinCo Pty Limited <sup>(b)</sup>		Minova Mining Services SA <sup>(g)</sup>	Chile
GP HoldCo Pty Limited		Minova Nordic AB <sup>(g)</sup>	Sweden
GroundProbe Australasia Pty Ltd <sup>(b)</sup>		Minova Runaya Private Limited <sup>(g)</sup> – 49%	India
GroundProbe Colombia S.A.S.	Colombia	Minova USA Inc <sup>(g)</sup>	USA
GroundProbe do Brasil	Brazil	Minova Weldgrip Limited	UK
GroundProbe International Pty Ltd <sup>(b)</sup>		Mintun 1 Limited	UK
GroundProbe North America LLC	USA	Mintun 2 Limited	UK
GroundProbe Peru S.A.C.	Peru	Mintun 3 Limited	UK
GroundProbe Pty Ltd <sup>(b)</sup>		Mintun 4 Limited	UK
GroundProbe South Africa (Proprietary) Ltd	South Africa	Nitro Asia Company Inc. – 41.6%	Philippines
GroundProbe South America SA	Chile	Nitro Consult AB <sup>(g)</sup>	Sweden
		Nitro Consult AS	Norway
		Nitroamonia de Mexico S.A de C.V.	Mexico



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September

### 23. LIST OF CONTROLLED ENTITIES (CONTINUED)

Name of Entity	Place of incorporation if other than Australia	Name of Entity	Place of incorporation if other than Australia
NMR Services Australia Pty Ltd <sup>(b)(f)</sup>		Orica Finance Trust <sup>(b)</sup>	
Nobel Industrier AS	Norway	Orica Finland OY	Finland
Nutnim 1 Limited	UK	Orica Ghana Limited	Ghana
Nutnim 2 Limited	UK	Orica Grace US Holdings Inc. <sup>(h)</sup>	USA
OOO Minova <sup>(g)</sup>	Russia	Orica Holdings Pty Ltd <sup>(b)</sup>	
Orica-CCM Energy Systems Sdn Bhd – 45%	Malaysia	Orica Ibéria, S.A.	Portugal
Orica-GM Holdings Limited – 49%	UK	Orica IC Assets Holdings Limited Partnership <sup>(b)</sup>	
Orica Africa Holdings Limited	UK	Orica IC Assets Pty Ltd	
Orica Africa (Proprietary) Ltd	South Africa	Orica International IP Holdings Inc. <sup>(h)</sup>	USA
Orica Argentina S.A.I.C.	Argentina	Orica International Pte Ltd	Singapore
Orica Australia Pty Ltd		Orica Investments (Indonesia) Pty Limited <sup>(b)</sup>	
Orica Belgium S.A.	Belgium	Orica Investments (NZ) Limited	NZ
Orica Blast & Quarry Surveys Limited – 25%	UK	Orica Investments (Thailand) Pty Limited <sup>(b)</sup>	
Orica Bolivia S.A. <sup>(i)</sup>	Bolivia	Orica Investments Pty Ltd	
Orica Brasil Ltda	Brazil	Orica Japan Co. Ltd <sup>(e)</sup>	Japan
Orica Burkina Faso SARL	Burkina Faso	Orica Kazakhstan Joint Stock Company	Kazakhstan
Orica Caledonie SAS <sup>(i)</sup>	New Caledonia	Orica Logistics Canada Inc. <sup>(d)</sup>	Canada
Orica Canada Inc	Canada	Orica Logistics LLC	Russia
Orica Canada Investments ULC <sup>(d)</sup>	Canada	Orica Long Term Equity Incentive Plan Trust <sup>(b)</sup>	
Orica Caribe, S.A.	Panama	Orica Malaysia Sdn Bhd	Malaysia
Orica Centroamerica S.A.	Costa Rica	Orica Mali SARL	Republic of Mali
Orica Chile Distribution S.A.	Chile	Orica Mauritania SARL	Mauritania
Orica Chile S.A.	Chile	Orica Med Bulgaria AD – 40%	Bulgaria
Orica Colombia S.A.S.	Colombia	Orica Mining Services (Namibia) (Proprietary) Limited	Namibia
Orica Cote D'Ivoire	Ivory Coast	Orica Mining Services (Hong Kong) Ltd	Hong Kong
Orica Denmark A/S	Denmark	Orica Mining Services DRC SASU	Democratic Republic of Congo
Orica Dominicana S.A.	Dominican Republic	Orica Mining Services Peru S.A.	Peru
Orica DRC SARL	Democratic Republic of Congo	Orica Mining Services Portugal S.A.	Portugal
Orica Eesti OU – 35%	Estonia	Orica Mining Services (Thailand) Limited	Thailand
Orica Europe FT Pty Ltd <sup>(b)</sup>		Orica Mongolia LLC – 51%	Mongolia
Orica Europe GmbH & Co KG	Germany	Orica Mountain West Inc.	USA
Orica Europe Verwaltungs GmbH	Germany	Orica Mozambique Limitada	Mozambique
Orica Explosives Holdings Pty Ltd		Orica New Zealand Limited	NZ
Orica Explosives Holdings No 2 Pty Ltd		Orica New Zealand Superfunds Securities Limited	NZ
Orica Explosives Holdings No 3 Pty Ltd <sup>(b)</sup>		Orica Nitrates Philippines Inc – 4%	Philippines
Orica Explosives Research Pty Ltd <sup>(b)</sup>			
Orica Explosives Technology Pty Ltd			
Orica Explosivos Industriales, S.A.	Spain		
Orica Finance Limited			



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September

**23. LIST OF CONTROLLED ENTITIES (CONTINUED)**

Name of Entity	Place of incorporation if other than Australia	Name of Entity	Place of incorporation if other than Australia
Orica Nitro Patlayıcı Maddeler Sanayi ve Ticaret Anonim Şirketi – 49%	Turkey	Orica USA Inc.	USA
Orica Nitrogen LLC <sup>(h)</sup>	USA	Orica U.S. Services Inc.	USA
Orica Nominees Pty Ltd <sup>(b)</sup>		Orica Venezuela C.A. – 49%	Venezuela
Orica Norway AS	Norway	Orica Zambia Limited	Zambia
Orica Panama S.A.	Panama	OriCare Canada Inc.	Canada
Orica Philippines Inc – 5.5%	Philippines	Oricorp Comercial S.A. de C.V.	Mexico
Orica Portugal, S.G.P.S., S.A.	Portugal	Oricorp Mexico S.A. de C.V.	Mexico
Orica Securities (UK) Limited	UK	Penlon Proprietary Limited <sup>(b)</sup>	
Orica Senegal SARL	Senegal	Project Grace	UK
Orica Share Plan Pty Limited <sup>(b)</sup>		Project Grace Holdings	UK
Orica Singapore Pte Ltd	Singapore	Project Grace Incorporated <sup>(h)</sup>	USA
Orica Soluciones de Voladuras S.A.C.	Peru	Promec International Pty Ltd <sup>(b)(f)</sup>	
Orica South Africa (Pty) Ltd – 26.5%	South Africa	PT GroundProbe Indonesia	Indonesia
Orica St. Petersburg LLC	Russia	PT Kalimantan Mining Services	Indonesia
Orica Sweden AB	Sweden	PT Kaltim Nitrate Indonesia – 10%	Indonesia
Orica Sweden Holdings AB	Sweden	PT Orica Mining Services	Indonesia
Orica Tanzania Limited	Tanzania	Resource Innovation Group Pty Ltd <sup>(b)(i)</sup>	
Orica UK Limited	UK	RIG Technologies International Pty Ltd <sup>(b)(i)</sup>	
Orica US Finance LLC <sup>(i)</sup>	USA	Rui Jade International Limited	Hong Kong
Orica US Holdings General Partnership	USA	Surtech Systems Pty Ltd <sup>(b)(f)</sup>	
		White Lightning Holdings, Inc	Philippines

(a) Merged in 2021.

(b) No separate statutory accounts are required to be prepared in Australia.

(c) Divested in 2021.

(d) Amalgamated in 2021.

(e) Liquidated in 2021.

(f) Acquired in 2021 as part of the Hopper Industrial Group acquisition; refer to Note 14.

(g) Divested in 2022.

(h) Merged in 2022.

(i) Liquidated in 2022.

(j) Acquired in 2022.

**24. NEW ACCOUNTING POLICIES AND ACCOUNTING STANDARDS**

Except as described below, the accounting policies applied by the Group in its financial statements are the same as those applied by the Group in its consolidated financial report for the year ended 30 September 2021.

**(i) New and amended accounting standards and interpretations adopted**

**AASB 2020-8 Amendments – Interest Rate Benchmark Reform (Phase 2)**

AASB 2020-8 became effective for the Group from 1 October 2021. The standard provides relief from potential effects on the valuation of financial instruments and hedge accounting requirements caused when an existing interest rate benchmark is replaced with an alternative benchmark rate (the reform).

The adoption of this standard did not have a material impact on the Group. All relevant bank facility agreements will transition to alternative reference rates prior to the cessation of LIBOR. A portion of Orica's issued USD fixed rate debt is hedged using USD fixed to USD LIBOR interest rate swaps. None of these swaps reference US LIBOR post the cessation date of June 2023.

**(ii) New and amended accounting standards and interpretations issued but not yet effective**

There are no new standards or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.



# DIRECTORS' DECLARATION

We, Malcolm William Broomhead and Sanjeev Gandhi, being Directors of Orica Limited, do hereby state in accordance with a resolution of the Directors that in the opinion of the Directors,

- (a) the consolidated financial statements and notes, set out on pages 125 to 190, and the Remuneration Report in the Directors' Report, set out on pages 99 to 123, are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the financial position of the Group as at 30 September 2022 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the controlled entities identified in note 17 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 September 2022.

The Directors draw attention to "About this report" on page 132 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

**M W Broomhead**  
Chairman

Dated at Melbourne 8 November 2022

**S Gandhi**  
Managing Director and Chief Executive Officer



# INDEPENDENT AUDITOR'S REPORT



## Independent Auditor's Report

To the shareholders of Orica Limited

### Report on the audit of the Financial Report

#### Opinion

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

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

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

The **Financial Report** comprises:

- Balance Sheet as at 30 September 2022
- Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

#### Basis for opinion

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

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

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

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 30 September



### Key Audit Matters

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

- Recoverable amount of property, plant and equipment and intangible assets
- Environmental and decommissioning provisions and contingent liability disclosures

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

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

### Recoverable amount of property, plant and equipment (\$3,082.3 million) and intangible assets (\$1,142.9 million)

Refer to Notes 7, 8 and 9 of the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>A key audit matter was the Group's testing of property, plant and equipment and intangible assets for impairment given the size of the balances (being 50% of total assets), continued global supply chain disruptions and uncertainty around inflation expectations and forecast commodity prices.</p> <p>Certain conditions impacting the Group, particularly with respect to the EMEA Cash Generating Unit (CGU), increased the judgement applied by us when evaluating the evidence available.</p> <p>We focused on the significant forward-looking assumptions the Group applied in the value in use model, including:</p> <ul style="list-style-type: none"> <li>• <i>Forecast operating cash flows:</i> the ongoing economic uncertainty caused by geopolitical issues, most notably the Russia-Ukraine conflict, continued global supply chain disruptions and uncertainty around inflation expectations and forecast commodity prices increases the possibility of property, plant and equipment and intangible assets being impaired and the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. We focused on both the forecast growth for the Group and the impact of the Group's future business plans when assessing the feasibility of the Group's forecast cashflows.</li> <li>• <i>Terminal growth rates:</i> in addition to the uncertainties described above, the Group's model is highly sensitive to changes in</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We considered the appropriateness of the value in use method applied by the Group to perform the impairment test against the requirements of the accounting standards.</li> <li>• We assessed key controls in the Group's impairment process, such as Board approval of budgets and review and approval of the impairment assessment, including cash flow forecasts, by examining the review and approval of information by the Board.</li> <li>• We assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas.</li> <li>• We compared the forecast cash flows contained in the value in use model to the future business plans approved by the Board. We checked the Group's forecast cash flows for the EMEA CGU for consistency with our understanding of the Group's decision to exit the Russian business.</li> <li>• We compared the Group's cumulative value in use to the Group's market capitalisation to inform our evaluation of the current forecasts incorporated in the model.</li> <li>• We assessed the accuracy of previous Group cash flow forecasts for the respective CGUs to inform our evaluation of current forecasts incorporated in the model.</li> <li>• We assessed the scope, competence and objectivity of the Group's external expert engaged to assist with the determination of</li> </ul>



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

For the year ended 30 September



<p>terminal growth rates. This drives additional audit effort specific to their feasibility and consistency of application having regard to the Group's strategy.</p> <ul style="list-style-type: none"><li>• <i>Discount rates:</i> these are complicated in nature and vary according to the conditions and environment the specific CGUs are subject to from time to time, and the approach to incorporating risks into the cash flows or discount rates. Orica engaged an external expert to assist with the determination of the discount rate for the respective CGUs.</li></ul> <p><i>EMEA CGU</i></p> <p>In addition to the above, as set out in Note 9, the Group recorded impairment charges in relation to its Russian and Turkey businesses and the goodwill in the EMEA region. This was as a result of the impact of the Russia-Ukraine conflict and the decision to exit the Russian business, and the financial performance of the Turkish business. This further increased our audit effort in this key audit area.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>the discount rate for the respective CGUs.</p> <ul style="list-style-type: none"><li>• Working with our valuation specialists, we independently developed a discount rate range for the key countries in each CGU, using publicly available market data for comparable entities, adjusted for risk factors specific to the Group and the industry it operates in. We compared the discount rates applied by the Group to our developed range.</li><li>• Working with our valuation specialists, we assessed the forecast cash flows by comparing the implicit earnings and asset multiples from the model to corresponding multiples of comparable entities.</li><li>• We considered the sensitivity of the model by varying key assumptions such as forecast operating cash flows, terminal growth rates and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.</li><li>• Using our knowledge of the Group's operations, their past performance and our industry experience, we challenged the Group's forecast cash flows, terminal growth rate assumptions and the feasibility of future plans. We also compared forecast growth rates to authoritative published studies, including those related to impact of global supply chain disruptions, inflation expectations and forecast commodity prices and considered differences specific to the Group's operations.</li><li>• We recalculated the impairment charge relating to the Russian and Turkish businesses and also the EMEA CGU against the recorded amounts disclosed.</li><li>• We assessed the disclosures in the Financial Report using our understanding of the matter obtained from our testing and against the requirements of the accounting standards.</li></ul>
---	--



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 30 September



Environmental and decommissioning provisions (\$306.6 million) and contingent liability disclosures	
Refer to Note 6 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The estimation of environmental remediation and decommissioning provisions and contingent liability disclosures is considered a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>Inherent complexity associated with the Group's estimation of remediation costs, particularly for potential contamination of ground beneath established structures and long term legacy matters impacting the Group, and in gathering persuasive audit evidence thereon.</li> <li>Internal restructuring activities undertaken by the Group, including the scheduled closure of certain manufacturing sites which give rise to heightened audit focus on the nature, timing and amount of decommissioning costs expected to be incurred by the Group.</li> </ul> <p>The complexity in estimating the Group's environmental remediation and decommissioning provisions and reporting of contingent liability disclosures is influenced by:</p> <ul style="list-style-type: none"> <li>The inherent challenges experienced by the Group in precisely determining the size and location of potential contamination beneath established structures and associated costs to be included in the provisions and/or reporting of a contingent liability in accordance with accounting standard requirements.</li> <li>Current and probable environmental and regulatory requirements and the impact on completeness of remediation activities within the provision estimate, including the activities which will be acceptable to regulators.</li> <li>The expected environmental remediation strategy of the Group and availability of any known techniques to remediate source contamination, in particular for treatment of Dense Non-Aqueous Phase Liquid source areas at Botany, New South Wales.</li> <li>Historical experience, and its use as a</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>We assessed key controls relating to the completeness, size and location of the Group's identification of areas which contain contamination and the related recognition and measurement of provisions, including the Group's review and authorisation of cost estimates.</li> <li>We read regulatory requirements and correspondence with regulatory authorities to understand their views about acceptable remediation techniques and compared this with the assumptions made in the Group's provision.</li> <li>We assessed the scope, competence and objectivity of the Group's internal and external experts engaged to assist in the determination of strategies to remediate contamination and the costing of remediation activities.</li> <li>We tested the accuracy of historical remediation provisions by comparing to actual expenditure. We used this knowledge to challenge the Group's current cost estimates and to inform our further procedures.</li> <li>We obtained a sample of the Group's quotations for remediation activities, as well as other internal and external underlying documentation for the Group's determination of required future activities, their timing and associated cost estimates. We compared them to the nature, timing and quantum of cost contained in the provision balance. We compared the basis for recognition of the provision with the criteria in the accounting standards.</li> <li>We made enquiries of various personnel regarding the Group's strategy for remediating certain source contamination and compared these for consistency with our understanding of their strategy and its impact to the provision.</li> <li>We challenged the Group where provisions were unable to be made for source contamination, in particular for treatment of Dense Non-Aqueous Phase Liquid source areas at Botany, New South Wales, in relation to the existence of information</li> </ul>



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

For the year ended 30 September



<p>reasonable predictor when evaluating forecast costs.</p> <ul style="list-style-type: none"> <li>The expected timing of the expenditure given the long term nature of these exposures to the Group.</li> </ul> <p>The Group uses third party and internal experts to assist in the determination of strategies to remediate contamination and the costing of remediation activities.</p>	<p>which would enable a reliable estimate of the provision to be made. We compared this to our understanding of the matter and the criteria in the accounting standards for recording a provision or contingent liability.</p> <ul style="list-style-type: none"> <li>We tested the mathematical accuracy of the Group's provision models.</li> <li>We assessed the Group's disclosures using our knowledge of the business and the requirements of the accounting standards. In particular, we focused on the disclosure of uncertainties associated with the provision or exposure.</li> </ul>
--	--

**Other Information**

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

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

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

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

**Responsibilities of the Directors for the Financial Report**

The Directors are responsible for:

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



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 30 September



### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of Orica Limited for the year ended 30 September 2022 complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' responsibilities

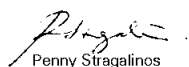
The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 September 2022.

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

KPMG  
KPMG

  
Penny Stragalinos

Partner

Melbourne

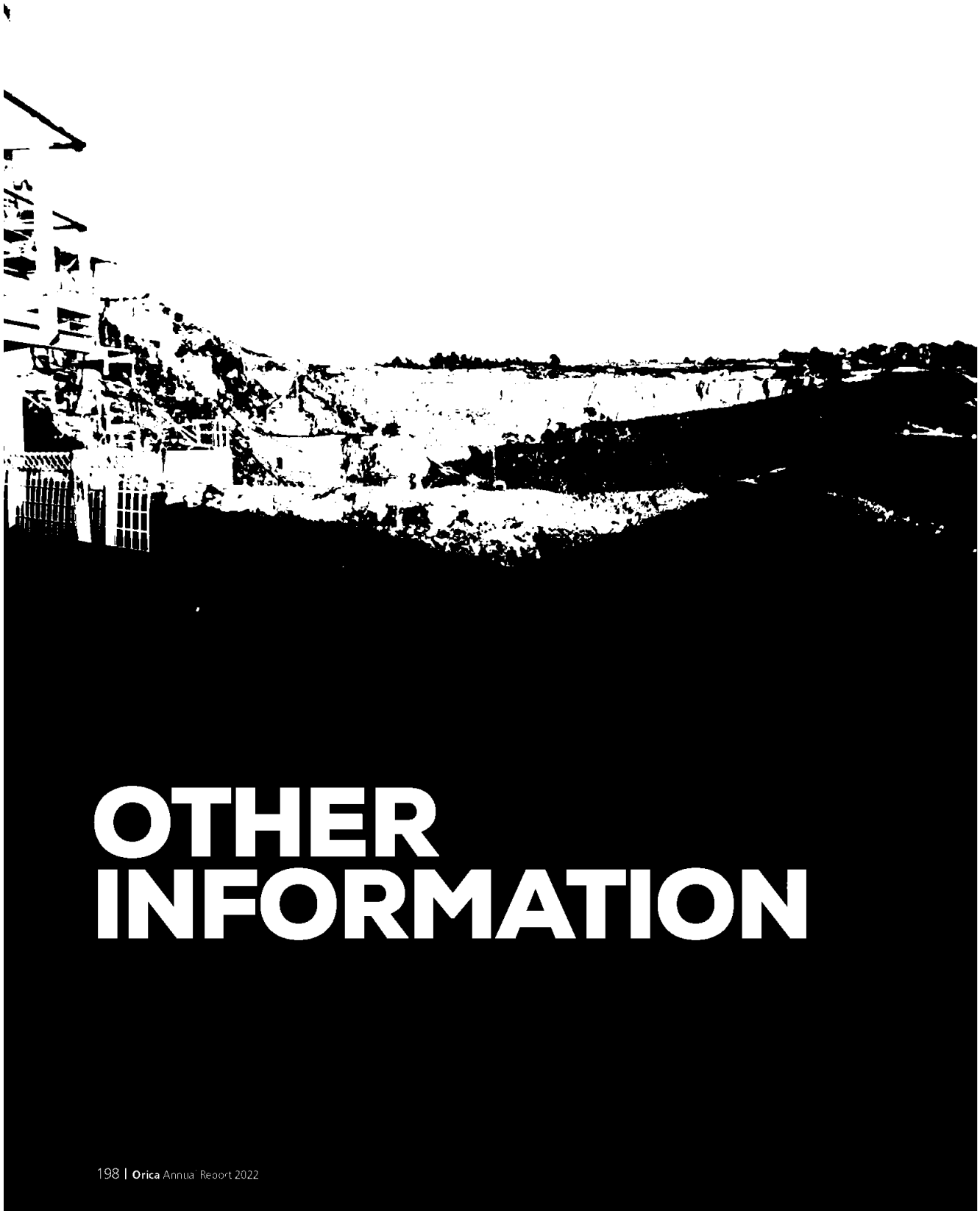
8 November 2022

  
Chris Sargent

Partner

Melbourne

8 November 2022



# OTHER INFORMATION

198 | Orica Annual Report 2022



## FIVE YEAR FINANCIAL STATISTICS

For the year ended 30 September

Orica consolidated (\$m) <sup>(1)</sup>	2022	2021	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	2018
<b>Profit &amp; Loss</b>					
Sales	7,327.5	5,682.2	5,611.3	5,878.0	5,373.8
Earnings before depreciation, amortisation, net borrowing costs and tax	964.3	796.4	945.8	941.1	885.0
Depreciation and amortisation (excluding goodwill)	(385.8)	(369.8)	(332.1)	(276.4)	(266.9)
Earnings before net borrowing costs and tax (EBIT) before individually significant items	578.5	426.6	613.7	664.7	618.1
Net borrowing costs	(100.3)	(105.6)	(159.0)	(109.7)	(121.3)
Individually significant items before tax	(274.0)	(453.9)	(293.1)	(195.9)	(375.3)
Taxation expense	(155.2)	(31.0)	(70.1)	(108.6)	(156.0)
Non-controlling interests	11.1	(9.9)	(9.2)	(5.4)	(13.6)
Profit/(loss) after tax and individually significant items	60.1	(173.8)	82.3	245.1	(48.1)
Individually significant items after tax attributable to members of Orica Limited	(256.9)	(382.2)	(216.8)	(126.8)	(372.3)
Profit after tax before individually significant items net of tax	317.0	208.4	299.1	371.9	324.2
Dividends/distributions	120.3	97.5	192.6	203.0	181.2
<b>Financial Position</b>					
Current assets	3,309.5	2,391.6	2,664.0	1,835.8	1,960.3
Property, plant and equipment	3,082.3	3,040.2	3,267.0	2,885.2	2,866.2
Equity accounted investees	323.8	290.4	301.6	301.3	213.3
Intangibles	1,142.9	1,150.4	1,440.3	1,483.0	1,697.9
Other non-current assets	509.3	493.1	530.6	635.1	426.7
<b>Total assets</b>	<b>8,367.8</b>	<b>7,365.7</b>	<b>8,203.5</b>	<b>7,140.4</b>	<b>7,164.4</b>
Current borrowings and payables	2,190.6	1,225.4	1,848.4	1,336.7	1,357.2
Current provisions and other liabilities	289.6	443.4	321.0	297.9	254.2
Non-current borrowings and payables	1,724.9	2,270.6	2,368.9	1,979.4	2,010.7
Non-current provisions and other liabilities	433.5	633.9	724.8	659.6	574.3
<b>Total liabilities</b>	<b>4,638.6</b>	<b>4,573.3</b>	<b>5,263.1</b>	<b>4,273.6</b>	<b>4,196.4</b>
<b>Net assets</b>	<b>3,729.2</b>	<b>2,792.4</b>	<b>2,940.4</b>	<b>2,866.8</b>	<b>2,968.0</b>
Equity attributable to ordinary shareholders of Orica Limited	3,685.8	2,726.3	2,892.6	2,809.6	2,903.2
Equity attributable to non-controlling interests	43.4	66.1	47.8	57.2	64.8
<b>Total shareholders' equity</b>	<b>3,729.2</b>	<b>2,792.4</b>	<b>2,940.4</b>	<b>2,866.8</b>	<b>2,968.0</b>

(1) Results include continuing and discontinued operations for the consolidated Group.

(2) The results for 2020 and the closing balance sheet for 2019 have been restated in 2021 Annual Report for the impact of IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement. Earlier periods have not been restated.



## FIVE YEAR FINANCIAL STATISTICS (CONTINUED)

For the year ended 30 September

Orica consolidated <sup>(1)</sup>	2022	2021	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	2018
Number of ordinary shares on issue at year end (millions)	452.8	407.5	405.9	380.6	379.2
Weighted average number of ordinary shares on issue (millions)	414.8	406.8	395.6	380.0	378.2
Basic earnings per ordinary share:					
– before individually significant items (cents)	76.4	51.2	75.6	97.9	85.7
– including individually significant items (cents)	14.5	(42.7)	20.8	64.5	(12.7)
Dividends per ordinary share (cents)	35.0	24.0	33.0	55.0	51.5
Dividend franking (percent)	–	–	–	9.1	–
Dividend yield – based on year end share price (percent)	2.6	1.7	2.1	2.4	3.0
Closing share price range:					
– High	\$17.22	\$17.61	\$24.27	\$22.97	\$21.37
– Low	\$13.08	\$11.17	\$13.25	\$16.31	\$16.34
– Year end	\$13.22	\$13.79	\$15.43	\$22.54	\$17.03
Stockmarket capitalisation at year end (\$m)	5,986.1	5,619.6	6,262.7	8,578.2	6,548.0
Net tangible assets per share (\$)	5.62	3.82	3.58	3.49	3.18
<b>Ratios</b>					
Profit margin – earnings before net borrowing costs and tax/sales (percent)	7.9	7.5	10.9	11.3	11.5
Net debt (excluding lease liabilities) (millions)	912.2	1,479.0	1,820.5	1,620.6	1,648.3
Gearing (net debt/net debt plus equity excluding lease liabilities) (percent)	19.7	34.6	38.2	36.1	35.7
Interest cover (EBIT/net borrowing costs excluding lease interest) (times)	6.5	4.6	4.2	6.1	5.1
Net capital expenditure on plant and equipment (Cash Flow) (\$m)	(308.7)	(153.0)	(302.9)	(226.0)	(153.0)
Net cash flow from sale of businesses/controlled/(acquisition) entities (\$m)	109.7	(25.1)	(153.9)	(14.0)	(252.8)
Return on average shareholders' funds:					
– before individually significant items (percent)	9.9	7.4	10.5	13.0	11.1
– including individually significant items (percent)	1.9	(6.2)	2.9	8.6	(1.6)

(1) Results include continuing and discontinued operations for the consolidated Group.

(2) The results for 2020 and the closing balance sheet for 2019 have been restated in 2021 Annual Report for the impact of IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement. Earlier periods have not been restated.



## SHAREHOLDERS' STATISTICS

As at 19 October 2022

### DISTRIBUTION OF ORDINARY SHAREHOLDERS AND SHAREHOLDINGS

Size of holding	Number of holders		Number of shares	
1–1,000	21,925	62.43	8,598,196	1.9
1,001–5,000	11,269	32.09	24,234,173	5.35
5,001–10,000	1,311	3.73	8,998,687	1.99
10,001–100,000	575	1.64	11,076,126	2.45
100,001 and over	37	0.11	399,900,703	88.32
<b>Total</b>		<b>100.00</b>		<b>100.00</b>

Included in the above total are 917 shareholders holding less than a marketable parcel of 36 shares.

The holdings of the 20 largest holders of fully paid ordinary shares represent 88.31% of that class of shares.

### TWENTY LARGEST ORDINARY FULLY PAID SHAREHOLDERS

	Shares	% of total
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	159,809,890	35.29
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	138,876,854	30.67
CITICORP NOMINEES PTY LIMITED	50,370,687	11.12
NATIONAL NOMINEES LIMITED	17,145,591	3.79
BNP PARIBAS NOMS PTY LTD <DRP>	12,606,784	2.78
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,363,365	0.96
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,333,432	0.74
ARGO INVESTMENTS LIMITED	2,555,364	0.56
BNP PARIBAS NOMS PTY LTD <AGENCY LENDING DRP A/C>	1,734,620	0.38
MUTUAL TRUST PTY LTD	751,643	0.17
BROADGATE INVESTMENTS PTY LTD	711,574	0.16
BNP PARIBAS NOMS (NZ) LTD <DRP>	702,503	0.16
CARLTON HOTEL LIMITED	541,764	0.12
SANDHURST TRUSTEES LTD <SISF A/C>	437,700	0.10
AKAT INVESTMENTS PTY LIMITED <TAG FAMILY NO 2 A/C>	340,000	0.08
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	3,688,636	0.91
SECURITY PORTMAN PTY LTD	312,750	0.07
MR KWOK CHING CHOW & MS PIK YUN PEGGY CHAN	299,247	0.07
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	291,608	0.06
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	288,424	0.06
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	263,414	0.06
<b>Total</b>	<b>399,425,850</b>	<b>88.31</b>

### REGISTER OF SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders in the company, and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates, are as follows:

30 September 2022	Harris Associates L.P.	23,993,993	5.30%
15 August 2022	AustralianSuper Pty Ltd	69,485,563	15.44%
31 July 2020	BlackRock Group	25,052,218	6.17%

### VOTING RIGHTS

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at a meeting shall have:

- (a) on a show of hands, one vote only; and
- (b) on a poll, one vote for every fully paid ordinary share held.



# DEFINITIONS AND GLOSSARY OF TERMS

We endeavour to use simple, clear language in our reporting suite. However, the nature of our operations means we do use a number of technical terms and abbreviations. The main ones are described below, together with an explanation of their meanings. The descriptions are not formal legal definitions.

1.5°C world	According to the Intergovernmental Panel on Climate Change, knowledge-base and assessment approaches used to understand the impacts of 1.5°C global warming above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development and efforts to eradicate poverty.
2D	Two dimensional.
3D	Three dimensional.
4D™	Bulk explosives technology.
ACCU	Australian Carbon Credit Unit, the name of carbon credits generated in the Australian carbon market. See 'carbon credits' below for more information.
Ambition	Refers to a goal we are aiming to achieve, have an indicative pathway but intend to better understand the delivery prior to committing to make it a target.
AN	Ammonium nitrate (AN) is an industrial chemical commonly used in fertilisers and as a commercial explosive for quarrying and mining. AN is typically produced as small porous pellets, or "prills". It is one of the world's most widely used fertilisers and also the main component in many types of commercial explosives. In explosives, its use is critical as an oxidising agent in the explosion reaction. Orica manufactures AN at our four continuous manufacturing plants and where required sources it from third parties across our operating regions, for use in our blasting and drilling services.
Assets	Assets are a set of one or more geographically proximate operations (including open-cut mines, underground mines, and onshore and offshore oil and gas production and production facilities). Assets include our operated and non-operated assets.
ASIC	<a href="https://asic.gov.au/">https://asic.gov.au/</a> Australian Securities and Investments Commission.
ASX	<a href="https://www.asx.com.au/">https://www.asx.com.au/</a> Australian Securities Exchange.
Avate!™	Avate!™ is a semi-automated explosives delivery system.
Business as usual (BAU)	The projected impact under a baseline scenario in which no additional mitigation policies or measures are implemented beyond those that are already in force, legislated or planned to be adopted.
BIP (Botany Industrial Park)	The BIP is situated in Sydney, New South Wales (NSW), Australia. It is occupied by three companies, Orica, Qenos and Huntsman, that have manufacturing facilities or operations onsite.
BlastIQ™	Digital blast optimisation suite of products.
Bulkmaster™ 7	Smart explosives delivery system.
Carbon	At times used instead of greenhouse gases.
Carbon credit	A carbon credit represents GHG abatement activities which have occurred from carbon credit projects – that is specific projects with the aim to avoid or sequester GHG emissions from the atmosphere. Carbon credit projects create eligible carbon credit units which have been measured, verified and assigned a certificate in a registry for trading in carbon markets. One carbon credit unit represents one tonne of carbon dioxide equivalent (tCO <sub>2</sub> -e) stored or avoided by a carbon credit project. Carbon credits are commonly referred to as 'carbon offsets' in markets.
CCUS	Carbon capture, utilisation, and storage.
CDP	CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Orica responds to the annual Climate Change Questionnaire.
CRC ORE	Cooperative Research Centre for Optimising Resource Extraction.
CTC (Carbon tetrachloride)	Also known as tetrachloromethane. A chlorinated hydrocarbon manufactured at the former solvents plant at the BIP until closure in 1991.
Cyclo™	Cyclo™ is a containerised, automated used-oil recycling service that enables the manufacture of quality ANE directly at the customer's site using oil recycled from mine equipment.
Design for outcome	An automated optimisation solution that sets a new benchmark for generating blast designs.
Environmental, social, and corporate governance (ESG)	ESG is a set of non-financial standards and frameworks for a company's operations that lead to corporate responsibility and sustainability outcomes. Investors are growingly assessing their portfolios based on ESG criteria, to identify material risks and/or growth opportunities.



## DEFINITIONS AND GLOSSARY OF TERMS (CONTINUED)

EPA (Environmental Protection Agency)	The EPA is a government regulator working to protect the environment through regulation of pollution, waste, land and water contamination.
Financial year	For Orica this is an accounting year ending on 30 September. Also known as a fiscal year.
FRAGTrack™	FRAGTrack™ is a state-of-the-art fragmentation measurement tool designed to provide rapid insights into the outcome of the blasting process.
Future-facing commodities	Includes copper, nickel, lithium, cobalt and other metals and minerals. As much of the world continues to move towards an energy transition, demand for future-facing commodities will grow. These commodities are crucial to the manufacture of low emissions technologies that enable a transition such as batteries for electric vehicles (e.g., nickel, lithium, cobalt), solar panels (e.g., copper, silicon) and wind turbines (e.g. rare earth materials, copper) for renewable energy. To achieve the goals of the Paris Agreement, production and supply of these commodities will need to scale and increase at pace.
GHG (Greenhouse gases)	Gases which absorb and re-emit infrared radiation, thereby trapping heat in Earth's atmosphere. Includes carbon dioxide (CO <sub>2</sub> ), water vapor, methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF <sub>6</sub> ), and nitrogen trifluoride (NF <sub>3</sub> ). The GHG applicable to Orica's operations are CO <sub>2</sub> , CH <sub>4</sub> , and N <sub>2</sub> O.
GHG Protocol	The GHG Protocol supplies the world's most widely used greenhouse gas accounting standards, which inform multiple jurisdictional regulatory emissions accounting and reporting frameworks, voluntary corporate reporting standards and product lifecycle greenhouse gas accounting. Orica uses the <i>Corporate Accounting and Reporting Standard</i> as well as the <i>Corporate Value Chain (Scope 3) Standard</i> .
GJ	Gigajoule, a unit of measurement of energy consumption.
Grade or Quality	Any physical or chemical measurement of the characteristics of the material of interest in samples or product.
Green hydrogen	Hydrogen produced by splitting water into hydrogen and oxygen using renewable electricity
Green ammonia	Green hydrogen and nitrogen are reacted together at high temperatures and pressures to produce ammonia (Haber-Bosch process)
GRI (Global Reporting Initiative)	GRI is an international independent standards organisation that provides reporting frameworks for businesses and governments to understand and communicate their impact on critical sustainability issues.
Gross GHG emissions	Reported GHG emissions in a reporting period (Orica financial year) prior to applying claimable emissions reductions or surrenders from carbon credit units.
Groundwater	Groundwater is the general term for water in the ground. Underground water bodies are known as aquifers. The Botany Sands Aquifer flows slowly from Centennial Park to Botany Bay.
GWP (global warming potential)	Factors describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given greenhouse gases relative to one unit of CO <sub>2</sub> . The factors convert values into tCO <sub>2</sub> -e, to allow comparison between greenhouse gases inventories.
H <sub>2</sub> (Hydrogen)	Manufactured at Orica Botany and used for production of hydrochloric acid (HCl).
HCB (Hexachlorobenzene)	A by-product from manufacture of CTC and PCE at the former Solvents Plant. This waste is stored on BIP in licensed storage depots whilst a destruction solution is identified.
Integrated Extraction Simulator	A powerful whole-of-mine optimisation simulator for rapidly assessing both narrow and broad-based scenarios across the value chain.
IPCC (Intergovernmental Panel on Climate Change)	The IPCC is an intergovernmental body of the United Nations responsible for advancing knowledge on human-induced climate change. It provides policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as putting forward adaptation and mitigation options. Through its assessments, the IPCC determines the state of knowledge on climate change.
kL	Kilolitres.
kt	Kilotonnes.
ktCO <sub>2</sub> -e	Kilotonnes of carbon dioxide equivalent.
KPI	Key performance indicator.
M <sup>2</sup>	Square meter.
Material	In the context of the International Integrated Reporting <IR> Framework, a matter is material if it could substantively affect the organization's ability to create value in the short, medium and long term. The process of determining materiality is entity specific and based on industry and other factors, as well as multi-stakeholder perspectives.
MMU™	Mobile Manufacturing Units.
Mt	Million tonnes.
NAP	Nitric Acid Plant.
Net GHG emissions	Reported GHG emissions in a reporting period (Orica financial year) after applying claimable emissions reductions or surrenders from carbon credit units. Includes generated carbon credits which have not been surrendered but sold on to a third party or banked in a carbon credit registry.



## DEFINITIONS AND GLOSSARY OF TERMS (CONTINUED)

Net zero	Net zero refers to achieving an overall balance between greenhouse gas (as defined in this Glossary) emissions produced and greenhouse gas emissions taken out of the atmosphere.
OREPro™ 3D	OREPro™ 3D is a blast movement modelling and grade control optimiser.
ORETrack™	ORETrack™ traces rock material from a blast right through to the plant.
Paris Agreement	Convened by the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016.
Paris Agreement goals	The central objective of the Paris Agreement is to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels. Additionally, the agreement aims to increase the ability of countries to deal with the impacts of climate change, and at making finance flows consistent with a low GHG emissions and climate-resilient pathway.
Paris aligned	Aligned to the Paris Agreement goals.
PCE (Perchloroethylene)	Also known as tetrachloroethene – dry cleaning fluid. A chlorinated hydrocarbon manufactured at the former Solvents Plant at the BIP until closure in 1991.
Power Purchase Agreement (PPA)	A type of contract that allows a consumer, typically large industrial or commercial entities, to form an agreement with a specific energy generating unit. The contract itself specifies the commercial terms including delivery, price, payment, etc. In many markets, these contracts secure a long-term stream of revenue for an energy project. In order for the consumer to say they are buying the electricity of the specific generator, attributes shall be contractually transferred to the consumer with the electricity.
RGR-Velox	Doppler radar for reactive geohazard monitoring.
RHINO™	RHINO™ is an autonomous drillstring-mounted geophysical sensor that measures unconfined compressive strength while drilling.
Scope 1 greenhouse gas emissions	Scope 1 greenhouse gas emissions are direct emissions from operations that are owned or controlled by the reporting company. For Orica, these are primarily emissions from industrial manufacturing processes and natural gas feedstocks.
Scope 2 greenhouse gas emissions	Scope 2 greenhouse gas emissions are indirect emissions from the generation of purchased or acquired electricity, steam, heat or cooling that is consumed by operations that are owned or controlled by the reporting company.
Scope 3 greenhouse gas emissions	Scope 3 greenhouse gas emissions are all other indirect emissions (not included in Scope 2) that occur in the value chain. For Orica, these are primarily emissions resulting from purchased goods and services which account for around two-thirds of our global Scope 3 GHG emissions.
SHOTPlus™	SHOTPlus™ range of blast design and modelling software enable users to design, visualise and analyse blast initiation sequences across surface and underground mining, quarry and construction applications.
Social investment	Social investment is our voluntary contribution towards projects or donations with the primary purpose of contributing to the resilience of the communities where we operate and the environment, aligned with our broader business priorities. Orica's target is to contribute \$15 million dollars to host communities by FY2025.
STELR project	<a href="http://www.atse.org.au">www.atse.org.au</a> Science and Technology Education Leveraging Relevance project – a longstanding Orica community project delivered by the Academy of Technological Sciences and Engineering.
Supply chain	A sub-set of our wider value chain, Orica operates a complex global supply chain that connects our privileged asset footprint and preferred supply partnerships with our end customers globally. Regional supply chains are connected through our global supply chain team.
Surrenders	The surrendering of carbon credit units in a registry (and/or delivery of generated units to government through regulatory schemes) to make claimable emissions reductions in a GHG emissions inventory, leading to a reported net GHG emissions figure.
Target	Refers to a goal we are aiming to achieve where we have developed a delivery pathway.
tCO <sub>2</sub> -e	Tonne of carbon dioxide equivalent.
Value chain	A value chain describes the full chain of a business's activities in a specific industry in order to create and deliver a product or service to an end-customer. A supply chain sits within the wider value chain. Our value chain includes our suppliers (and potentially their suppliers), our operations, our distribution channels, and our customers, who are the end users of our products.
WebGen™ 200	WebGen™ 200 harnesses digital technology to allow advanced features including digital inventory management, delay adjustments before blasting, an improved user interface and increased quality assurance.

Orica developed product.





# INDEPENDENT LIMITED ASSURANCE REPORT



## Independent Limited Assurance Report to the Directors of Orica Limited

### Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Content Elements Index, which has been prepared by Orica Limited, in accordance with the International Financial Reporting Standards (IFRS) Foundation's *Integrated Reporting Framework*, for the year ended 30 September 2022.

### Annual Integrated Report Content Elements Index

We performed a limited assurance engagement over the Annual Integrated Report Content Elements Index (Content Elements Index) on page 205 of Orica's FY22 Annual Report (Annual Report) for the year ended 30 September 2022.

### Criteria Used as the Basis of Reporting

The criteria used as the basis of reporting is the International Financial Reporting Standards (IFRS) Foundation's *Integrated Reporting Framework* (<IR> Framework).

### Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In accordance with the Standard, we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Content Elements Index whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

This assurance was focused on whether the Content Elements have been addressed in the Annual Report and did not extend to assessing the accuracy or validity of any statement made throughout the Annual Report. KPMG has not been engaged to provide an assurance conclusion on the appropriateness or the operating effectiveness of the Orica strategy or how Orica creates value, including the governance, strategic management and other key business processes.

### Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- Interviews with management responsible for the preparation of the Content Elements Index and Annual Report
- Review of documentation
- Assessing the suitability of disclosures
- Agreeing the disclosures in the Content Elements Index to the <IR> Framework and the disclosures within the Annual Report and wider Annual Reporting suite

2022 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



## INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)



- Reconciling the sections and page numbers included within the Annual Report
- Review of final draft Annual Report

### How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Orica Limited.

### The Limitations of our Review

The Annual Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Annual Report.

### Use of this Assurance Report

This report has been prepared for the Directors of Orica Limited for the purpose of providing an assurance conclusion on the Content Elements Index and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Orica Limited, or for any other purpose than that for which it was prepared.

### Management's responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs
- preparing and presenting the Content Elements Index in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the Content Elements Index that is free from material misstatement, whether due to fraud or error.

### Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Content Elements Index for the 30 September 2022, and to issue an assurance report that includes our conclusion.

### Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

*KPMG*

KPMG

Adrian King  
Partner  
Melbourne  
10 November 2022

Sarah Newman  
Director  
Melbourne  
10 November 2022

2022 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



# CORPORATE DIRECTORY

## INVESTOR INFORMATION

### Registered and Head Office

Orica Limited  
Level 3, 1 Nicholson Street  
East Melbourne, Victoria  
Australia 3002

### Postal Address

PO Box 4311  
Melbourne Victoria  
Australia 3001

P +61 3 9665 7111

### INVESTOR RELATIONS

P +61 3 9665 7774

E [investorrelations@orica.com](mailto:investorrelations@orica.com)

### STOCK EXCHANGE LISTINGS

Orica's shares are listed on the Australian Securities Exchange (ASX) and are traded under the listing code ORI.

## SHARE REGISTRY

If you have queries relating to your shareholding or wish to update your personal or payment details, please contact the Share Registrar.

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW  
Australia 2000

Locked Bag A14  
Sydney South  
NSW, Australia 1235

**Toll Free** 1300 301 253 (Australia only)

**International** +61 1300 301 253

**E** [orica@linkmarketservices.com.au](mailto:orica@linkmarketservices.com.au)

**W** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## ANNUAL GENERAL MEETING

The 2022 Annual General Meeting of Orica Limited will be held on Wednesday, 14 December 2022 at 10:30am (Melbourne time).

## WEBSITE

To view the 2022 Annual Reporting Suite, shareholder information, news announcements, and further information on Orica visit the company website at [www.orica.com](http://www.orica.com).



[Introduction and Overview](#)

[Our Business](#)

[Our Performance](#)

[Governance](#)

[Directors' Report](#)

[Financial Report](#)

**[Other Information](#)**

This page has been left blank intentionally.



Enquiries can be directed to [companyinfo@orica.com](mailto:companyinfo@orica.com)

