Appendix 4E
Preliminary final report
ORICA LIMITED

ABN 24 004 145 868

1. Details of the reporting period and the previous corresponding period

Reporting Period	Year Ended	30 September 2021
Previous Corresponding Period	Year Ended	30 September 2020

2. Results for announcement to the market

			Change			
	Consolidated:		**$m**			**$m**
2.1	Consolidated revenue from operations	up	70.9	1.3%	to	5,682.2
2.2	Loss after tax attributable to shareholders	down	(256.1)	>100%	to	(173.8)
2.3	Net profit for the period attributable to shareholders before individually significant items	down	(90.7)	(30.3)%	to	208.4
	From continuing operations:					
2.1	Revenue from continuing operations	up	64.9	1.3%	to	5,207.9
2.2	Loss after tax from continuing operations attributable to shareholders	down	(262.9)	>100%	to	(188.6)
2.3	Net profit for the period from continuing operations attributable to shareholders before individually material items	down	(95.7)	(33.2)%	to	192.6

	Dividends			**Amount per security**	**Franked amount per security at 30% tax**
	Current period				
2.4	Final dividend	- Ordinary	Cents	16.5	-
2.4	Interim dividend	- Ordinary	Cents	7.5	-
	Previous corresponding period				
2.4	Final dividend	- Ordinary	Cents	16.5	-
2.4	Interim dividend	- Ordinary	Cents	16.5	-

2.5	Record date for determining entitlements to the dividend: Ordinary Shares	22-Nov-21
	Payment date of dividend: Ordinary Shares	22-Dec-21

For the profit commentary and any other significant information needed by an investor to make an informed assessment of Orica's results please refer to the accompanying Orica Limited Results for the Full Year Ended 30 September 2021.

3. **Income Statement - refer attached**
4. **Balance Sheet - refer attached**
5. **Statement of Cash Flows - refer attached**
6. **Reserves and retained earnings - refer attached, Statement of Changes in Equity**
7. **Details of individual dividends and payment dates - refer attached, Note 4 Contributed Equity and Reserves**
8. **Details of dividend reinvestment plan**

   The Company's Dividend Reinvestment Plan (DRP) continues to be available to eligible shareholders. For the final dividend, shares will be allocated based on the arithmetic average of the daily volume weighted average market price of all shares sold through a normal trade on the ASX for a period of 7 trading days from 25 November to 3 December inclusive. The last date for receipt of election notices for participation in the final dividend under the DRP is Tuesday 23 November 2021. Shares issued and/or purchased on market pursuant to the DRP will rank equal to all other ordinary shares. No discount applies to the DRP.

9. **Net tangible assets**

	Current period	Previous corresponding period
	Cents	Cents
Net tangible asset backing per ordinary security	382.4	357.8

10. **Control relinquished over entities - refer attached, Note 15 Businesses disposed**
11. **Details of associates and joint venture entities - refer attached, Note 13 Equity accounted investees and joint operations**
12. **Significant information - refer press release attached**
13. **For foreign entities, which set of accounting standards is used in compiling the report - not applicable**
14. **Commentary on results for the period - refer press release attached**
15. **This report is based on a financial report which has been audited**

REVIEW OF OPERATIONS

Safety

Safety remains the top priority at Orica.

The 2021 financial year was a fatality free year, while the serious injury case rate (SICR) increased by 0.03 on the pcp to 0.19 serious injuries per 200,000 hours worked. This was above the target of 0.14, however the average days lost per injury reduced by 25 per cent on the pcp. Focus has been directed towards injury prevention going forward.

The major hazards management (MHM) program empowers team members to immediately stop work if they observe a potentially hazardous situation. This has driven a three-fold increase in the number of MHM stops in the 2021 financial year.

Reporting, investigating and sharing information about high potential incidents (HPI) provides an opportunity to reduce the risk of fatalities and serious injuries. There was a 25 per cent increase in HPIs reported which has allowed proactive action to be taken to prevent incidents.

With ongoing uncertainty from the global pandemic, supporting team members' mental health and wellbeing has been a particular focus during the year.

Sustainability and Environment

Orica's commitment to embedding sustainability in critical business priorities and ways of working has been reinforced by both the commitment to reduce operational scope 1 and 2 greenhouse gas (GHG) emissions by at least 40 per cent on 2019 levels by 2030, and the recently announced ambition to achieve net zero scope 1, 2 and material scope 3 GHG emissions by 2050(8).

In 2021, scope 1 and 2 GHG emissions reduced 13 per cent on the 2019 baseline, in line with plan.

In October 2021, installation of tertiary abatement technology was completed at the Carseland plant in Canada to reduce nitrous oxide emissions. During the year, Orica also announced the Kooragang Island Decarbonisation Project in partnership with the New South Wales (NSW) Government and Clean Energy Finance Corporation in Australia, which seeks to reduce GHG emissions by implementing new low-emissions technology. In April 2021, Orica secured approval to generate Australian Carbon Credit Units (ACCUs) and was awarded an optional Carbon Abatement Contract for the purchase of 3.4 million ACCUs by the Australian Government. This approach helps to de-risk the project.

Excluding the Minova business, which is held for sale and therefore presented as a discontinued operation, thermal coal exposure has decreased from 20 per cent in the 2018 financial year to 17 per cent in the 2021 financial year, following the acquisition of Exsa and diversification across metals sectors such as gold and iron ore.

In 2021, a focus on spill prevention and response has led to a reduction in loss of containment instances, which has lowered the likelihood of Orica operations having harmful impacts on the environment.

Customer

Fulfilling customers' needs during the challenging year remained a top priority. This was enabled by the reliability of Orica's global supply, together with a shared appetite for innovative solutions to maximise customer value and improve safety and sustainability outcomes. The quality of products and services provided to customers was uncompromised during the uncertain times. Product and service quality, and value through technology and innovation were notable areas of Orica's outstanding performance as measured by the Net Promoter Score, which has continued to improve each year since 2017.

People

Diversity and inclusion are a part of Orica's culture, with a global workforce spanning across 49 countries, representing over 90 nationalities and bringing together a wide range of backgrounds, experiences and skill sets. The diverse team is the backbone of Orica's global operations, a key competitive advantage in often fragmented markets.

Gender diversity is also important to the Orica team. At 30 September 2021, women represented 28 per cent of senior management, with a targeted increase to 35 per cent by 2024.

Strategy

Over the last six months, Orica's strategy has been refreshed, aimed at achieving its goal to sustainably deliver enduring value to shareholders and other stakeholders, delivering solutions and technology that drive productivity for customers across the globe. The strategy is underpinned by three value drivers:

1. Smarter solutions;
2. Optimised operations; and
3. Partnering for progress.

Smarter solutions

Orica's scope and capabilities are being expanded across the value chain. Recent digital acquisitions provide both upstream and downstream solutions, with orebody intelligence from tools such as RHINO™ to ore processing from tools such as Integrated Extraction Simulator (IES). Orica can provide best-in-class products and offer a seamless workflow solution across the value chain. Rapid commercialisation of products and solutions is key to the technology strategy.

Optimised operations

Value will be realised through continuing overhead cost reduction, reduced manufacturing costs and supply chain efficiencies, as well as monetising non-core land assets. The intent to sell Minova has been announced and exits from jurisdictions which are not strategically aligned or could be better serviced through alternative channels have commenced.

Partnering for progress

The strategy is shaped to equip employees with the changing skills and competencies needed to deliver strong performance. Focus will be placed on deeper talent management and supporting the development of capabilities that drive Orica's competitive advantage. Collaboration is key, and work will continue with stakeholders to drive growth and to solve shared challenges. Public-private partnerships will play a significant role in creating value. This year, a significant decarbonisation milestone was achieved through government partnerships in Australia.

This focus on working smarter, more efficiently and collaboratively with partners will allow for profitable organic growth without the need to increase capital expenditure from historical levels. The level of return on Orica's asset base is expected to improve as a result.

The approach will focus on four business verticals:

1. Mining;
2. Quarry and construction;
3. Digital solutions; and
4. Mining chemicals.

These verticals will leverage Orica's strengths and create opportunities for growth beyond blasting.

Mining

The largest business vertical, mining, will be centred on growth from future-facing commodities[10] as the world continues to transition to a low carbon economy, and accelerating the adoption of Orica's premium blasting solutions. WebGen™ wireless detonators are an example of this, with increased sales volumes in the 2021 financial year on the pcp, led by increased demand in Canada and following the introduction to the market in Brazil and Peru. Joining forces with innovative partners and collaborating with foundation customers has allowed trials of new flagship technologies, such as the second-generation wireless detonator WebGen™ 200 and semi-automated explosives delivery system Avatel™ to commence.

Quarry and construction

The quarry and construction business will focus on maximising outcomes from both mature markets such as North America and Northern Europe, and from high-growth developing markets where Orica currently has low presence. Orica will continue to work closely with customers to provide differentiated value propositions and business models in order to effectively serve these different customer segments.

Digital solutions

As the adoption and expansion of Orica's digital solutions increase, the digital business vertical will grow both upstream and downstream, by providing best-in-class products and integrated digital workflow solutions to unlock greater value for customers across all segments, supported by collaborative partnerships. The uptake of digital solutions has been consistently building momentum, including penetration in Asian markets and rollout to Exsa customers, while BlastIQ™ adoption almost doubled on the pcp in North America in the 2021 financial year.

Mining chemicals

The mining chemicals business offering will allow Orica to expand an already leading global presence, building on a global supply chain and customer relationships, and unlocking further capacity to broaden and capture growing demand. Long term growth in the mining chemicals vertical is expected to be underpinned by effective partnerships.

Pathway towards profitable growth

Key strategic priorities in the next three years include to:

- Pursue organic growth from the core
- Accelerate adoption of innovative blasting technologies and digital solutions, both upstream and downstream
- Optimise manufacturing and supply chains
- Grow presence in future-facing commodities[10]
- Diversify portfolio by increasing presence in quarry and construction markets and seek opportunities in high growth economies
- Expand in high-growth mining chemicals segments, building on existing global supply chain and customer relationships to unlock further capacity to broaden and capture growing demand

The strategy will be supported by an ongoing commitment to safety and sustainability, pricing discipline and enhanced capabilities from the SAP system.

The success of these strategic priorities is expected to drive the following outcomes:

Safety targets

- Zero fatalities
- Serious Injury Case Rate: < 0.14

3- year targets

- Average 3-year Return on Net Assets: 10 to 12 per cent
- Gearing: 30 to 40 per cent
- Dividend Payout Ratio: 40 to 70 per cent
- Annual Capital Expenditure: $340 million to $360 million annually

Long term greenhouse gas emissions objectives

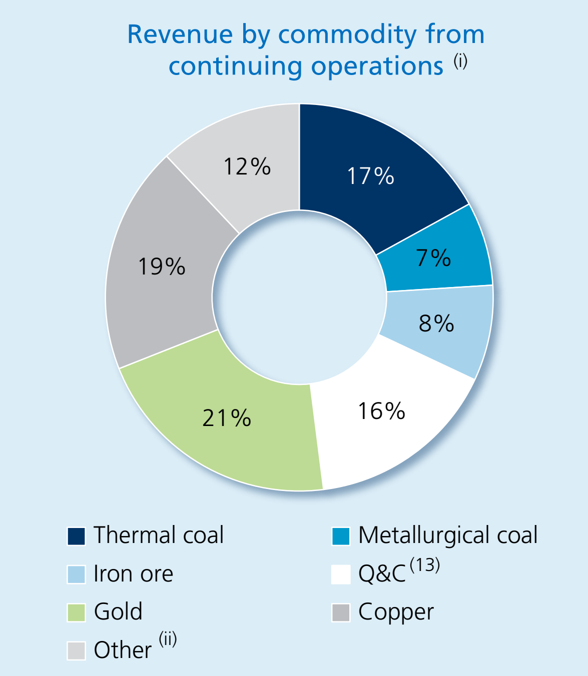
- Commitment to reduce scope 1 & 2 greenhouse gas emissions by ≥40 per cent by 2030
- Ambition to achieve net zero scope 1, 2 and material scope 3 emissions[8] by 2050

GROUP RESULTS

Year ended 30 September	2021 A$M	Restated [1] 2020 A$M	Change %
Sales revenue from continuing operations	5,207.9	5,143.0	*1%*
EBITDA from continuing operations[12]	762.7	913.6	*(17%)*
EBIT from continuing operations	**404.6**	**592.9**	***(32%)***
EBIT from Minova (held for sale)	22.0	20.8	*6%*
Total EBIT[2]	**426.6**	**613.7**	***(30%)***
Net interest expense	(105.6)	(159.0)	*34%*
Tax expense before individually significant items	(102.7)	(146.4)	*30%*
Non-controlling interests before individually significant items	(9.9)	(9.2)	*(8%)*
NPAT before individually significant items[11]	**208.4**	**299.1**	***(30%)***
Individually significant items after tax	(382.2)	(216.8)	*(76%)*
NPAT/(NLAT) after individually significant items (statutory)	**(173.8)**	**82.3**	

Note: numbers in this report are subject to rounding and stated in Australian dollars unless otherwise noted

Group commodity exposure



(i) Excludes Minova which is held for sale; previously included in the "Other" category
(ii) Includes Orica Monitor

The commodity mix reflects Orica's diversified portfolio across Coal and Metals markets, including future-facing commodities[10].

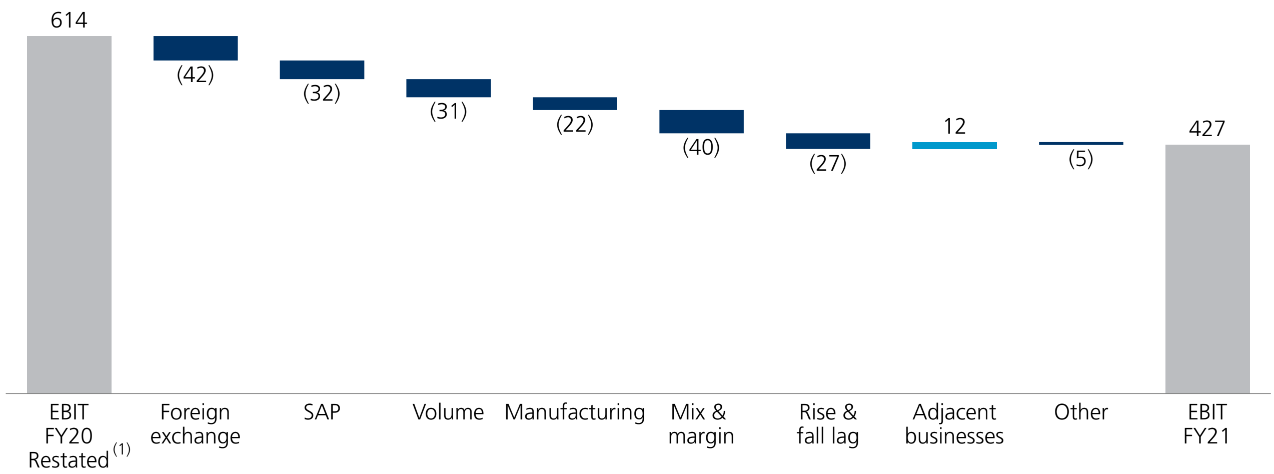
Activity in gold markets was consistent with the pcp, remaining the largest commodity exposure for Orica and important across all regions, in both blasting and cyanide offerings.

The growing Q&C[13] market exposure reflects strengthening in the Northern Hemisphere in the second half, reflecting both a seasonal uplift and the commencement of government infrastructure stimulus.

Copper exposure increased on the pcp as a result of the inclusion of Exsa results for the full year, compared to five months in the pcp.

Thermal coal revenue was impacted by a sharp decline in Colombia and first half geopolitical challenges in Australia, offset by stronger short term energy demand in North America.

FY20 to FY21 EBIT (A$M)



Financial performance

The 2021 full year result reflects significant challenges from adverse market factors compared to the pcp, including ongoing uncertainty from the global COVID-19 pandemic.

Political and economic instability continued to drive volatility in Mexico and Latin America, while geopolitical tensions with China impacted thermal coal exports from the East Coast of Australia in the first half.

Foreign exchange

In 2021 the Australian dollar strengthened against most major currencies. This has resulted in lower EBIT on translation of foreign denominated earnings into Australian dollars.

SAP

Incremental operating costs related to the SAP system were incurred in line with expectations.

Volume

Total ammonium nitrate (AN) volumes increased 4 per cent on the pcp, driven by the inclusion of a full year of Exsa sales. Despite this, the net volume impact was unfavourable on the pcp given the reduction of high margin Australian East Coast volumes from disrupted thermal coal trade flows, and from lower sales volumes in Colombia and Chile.

Total initiating system volumes were in line with the pcp, with an increase in premium electronic blasting systems (EBS) offset by a reduction in conventional detonators.

Cyanide volumes were 6 per cent down on the pcp, from lower customer demand and shipping constraints.

Manufacturing

Reduced volumes adversely impacted manufacturing fixed cost recoveries, particularly at the large continuous plants. Following an incident in the first half at the La Portada manufacturing plant increased insurance and sourcing costs were incurred.

Mix & margin

In the pcp North America benefited from carbon credits that have not repeated in the 2021 financial year. A competitive environment in Latin America has resulted in lower contract pricing to customers, while customers' cost constraints have also led to temporary negative mix impacts, particularly in Peru and across Africa.

Higher sea freight costs impacted earnings in Latin America and Europe, Middle East & Africa (EMEA) where AN product is sourced offshore.

Rise & fall lag

Increases in ammonia input costs, in particular in the second half of the year, had a temporary adverse impact on EBIT in Australia and Asia. While most of these costs are ultimately passed through in sales prices, there is a time delay between rising input cost and the recovery thereof.

Adjacent businesses (Orica Monitor and Minova)

The Orica Monitor result was stronger than the pcp from increased radar sales and leases, higher services revenue and lower overhead costs at Nitro Consult following a successful restructuring.

The result from Minova, which is held for sale, was slightly higher than the pcp, from higher customer demand and the commencement of new construction projects.

Stabilising the core

Several key milestones were achieved during the 2021 financial year, progressing the business towards a stabilised core as market conditions improve, and positioning Orica to execute on its refreshed strategy to deliver a recovery from the core and drive future growth.

The following were achieved in line with plan:

- Successful integration of Exsa business;
- Burrup plant fully operational and producing consistent quality product;
- Continuing uptake of technology solutions;
- Stock keeping unit (SKU) reduction and initial initiating system plant closures; and
- Global restructuring program, driving sustainable cost reduction.

Sales of non-core land generated cash proceeds of $140 million.

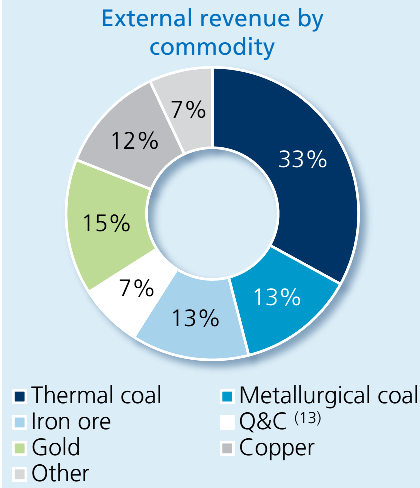
Business Summary

A summary of the performance of the segments for the 2021 and 2020 financial years is presented below:

Year ended 30 September A$M	**2021**			**2020**		
	External sales revenue	**EBITDA** (12)	**EBIT** (2)	**External sales revenue**	**EBITDA** (1), (12)	**EBIT** (1), (2)
Australia Pacific & Asia (APA)	2,105.9	453.9	279.7	2,050.6	522.0	373.4
North America	1,229.6	168.9	107.9	1,260.0	235.7	165.3
Latin America	956.5	73.3	28.9	855.6	72.4	38.4
Europe, Middle East & Africa (EMEA)	801.4	56.1	25.0	882.8	96.3	64.2
Orica Monitor	114.5	43.6	30.7	94.0	33.1	20.3
Global Support	-	(33.1)	(67.6)	-	(45.9)	(68.7)
Continuing Operations	**5,207.9**	**762.7**	**404.6**	**5,143.0**	**913.6**	**592.9**
Minova (held for sale)	474.3	33.7	22.0	468.3	32.2	20.8
Total	**5,682.2**	**796.4**	**426.6**	**5,611.3**	**945.8**	**613.7**

Australia Pacific & Asia

Year ended 30 September	2021	Restated (1) 2020	Change
External sales revenue (A$M)	2,105.9	2,050.6	*3%*
EBITDA(12) (A$M)	453.9	522.0	*(13%)*
EBIT(2) (A$M)	279.7	373.4	*(25%)*
Total AN & Emulsion Volumes ('000 tonnes)	1,745	1,763	*(1%)*



Market conditions

The operating environment across the region during the 2021 financial year was challenging.

Australian trade tensions with China led to a reduction in coal production on the Australian East Coast from October 2020. Over time, Australian coal producers have been able to place product in alternative markets such as India, South Korea, Japan and Taiwan.

Asian markets were faced with outbreaks of COVID-19, which led to some full or partial mine closures in countries such as Indonesia, India, Malaysia, Mongolia and the Philippines. While conditions have been relatively stable over recent months, uncertainty in the Asia region remains.

Global ammonia prices increased significantly over the second half of the 2021 financial year, with the Fertecon Far East CFR ammonia index on average approximately 85 per cent higher than the pcp.

The Australian dollar was stronger against most major currencies on average during the 2021 financial year as compared to the pcp.

Segment performance

Explosives volumes were 1 per cent down on the pcp, mainly as a result of lower coal production on the Australian East Coast in the first half due to disrupted trade flows and the non-repeat of high margin competitor sales in 2020. This was partially offset by new business from Metals customers, both in the Pilbara and on the Australian East Coast.

EBS demand increased on the pcp, mainly from new customer contracts in the Metals business in Australia. Conventional detonator volumes were lower than the pcp due to a four-month suspension of operations at a customer site in the Philippines following a wall failure incident.

EBIT was down 25 per cent on the pcp due largely to the unfavourable market conditions.

The impact of disrupted thermal coal trade flows which affected high margin volumes was compounded by the under recovery of continuous manufacturing plant fixed costs.

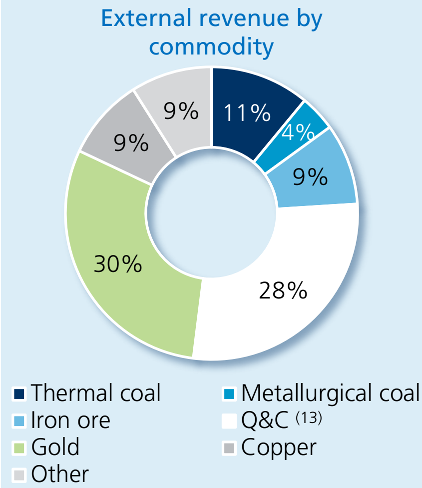
Increases in ammonia input costs in the second half of the year had a temporary adverse impact on EBIT in Australia and Asia. While most of these costs are ultimately passed through in sales prices, there is a time delay between rising input costs and the recovery thereof.

The Asia business was impacted by the adverse foreign exchange movements compared to the pcp which has resulted in lower earnings on translation of foreign currency earnings.

Depreciation on the Burrup plant commenced in the 2021 financial year.

North America

Year ended 30 September	2021	Restated (1) 2020	Change
External sales revenue (A$M)	1,229.6	1,260.0	*(2%)*
EBITDA(12) (A$M)	168.9	235.7	*(28%)*
EBIT(2) (A$M)	107.9	165.3	*(35%)*
Total AN & Emulsion Volumes ('000 tonnes)	1,013	1,023	*(1%)*



Market conditions

Operating conditions in North America were varied across the region during the 2021 financial year.

Socio-political and economic challenges continue to constrain the market in Mexico where mining activity has not yet recovered to historical levels.

An increase in power consumption in the USA and high gas prices have seen a short-term uplift in thermal coal demand in the second half.

Despite the re-opening of mines and a slow build in infrastructure activity, ongoing labour shortages in the USA and Canada are hampering the region's recovery from the worst of the COVID-19 pandemic.

In the 2021 financial year, the Australian dollar was stronger against most major currencies, including the US dollar, Canadian dollar and Mexican peso as compared to the pcp.

Segment performance

The 35 per cent EBIT decline on the pcp, was largely driven by the non-repeat of carbon credits in 2020 and adverse foreign exchange impacts.

Explosives volumes were 1 per cent down on the pcp. Volumes in the USA were lower due to a decline in coal production in the Powder River basin in the first half, partially offset by higher volumes in Canada as a result of reduced mining activity in the pcp.

Both EBS and conventional detonator volumes increased as a result of greater demand from joint venture partners in the USA, and from a step up in gold production and reopening of mines in Canada.

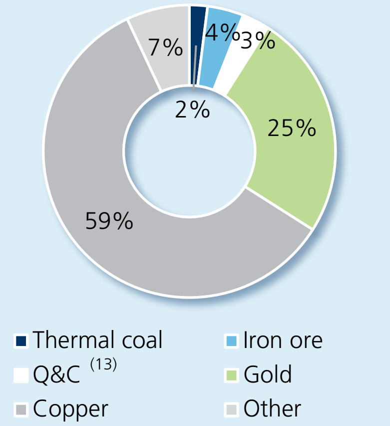
Initiating system sourcing costs were elevated in the first half, with some product being temporarily sourced from third parties following an incident at the La Portada manufacturing plant. The planned turnaround at Carseland, which commenced in the last quarter of the financial year, resulted in some AN being sourced from third parties.

This turnaround at the Carseland plant was successfully completed in October 2021 and included the installation of tertiary abatement technology to reduce nitrous oxide emissions.

Latin America

Year ended 30 September	2021	Restated (1) 2020	Change
External sales revenue (A$M)	956.5	855.6	*12%*
EBITDA[12] (A$M)	73.3	72.4	*1%*
EBIT[2] (A$M)	28.9	38.4	*(25%)*
Total AN & Emulsion Volumes ('000 tonnes)	929	694	*34%*

External revenue by commodity



Market conditions

The mining sector in Latin America is showing gradual improvement from the COVID-19 pandemic, with the exception of Colombia. The coal market in Colombia has seen a significant downturn in production, with many mines moving into care and maintenance, and one miner relinquishing their coal mining licence to the Colombian government.

Political instability continues to impact the region, as strikes in Chile and social unrest in Peru, which were disruptive in the first half, have continued to occur in the second half.

Sea freight costs have increased sharply on the pcp, particularly in the second half.

The Australian dollar was stronger against most major currencies on average during the 2021 financial year as compared to the pcp.

Segment performance

Explosives volumes were 34 per cent up on the pcp, or 1 per cent up on the pcp excluding Exsa which was acquired on 30 April 2020.

The reduced coal production in Colombia significantly impacted AN and initiating systems demand in the country in the 2021 financial year. Strike action in Chile resulted in significantly lower explosives demand on the pcp. In contrast, despite ongoing political instability, sales of explosives volumes in Brazil and Peru increased on the pcp from higher spot sales, demand from new customers and the full year contribution from Exsa.

Growth in Peru was predominantly driven by lower margin entry level products due to customer cost constraints, mainly in the first half.

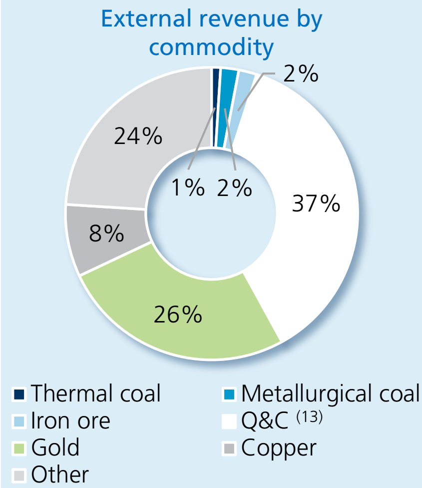
Total initiating systems volumes increased on the pcp, largely driven by customer activity in Brazil and the inclusion of Exsa volumes.

Cyanide volumes were lower than the pcp from a decline in a customer's gold production in Peru as the mine approaches end of life.

EBIT was 25 per cent down on the pcp due to unfavourable foreign exchange movements which has resulted in lower earnings on translation of foreign currency earnings and contract pricing in the highly competitive market, which has had an impact on margins. Sea freight cost increases impacted the region given that all AN and cyanide is sourced offshore.

Europe, Middle East & Africa

Year ended 30 September	2021	Restated [1] 2020	Change
External sales revenue (A$M)	801.4	882.8	*(9%)*
EBITDA[12] (A$M)	56.1	96.3	*(42%)*
EBIT[2] (A$M)	25.0	64.2	*(61%)*
Total AN & Emulsion Volumes ('000 tonnes)	406	450	*(10%)*



Market conditions

Market conditions varied across the region during the 2021 financial year.

Following significant second and third waves of the COVID-19 pandemic in the first half, a considerable increase in vaccination rates across Europe coupled with government stimulus has led to improved mining and infrastructure activity in the second half.

Mining activity in both the CIS and Africa has been resilient during the pandemic but has nonetheless been constrained by quarantine requirements and mine closures due to outbreaks.

Sea freight costs have increased sharply on the pcp, particularly in the second half.

The Australian dollar was stronger against most major currencies on average during the 2021 financial year as compared to the pcp.

Segment performance

Explosives volumes declined 10 per cent on the pcp, driven predominantly by reduced mining, tunnelling and construction activity in Europe and the Middle East.

Initiating systems volumes were down on the pcp, mainly from lower demand from wholesale customers in the Nordics.

Cyanide volumes were lower than the pcp due to shipment delays to Africa.

EBIT was down 61 per cent on the pcp, due to unfavourable foreign exchange movements, lower volumes and higher freight costs which affected offshore sourcing. Further exacerbating this was a demand shift in Africa to lower margin products and a reduction in services as customers sought to reduce costs.

Orica Monitor

Year ended 30 September	2021 A$M	2020 A$M	Change
External sales revenue	114.5	94.0	*22%*
EBITDA(12)	43.6	33.1	*32%*
EBIT(2)	30.7	20.3	*51%*

The Orica Monitor segment comprises GroundProbe and Nitro Consult businesses.

GroundProbe sales were higher than the pcp, driven by increased demand for radar systems, mainly in Brazil and Africa, the introduction of new products and remote geotechnical services. EBIT improved on the pcp from positive mix as high margin leases and premium radar sales increased.

The Nitro Consult EBIT result improved on the pcp, with both increased revenue from new customers and a reduction in costs following a business restructure that took place in 2020.

Global Support

Year ended 30 September	2021 A$M	2020 A$M	Change
EBIT(2)	(67.6)	(68.7)	*2%*

Global Support costs were in line with the pcp as costs were contained through restructuring activity.

Minova (held for sale)

Year ended 30 September	2021 A$M	Restated (1) 2020 A$M	Change
External sales revenue	474.3	468.3	*1%*
EBITDA(12)	33.7	32.2	*5%*
EBIT(2)	22.0	20.8	*6%*

Sales volumes were slightly higher than the pcp, due to higher customer demand in the hard rock market in Canada and customer demand in Europe, offset by lower volumes in the US from the decline in the coal market and the geopolitical tension between Australia and China, which impacted on sales into the coal segment.

EBIT earnings increased by 6 per cent from the pcp, with strong growth across Canada from increased demand, market share gains and new construction projects commencing in Europe.

The business remains EBIT and cash flow positive, driving good momentum into the future.

Net interest expense

Net interest expense of $106 million decreased on the pcp primarily as a result of an increase in the discount rate applied to remeasure long-term provisions as at 30 September 2021. In the pcp a significant decrease in discount rates impacted the measurement of provisions unfavourably. Net interest expense excluding the impact of the unwinding of discount on provisions and lease interest is in line with the pcp at $98 million.

Year ended 30 September	**2021 A$M**	**2020 A$M**	**Variance A$M**
Net interest expense excluding unwinding of discount on provisions and lease interest	(98.0)	(98.2)	0.2
Unwinding of discount on provisions	4.7	(48.2)	52.9
Lease interest	(12.3)	(12.6)	0.3
Net interest	**(105.6)**	**(159.0)**	**53.4**

Tax expense

The effective tax rate before individually significant items of 32.0 per cent is in line with the pcp.

Group Cash Flow

Year ended 30 September	**2021 A$M**	Restated [1] **2020 A$M**	**Variance A$M**
Net Operating cash flows[4]	618.9	144.7	474.2
Net Investing cash flows[14]	(195.9)	(527.7)	331.8
Net Operating and Investing cash flows	**423.0**	**(383.0)**	**806.0**
Dividends – Orica Limited	(72.4)	(179.4)	107.0
Dividends – non-controlling interest shareholders	(7.2)	(11.3)	4.1
Adjusted net cash flows	**343.4**	**(573.7)**	**917.1**
Movement in borrowings and other net financing cash flows[15]	(669.0)	1,126.6	(1,795.6)
Net cash inflow / (outflow)[16]	**(325.6)**	**552.9**	**(878.5)**

Net Operating cash flows

Net cash generated from operating activities was favourable due to a decrease in working capital, partly offset by lower earnings.

Net Investing cash flows

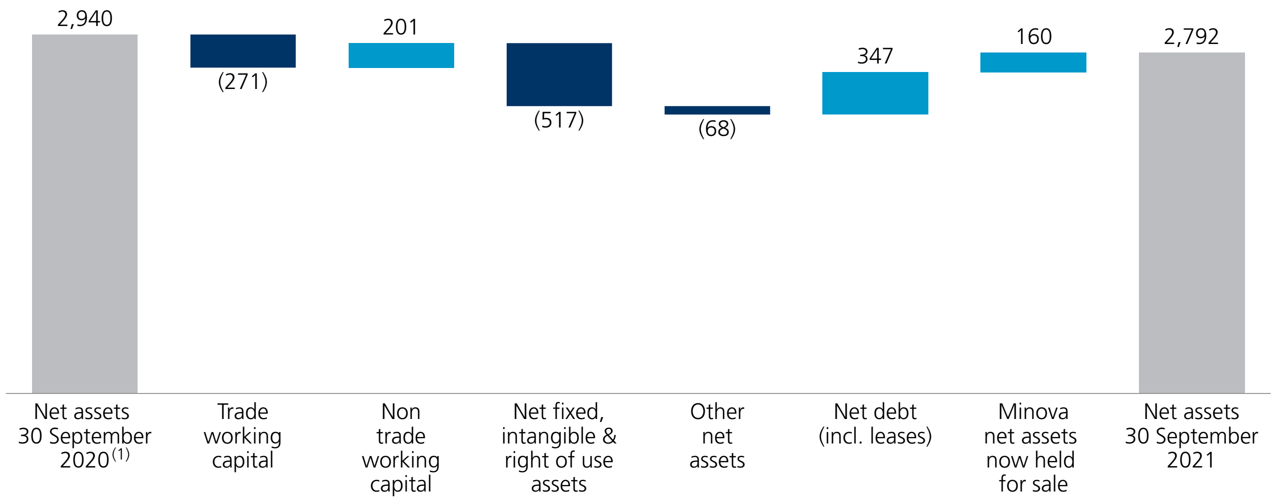
The lower investing cash flow largely relates to the non-repeat of the Exsa acquisition in the pcp and lower spend on the Burrup plant which was commissioned at the end of the 2020 financial year.

Movement in borrowings and other net financing cash flows

The net financing cash outflow relates to the principal portion of lease payments and the US Private Placement (USPP) bond redemption which was repaid in October 2020. The prior year comprised funds from the equity raising in February 2020 to fund the Exsa acquisition and net borrowings from debt facilities, which includes a US Private Placement of $725 million.

Group Balance Sheet

Movement in net assets (A$M)



Trade working capital **(17)** was $271 million lower than the pcp. $56 million of the reduction relates to the Minova trade working capital that has been classified as assets held for sale. The reduction of $215 million in the underlying trade working capital is partially driven by a decrease in trade debtors of $92 million from improved billing and collections. Inventory increased by $84 million due to increased sales activity towards the end of the year and rising input prices. Trade creditors increased by $207 million driven by increased purchase activity associated with higher sales volumes as well as tighter credit management and the inclusion of Burrup creditors which were included in non-trade creditors prior to the plant's commissioning.

Excluding the transfer of $46 million of non trade working capital of Minova to assets held for sale, ***non trade working capital*** **(18)** liability was $155 million lower due to a $75 million reduction in the defined benefit obligations as a result of an increase in discount rates and the shift of Burrup creditors into trade creditors post plant commissioning.

Net fixed, intangible & right of use assets decreased by $517 million from the pcp due to depreciation and amortisation expense of $370 million, impairment charges of $480 million, disposals of $15 million and the transfer of Minova assets of $85 million to assets held for sale. This was partly offset by additions of $413 million and foreign exchange translation of $19 million.

Other net assets decreased by $68 million from the pcp, driven largely by the revaluation of financial instruments resulting from the strengthening of the Australian Dollar of $113 million and the transfer of Minova other net assets of $34 million to assets held for sale, offset by a decrease in provision for income tax of $66 million.

Debt Management and Liquidity

As at 30 September	2021	Restated [1] 2020	Variance
Interest bearing liabilities - excluding lease liabilities (A$M)	(2,072.7)	(2,741.0)	668.3
Less: Cash and cash equivalents (A$M)	593.7	920.5	(326.8)
Net debt [6] (A$M)	(1,479.0)	(1,820.5)	341.5
Lease liabilities (A$M)	(260.4)	(298.7)	38.3
Net debt – including lease liabilities (A$M)	(1,739.4)	(2,119.2)	379.8
Gearing % - excluding Lease liabilities [7] (%)	34.6%	38.2%	(3.6pts)

Interest bearing liabilities of $2,073 million comprise $2,069 million of US Private Placement bonds and $4 million of committed and other bank facilities. The average tenor of drawn debt is 5.4 years (September 2020 5.0 years).

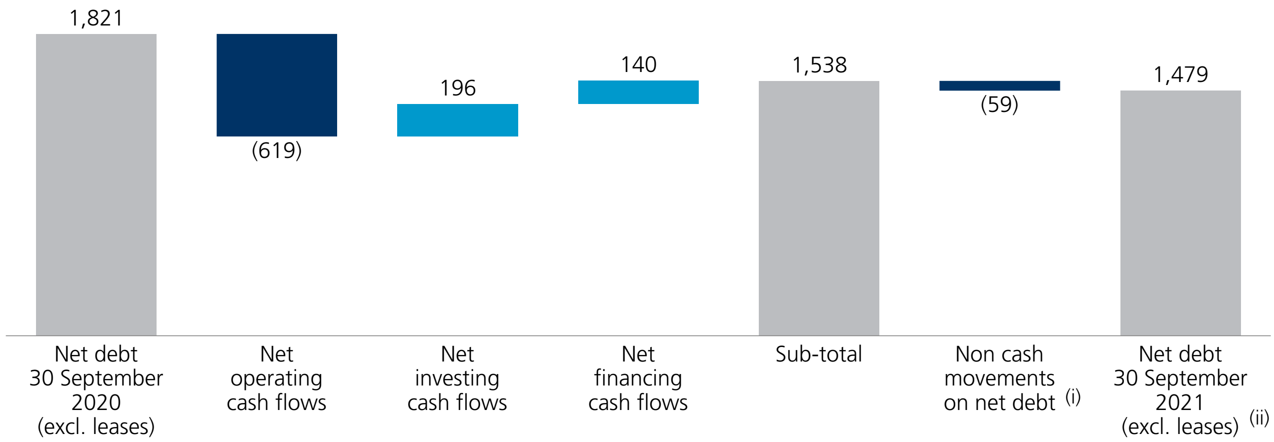
Cash of $594 million provides for a strong liquidity position, complemented by undrawn committed bank facilities of $1,486 million.

Gearing excluding lease liabilities at 34.6 per cent is within the Group's target range of 30 to 40 per cent and is well below the 57.5 per cent covenant default measure. The interest cover ratio at 4.6x also has significant headroom against the debt covenant of 2.0x.

On 2 March 2021, Standard and Poor's (S&P) affirmed Orica's credit rating at 'BBB', whilst revising the outlook to 'negative' from 'stable'. S&P'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 do not include these items.

The chart below illustrates the movement in net debt from 30 September 2020.

Movement in net debt (A$M)



(i) Impact of foreign exchange translation
(ii) The net debt balance at 30 September 2021 excludes Minova cash of $42 million

Individually significant items

Year ended 30 September 2021	Gross A$M	Tax A$M	Net A$M
Gain on sale of land	112.4	5.7	118.1
Operating model restructuring	(45.6)	12.8	(32.8)
Environmental provision expense	(39.3)	11.8	(27.5)
EMEA goodwill impairment	(162.4)	-	(162.4)
Pilbara impairment	(317.6)	41.0	(276.6)
Individually significant items from continuing operations	**(452.5)**	**71.3**	**(381.2)**
Individually significant items from Minova (held for sale)	(1.4)	0.4	(1.0)
Individually significant items attributable to shareholders of Orica	**(453.9)**	**71.7**	**(382.2)**

Gain on sale of land

Sale of Botany Lot 1 (formerly Lot 9)

In September 2021 Orica completed the sale of Botany Lot 1 (formerly Lot 9), resulting in a gain on sale. Due to the utilisation of carried forward capital losses, there was no tax expense on this transaction.

Sale of Villawood

In March 2021, Orica sold its Villawood property in New South Wales, resulting in a gain on sale. A net tax benefit was recognised in respect of the utilisation of brought forward capital losses.

Operating model restructuring

As part of the global restructuring project, further redundancy costs were recognised during the year.

Environmental provision expense

Botany Groundwater Treatment Plant (GTP)

The performance of trials of remediation technologies to date has been limited by lower biological activity than expected. It is considered unlikely that results will improve, therefore the assumption of the future cost saving has been removed from the provision calculation. This has resulted in an increase to the environmental provision with the expense included as a significant item.

Botany Hexachlorabenzene (HCB) waste

The provision increased due to a requirement for an additional shipment to complete waste destruction.

EMEA goodwill impairment

As part of Orica's periodic impairment testing, and in the context of the ongoing challenging market conditions, a non-cash impairment charge was recognised on the goodwill in the EMEA segment. After the recognition of this impairment charge, $49 million of goodwill remains in EMEA.

Pilbara impairment

Following the impairment recognised by Yara Pilbara Nitrates (Pty) Ltd, the joint venture company that operates the Burrup plant, Orica has reviewed the carrying value of its 50 per cent shareholding. This has resulted in Orica recognising a non-cash impairment of $158 million against Goodwill and $160 million against Property Plant & Equipment.

Dividend

The Board has declared a final dividend on ordinary shares of 16.5 cents per share, unfranked. This final dividend represents a payout ratio of 50 per cent[19]. This brings the full year dividend to 24.0 cents per share, and a full year payout ratio of 47 per cent.

The dividend is payable to shareholders on 22 December 2021 and shareholders registered as at the close of business on 22 November 2021 will be eligible for the final dividend.

It is anticipated that dividends in the near future will be unfranked.

2022 OUTLOOK

- Global commodity growth is anticipated to continue, particularly in copper and gold; and in quarry and construction markets
- Subject to market conditions, 2022 financial year EBIT is expected to increase on the pcp from continuing operations:
  - Strong momentum in the final quarter of the 2021 financial year has continued, driving expectations for a stronger first half in 2022 than in the pcp
  - The result is expected to be weighted towards the second half, reflecting greater manufacturing plant turnaround activity in the first half
- Improvement in earnings is expected to be attributable to:
  1. Volume growth, expected to be in line with global GDP growth
  2. Increased adoption of advanced technology offerings, particularly digital and monitoring solutions
  3. Key strategic initiatives driving supply chain efficiencies
  4. Sustainable overhead cost reductions, net of inflation
- Pricing discipline is expected to broadly mitigate rising input costs and pass-through lag
- Capital expenditure is expected to be within $340 million to $360 million; the depreciation and amortisation expense is expected to be up to 5 per cent higher than the pcp
- A continuing focus on balance sheet and cash flow optimisation, with gearing expected to remain within stated range of 30 to 40 per cent

Footnotes

The following footnotes apply to this results announcement:

[1] 2020 restated for the retrospective application of a change in Orica's accounting policy on AASB 138 Intangible Assets and AASB 116 Property, Plant and Equipment, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision in 2021. Refer to Note 24 within the Appendix 4E – Preliminary Final Report for detail

[2] Equivalent to profit/(loss) before financing costs and income tax as disclosed in Note 1(b) within Appendix 4E – Preliminary Final Report, before individually significant items

[3] Basic earnings per share before individually significant items as disclosed in Note 2 within Appendix 4E – Preliminary Final Report

[4] Equivalent to net cash flows from operating activities, as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report

[5] Comprises spend on property, plant and equipment and intangible assets, on an accruals basis from the 2020 financial year to align with SAP reporting, and on a cash basis in prior years

[6] Total interest bearing liabilities – excluding lease liabilities less cash and cash equivalents, as disclosed in Note 3(a) within Appendix 4E – Preliminary Final Report

[7] Net debt / (net debt + total equity), where net debt excludes lease liabilities

[8] Achieving this ambition will require effective government policy frameworks, supportive regulation and financial incentives, and access to new low-carbon technologies operating at commercial scale. Material means the scope 1 and scope 2 greenhouse gas (GHG) emissions embodied in purchased ammonia and ammonium nitrate included in Orica's scope 3 reporting category of purchased goods and services. These comprise around two-thirds of Orica's scope 3 emissions footprint

[9] On 12 December 2015, parties to the United Nations Framework Convention on Climate Change (UNFCCC) reached a landmark agreement to combat climate change and to accelerate and intensify the actions and investments needed for a sustainable low carbon future. This is known as the Paris Agreement

[10] Includes nickel, lithium minerals, cobalt, zinc, potash, phosphate rock

[11] Equivalent to profit after income tax expense before individually significant items attributable to shareholders of Orica Limited, as disclosed in Note 1(b) within Appendix 4E – Preliminary Final Report

[12] EBIT before individually significant items plus depreciation and amortisation expense

[13] Quarry and construction

[14] Equivalent to net cash flows used in investing activities, as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report

[15] Equivalent to net cash flows (used in)/from financing activities (as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report) excluding dividends paid to Orica ordinary shareholders and non-controlling interests

[16] Equivalent to net increase/(decrease) in cash held, as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report

[17] Comprises inventories, trade receivables and trade payables, as disclosed in the Balance Sheet within Appendix 4E – Preliminary Final Report

[18] Comprises other receivables, other payables and provisions, as disclosed in the Balance Sheet within Appendix 4E – Preliminary Final Report, plus prepayments

[19] Dividend amount / NPAT before individually significant items

Forward-looking statements

This announcement has been prepared by Orica Limited. The information contained is for informational purposes only. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

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Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

Past performance is no guarantee of future 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. The 2021 Full Year Results presentation includes non-IFRS reconciliations. Forecast information has been estimated on the same measurement basis as actual results.

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 2021 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

A Calderon, Managing Director and Chief Executive Officer ('CEO') (resigned 1 April 2021)

S Gandhi, Managing Director and Chief Executive Officer ('CEO') (appointed 1 April 2021)

M N Brenner

Boon S F

D W Gibson

K A Moses

G T Tilbrook

J R Beevers

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 [1]		Ad-hoc Board Meetings [1][2]		Audit and Risk Committee [1]		Human Resources & Compensation Committee [1]		Nominations Committee [1]		Safety & Sustainability Committee [1]		Innovation & Technology Committee [1]	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
M W Broomhead[3]	11	11	2	2	-	-	-	-	5	5	-	-	-	-
J R Beevers	11	11	2	1	-	-	-	-	5	5	5	5	3	3
M N Brenner	11	11	2	1	7	7	7	7	5	5	-	-	-	-
S Gandhi[4][5]	4	4	1	1	-	-	-	-	-	-	-	-	-	-
D W Gibson	11	10	2	1	-	-	7	7	5	5	-	-	3	3
K A Moses	11	11	2	1	-	-	7	7	5	5	5	5	-	-
Boon SF	11	11	2	2	7	7	-	-	5	5	-	-	3	3
G T Tilbrook	11	11	2	2	7	7	-	-	5	5	5	5	-	-
Former														
A Calderon[4][6]	7	7	1	1	-	-	-	-	-	-	-	-	-	-

(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 26 March 2021 and 29 September 2021.
(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) Mr S Gandhi was appointed to the Orica Board on 1 April 2021.
(6) Mr A Calderon retired from the Orica Board effective 1 April 2021.

In addition, 8 'Board Briefings' were held during the year and do not appear on the attendance register.

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 2021.

Directors' Report

Dividends

Dividends paid or declared since the end of the previous financial year were:	$m
Final dividend declared at the rate of 16.5 cents per share on ordinary shares, unfranked, paid 15 January 2021	66.9
Interim dividend declared at the rate of 7.5 cents per share on ordinary shares, unfranked, paid 9 July 2021	30.6
Total dividends paid	97.5

Since the end of the financial year, the Directors have declared a final dividend to be paid at the rate of 16.5 cents per share on ordinary shares. This dividend will be unfranked.

Events subsequent to balance date

Acquisition of business

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 million upfront and potential earn out payments based on the achievement of revenue targets over the next five years. The financial effect of this transaction is not included in the financial statements for the year ended 30 September 2021 and will be recognised in the FY2022 financial statements.

Dividends

On 10 November 2021, the Directors declared a final dividend of 16.5 cents per ordinary share payable on 22 December 2021. The financial effect of this dividend is not included in the Annual Report for the year ended 30 September 2021 and will be recognised in the FY2022 Annual Report.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2021, 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.

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.

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 22 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 FY2021 Remuneration Report, for which we seek your support at our Annual General Meeting.

Performance alignment and key decisions during FY2021

The 2021 financial year has been challenging for Orica with the COVID-19 pandemic, trade tensions and foreign exchange continuing to impact volume and margins across our business. With the impact of COVID-19 more prolonged than previously anticipated, we have remained focused on the safety and wellbeing of our people and are also making good progress towards becoming a more sustainable organisation. We have seen significant change at an executive leadership level and our commitment to talent development and succession planning in recent years resulted in all new Executive Committee members being drawn from internal candidates.

Given our financial performance, the following key decisions were made during the year:

- On appointment of Sanjeev Gandhi as Managing Director and Chief Executive Officer (CEO), the Board took the opportunity to reshape the CEO remuneration package. In addition to decreasing fixed annual remuneration (FAR) compared to the previous incumbent, a substantial portion of the CEO's FAR is now provided in equity which ensures immediate and ongoing alignment with the shareholder experience. We also addressed feedback from our investors and decreased the CEO's maximum short-term incentive (STI) opportunity from 200% to 150%, and the long-term incentive (LTI) grant opportunity from 215% to 200%.
- No remuneration increases were received by Executives who remained in the same role during FY2021. For those individuals whose role changed as part of the reshaping of our Executive Committee, their fixed annual remuneration was set lower than the prior incumbent.
- Board fees did not change in FY2021 and will remain at the same level for FY2022. In addition, Malcolm Broomhead elected to forfeit his Board Chair fees from 1 June to 30 September 2021 in support of our cost reduction focus in the second half of FY2021.

Outcomes under Orica incentive plans

The average Executive STI scorecard outcome was 56.7% driven by positive safety and environmental performance, and progress during FY2021 against key strategic objectives. As in prior years, we consider the non-financial components of the Executive STI scorecards to be of the utmost importance to running a safe and sustainable business. However, given financial performance over FY2021, the Board exercised its discretion not to award any payments under the Executive STI plan to the CEO or other Executives so as to better align with the shareholder experience.

The FY2018 LTI award (1 October 2017 to 30 September 2020) did not vest following testing in November 2020, with average Return on Net Assets (RONA) performance below the required threshold.

Executive remuneration in FY2022

As foreshadowed last year, during FY2021 the Board undertook a formal review of our Executive Remuneration Framework, engaging with shareholders and other stakeholders as part of this process to better understand their view of our current framework and practices. In addition to the revised CEO remuneration structure on Sanjeev Gandhi's appointment, two key changes will be made to our incentive plans from FY2022.

Relative Total Shareholder Return (rTSR) introduced into the LTI

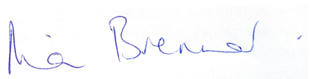
The LTI previously included an rTSR metric. This, along with Return on Capital (ROC), was replaced in 2018 with the current RONA metric to better support the implementation of our transformation program. Last year, we committed to reviewing the LTI metrics as part of the Executive Remuneration Framework review, resulting in a decision to introduce rTSR to complement RONA as a second equally weighted metric. The Board believes that RONA remains the most appropriate internal financial metric given the need for improved operating and capital efficiency, however, we recognise our investors are seeking more direct shareholder alignment through the current recovery phase.

Focusing on sustainability

Recognising the importance of monitoring the environmental impact of our operations, in FY2021 we introduced Loss of Containment (LOC) as an environmental metric within our STI scorecard. For FY2022, the renamed 'Safety and Sustainability' component of our STI scorecard will include a greenhouse gas emissions-based metric in addition to LOC. The new metric is aligned with our stated objective to reduce Scope 1 and 2 operational emissions by at least 40% by FY2030. To ensure sufficient weighting on each STI metric we have focused our safety performance on the Serious Injury Case Rate (SICR) which will have a higher weighting for FY2022 and the High Potential Incident (HPI) Injury Ratio will be removed from our scorecard. HPIs will continue to be closely monitored internally as a leading indicator to focus on sustained performance. We have also adjusted the weighting of metrics within the financial component of the STI scorecard. Detail on our FY2022 CEO STI scorecard, including weightings, is shown in Section 2.6.

We appreciate your ongoing support and I look forward to engaging with you again in FY2022.

Yours faithfully,



Maxine Brenner
Chairman, Human Resources and Compensation Committee
10 November 2021

Remuneration Report (audited)

Executive summary

FY2021 Remuneration Strategy and outcomes linked to business priorities and performance

At Orica, remuneration is linked to the drivers of our business strategy, helping 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				
BOARD PRIORITIES	**Strong alignment** with shareholder returns	**Fit for purpose**, aligned to business strategy and driving desired business behaviours	**Simple and transparent**	**Globally competitive**, enabling Orica to attract and retain the best talent

Component	Fixed Annual Remuneration (FAR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Purpose and link to strategy	**Provide competitive base pay to 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 new 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: • reducing serious injuries • minimising the impact of our operations on the environment • driving sustainable productivity improvement and efficient capital allocation across the Group and equally within each Region • key strategic priorities including operating efficiency, innovation and technology, and adjacency growth. Deferred 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: • reinforces a focus on sustainable productivity improvement and efficient capital allocation during the three-year vesting period • provides long-term shareholder alignment over a five-year time horizon.
Policy Mix (at target): Cash | Equity	Current CEO: 20.6% | 4.4% Other Executives: 35.7% *Former CEO:* 24.1%	Current CEO: 12.5% | 12.5% Other Executives: 14.3% | 7.1% *Former CEO:* 12.0% | 12.0%	Current CEO: 50.0% Other Executives: 42.9% *Former CEO:* 51.9%
Delivery	Base salary, superannuation (or pension equivalent) and allowances (per local market practice). For the new CEO, 17.6% of FAR is delivered in fixed equity that vests monthly, but is subject to a 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.
Key changes during FY2021	Introduction of fixed equity for the new CEO along with increasing the minimum shareholding guideline from 100% to 150% of FAR and reducing the timeframe to meet the guideline from six to five years. Our benchmarking comparator group has been revised to better reflect our market capitalisation and operations including the removal of size outliers.	New CEO's maximum STI opportunity reduced from 200% to 150% of FAR. FY2021 scorecard changes: • key control verifications (KCV) and close-out of critical actions replaced by HPI Injury Ratio • new LOC environmental metric • new Cash Generation Efficiency (CGE) financial metric	New CEO's LTI grant reduced from 215% to 200% of FAR (for FY2021 the new CEO received only the Executive LTI grant of 120% of FAR).
FY2021 remuneration outcomes	No increases for Executives who remained in the same role following the organisational structure changes. New CEO and Executive pay set lower than the prior incumbent in all instances reflecting our market capitalisation, financial performance and investor feedback on CEO remuneration quantum.	Given our financial performance over FY2021, no payments were made under the Executive STI plan. Deferred shares allocated under the FY2018, FY2019 and FY2020 awards remain in a holding lock and have therefore seen fluctuations in value aligned with our share price.	The FY2018 LTI (tested in November 2020) did not vest with three-year average RONA below the required threshold.

Remuneration Report (audited)

Contents

Remuneration Report (audited)

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 FY2021. 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.

In addition to appointing a new Managing Director and CEO, several changes were made to our Executive KMP during FY2021, including the transition of individuals into new roles and the creation of a new Chief Technology Officer position with accountability for our customer-facing technology and innovation agenda. As a result of changes to the manufacturing structure, the Chief Manufacturing Officer position has also ceased to exist, and a new Senior Vice President Discrete Manufacturing and Supply role was created that is not considered to be KMP.

Name	Role in FY2021	Commencement date in role	Country of residence
Executive Director			
Sanjeev Gandhi	Managing Director and CEO President - Australia Pacific & Asia	1 April 2021 20 July 2020	Australia Australia
Executive KMP			
Christopher Davis	Chief Financial Officer	1 October 2018	Australia
James Bonnor(1)	President – Europe, Middle East and Africa President – North America	1 July 2021 1 October 2015	United Kingdom United States
Brian Gillespie(2)	President – Latin America	3 May 2021	Australia
Angus Melbourne	Chief Technology Officer Chief Commercial Officer	1 April 2021 1 October 2016	Australia Australia
Germán Morales(2)	President – Australia Pacific & Asia President – Latin America & Supply	1 April 2021 1 September 2018	Australia Chile
Former Executive KMP			
Alberto Calderon(3)	Managing Director and CEO	19 May 2015	Australia
Darryl Cuzzubbo(4)	Chief Manufacturing Officer	7 October 2019	Australia
Thomas Schutte(5)	President - Europe, Middle East and Africa	1 October 2017	United Kingdom

(1) James Bonnor continued to act in the President – North America role until James Crough's appointment as President – North America on 1 October 2021.

(2) Germán Morales continued in the President – Latin America role until his relocation to Australia in May 2021. During April 2021, he acted in both this role and as President – Australia Pacific & Asia before Brian Gillespie assumed the role of President – Latin America on 3 May 2021. Brian Gillespie will relocate to Chile pending COVID-19 related travel restrictions easing.

(3) Alberto Calderon ceased to be KMP on 31 March 2021. His entitlements on termination are included at section 2.5.

(4) Darryl Cuzzubbo ceased to be KMP on 31 March 2021 as part of a mutually agreed separation from Orica. He retained a pro-rata entitlement to the FY2021 STI and a pro-rata portion of the FY2021, FY2020 and FY2019 LTI awards (all pro-rated based on time served over the relevant performance period), noting that no FY2021 STI payment will be received. Mr Cuzzubbo's FY2020, FY2019 and FY2018 STI deferred shares remain on foot and subject to the original disposal restrictions, aside from a portion of shares released to cover a tax liability on cessation. As part of the separation agreement, Mr Cuzzubbo also received a severance payment of 26 weeks' fixed annual remuneration in accordance with his contractual entitlements.

(5) Thomas Schutte ceased to be KMP on 30 June 2021 but remained in employment with Orica until his retirement on 30 September 2021 to support the transition of the President – Europe, Middle East and Africa role during a period of significant change. He retained a pro-rata entitlement to the FY2021 STI and a pro-rata portion of the FY2021, FY2020 and FY2019 LTI awards (all pro-rated based on time served over the relevant performance period), noting that no FY2021 STI payment will be received. Mr Schutte's FY2020, FY2019 and FY2018 STI deferred shares remain on foot and subject to the original disposal restrictions.

Executive Committee member qualifications, experience and responsibilities are detailed in the Annual Report.

1.2 Non-Executive Directors Key Management Personnel

The Non-Executive Directors who held office during FY2021 are set out below. 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 FY2021	Commencement date in role	Country of residence
Current Directors			
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
Gene Tilbrook	Non-Executive Director	14 August 2013	Australia

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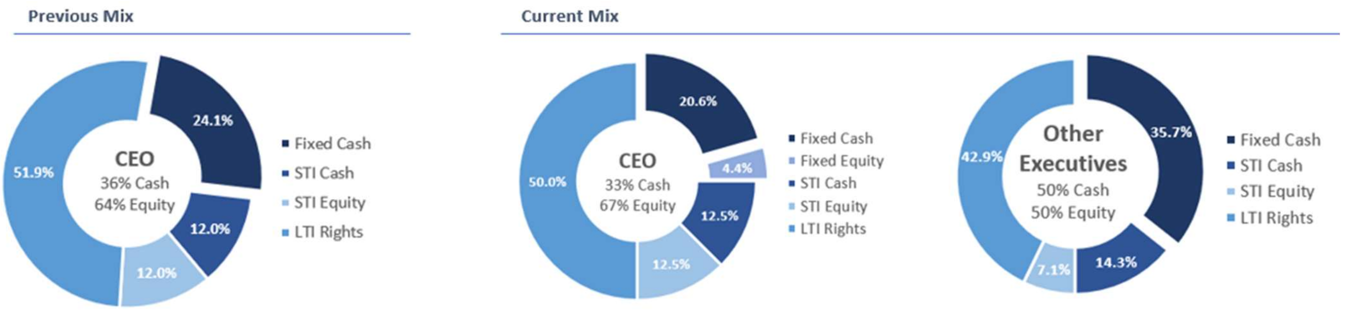
Section 2: Key stakeholder questions

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.

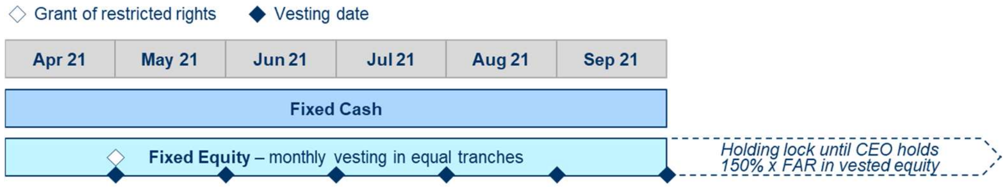
Assuming target STI and the face value of LTI granted to Executives, the current policy remuneration mix is:

- 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.



2.2 What is the new CEO's fixed equity component?

As Sanjeev Gandhi was appointed as CEO within 12 months of joining Orica, the Board considered it important to deliver a portion of his FAR in the form of Orica equity to ensure immediate and ongoing alignment with shareholders. The fixed equity component is equal to 17.6% of total FAR and is granted in the form of restricted rights which vest monthly in alignment with the payment of fixed cash. For FY2021, a pro-rata grant was made post-half-year results as outlined below.



For FY2021, the actual number of restricted rights granted was determined based on the VWAP of Orica shares over the five days up to and including the effective date of appointment. For the FY2022 grant, the VWAP period will be the five days following full-year financial results, consistent with the approach for the allocation of equity under the deferred STI and LTI plans. 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.

In setting the new CEO remuneration package and in recognition of the new fixed equity component, the minimum shareholding requirement was increased from 100% to 150% of FAR and the time period allowed to reach this holding was reduced from six to five years from appointment. 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 FY2021 remuneration is earned and delivered, and when holding locks are lifted.

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2.4 How much were Executive KMP paid in FY2021?

The table below presents the remuneration paid to, or vested for, Executive KMP in FY2021.

Executive KMP	Fixed pay (1) $000	STI to be paid in cash (2) $000	Total cash payment $000	Equity awards vested during year (3) $000	Other (4) $000	Total remuneration received $000
Sanjeev Gandhi	1,200.0	-	1,200.0	141.7	25.9	1,367.6
Christopher Davis	875.0	-	875.0	130.4	2.6	1,008.0
James Bonnor	871.8	-	871.8	100.0	548.5	1,520.3
Brian Gillespie	241.7	-	241.7	-	6.6	248.3
Angus Melbourne	919.8	-	919.8	148.2	4.9	1,072.9
Germán Morales	784.0	-	784.0	133.2	415.2	1,332.4
Former Executive KMP						
Alberto Calderon	900.0	-	900.0	685.1	7.1	1,592.2
Darryl Cuzzubbo	437.5	-	437.5	113.4	439.4	990.3
Thomas Schutte	822.4	-	822.4	181.4	5.0	1,008.8
Total	**7,052.2**	**-**	**7,052.2**	**1,633.4**	**1,455.1**	**10,140.7**

(1) Fixed Pay includes actual base pay received and superannuation (or equivalent pension) contributions for each individual's applicable KMP period. Refer footnote 7 in section 6.1 for detail on payments received by Alberto Calderon and Thomas Schutte from the dates they ceased to be KMP and when they formally ceased employment with Orica.
(2) No payments were made under the FY2021 Executive STI plan. Brian Gillespie will receive a payment of $21,866 relating to the period 1 October 2020 to 2 May 2021 when he held the non-Executive role of CEO GroundProbe and participated in the Orica Incentive Plan. From Mr Gillespie's appointment as President – Latin America on 3 May 2021, his Orica Incentive Plan participation was replaced by a pro-rata opportunity under the Executive STI plan and he therefore did not receive any payments relating to the Executive KMP role.
(3) Relates to the face value of equity awards (using the share price at the vesting date) that vested during FY2021, including deferred shares from FY2019 that vested in December 2020, but remain subject to holding locks until December 2023. For select overseas executives or Australian-based executives who ceased employment during FY2021 and where a tax liability arose at vesting or cessation, a portion of the deferred shares were released from restriction to settle the taxes due. No shares were acquired under the LTI as the FY2018 LTI did not vest. For Sanjeev Gandhi, the amount also includes vested fixed equity and the first tranche of a sign-on award that was granted on commencement of employment and vested on 31 March 2021.
(4) Includes the cash value of relocation assistance, the cost of meeting tax filing obligations associated with international assignments, and other benefits and allowances provided (where applicable). Movements in annual leave and long-service leave balances have not been shown. For Darryl Cuzzubbo, this figure includes a contractual severance payment. Refer footnote 4 in section 1.1 for details.

For more information, refer to section 6.1 – FY2021 Executive KMP remuneration table prepared in accordance with the accounting standards.

2.5 What were the termination arrangements for the former CEO?

Alberto Calderon ceased as CEO on 31 March 2021 however he remained in employment with Orica from 1 April to 31 May 2021 to support the transition of the CEO role to Sanjeev Gandhi. While contractually entitled to receive a separation payment equivalent to six months' salary, it was mutually agreed this payment would not be made. On termination, he forfeited any entitlement to the FY2021 STI and all unvested equity awards (including the FY2020 STI deferred shares and FY2021, FY2020 and FY2019 LTI awards) lapsed. The FY2019 and FY2018 STI deferred shares, which vested prior to termination in December 2019 and December 2020 respectively, remain on foot and subject to the original disposal restrictions aside from a portion of shares that were released to cover a tax liability on termination.

2.6 What were the outcomes of the Executive Remuneration Framework review?

As flagged in our FY2020 Remuneration Report, the Board undertook a formal review of our Executive Remuneration Framework during FY2021, with a focus on ensuring the framework supports our business strategy, aligns with shareholders' interests, enables us to attract, engage and retain talent, and motivates our people to deliver their best performance. Following the 2020 AGM and throughout the review process, we engaged with investors and proxy advisors to understand their views. The new CEO remuneration framework took into account the feedback received on quantum, structure and shareholder alignment. We also recognise that direct alignment of executive remuneration with share price is critical over the near term and for this reason, rTSR will be introduced as a second measure (in addition to RONA), linking 50% of the CEO and other Executives' LTI outcomes to our share price performance.

In relation to the STI, we have shown our commitment to reducing the impact of our business on the environment through the introduction of the Loss of Containment metric in FY2021. In further support of this and aligned with our stated 2030 emissions reduction objective, the revised Safety and Sustainability component of FY2022 STI scorecards will include a new greenhouse gas (GHG) emissions metric. With Serious Injury Case Rate the primary safety metric, the weighting on this metric has also been increased. For other Executives, the Strategic component of their FY2022 STI scorecard will include an additional sustainability-based metric aligned to their specific role within the organisation. The financial metrics remain as per the prior year, however, the weighting on EBIT and RONA will increase in recognition of the importance of improving earnings performance in FY2022.

FY2022 CEO Scorecard

Measure	Metric	Weighting (at target)
Safety and Sustainability	Serious Injury Case Rate	10.0%
	Loss of Containment	5.0%
	Global Scope 1 and 2 GHG emissions(1)	10.0%
Financial	EBIT	30.0%
	RONA	30.0%
	Cash Generation Efficiency	15.0%

(1) 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.

Remuneration Report (audited)

Section 3. Executive remuneration

3.1 Executive Remuneration Framework

The following table outlines the FY2021 Executive Remuneration Framework.

REMUNERATION POSITIONING	
Market position	Median for FAR and between Median and 75th percentile for total remuneration where outstanding performance is delivered.
Comparators	**Primary comparator group** – 13 ASX listed companies similar in size, operations and complexity to Orica, with reference to market capitalisation, revenue, industry and the extent of international operations. The primary comparator group was last reviewed as at 30 June 2021 and comprised the following companies: Amcor Limited, Ansell Limited, BlueScope Steel Limited, Brambles Limited, Incitec Pivot Limited, James Hardie Industries Plc, Newcrest Mining Limited, Oil Search Limited, Orora Limited, Sims Limited, South 32 Limited, Woodside Petroleum Limited and Worley Parsons Limited. **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. Where appropriate, particularly for roles located outside of Australia, additional sector or local industry specific data is taken into consideration in benchmarking Executive remuneration.
FAR (Cash)	
Payment vehicle	Cash salary, superannuation (or pension equivalent) and allowances (per local market practice).
FAR (Equity)	
Payment vehicle	Restricted rights (each vested right providing a 1:1 entitlement to Orica shares).
Opportunity (face value)	CEO: 17.6% of Total FAR, equivalent to $300,000 per annum for FY2021 (pro-rata FY2021 face value from 1 April 2021 appointment of $150,000). The actual number of restricted rights issued was determined by dividing FAR (Equity) opportunity by the five-day VWAP of Orica shares, up to and including 1 April 2021 ($14.15).
Vesting period	1 April 2021 to 30 September 2021.
Vesting schedule	Vests in equal monthly tranches subject to continued employment until the end of the relevant month.
Exercise period	Between vesting and five-years from grant.
Holding locks	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.
Cessation of employment	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.
Change of control	Board discretion to determine an appropriate treatment.
Access to dividends	Entitlement to dividend equivalent payments in relation to vested rights.
STI	
Changes in FY2021	Changes to FY2021 STI metrics: Key Control Verifications and Close out of Critical Actions replaced with High Potential Incident Injury Ratio; new Loss of Containment metric; new Cash Generation Efficiency metric which reduced the weighting on EBIT and RONA. Reduction in maximum STI opportunity for the CEO from 200% to 150% of FAR.
Payment vehicle	Cash and deferred shares.
Opportunity	Current CEO: 0 to 150% of FAR; 100% at target. Former CEO: 0 to 200% of FAR; 100% at target. Other Executives: 0 to 120% of FAR; 60% at target. For Executives based outside of Australia, opportunities are typically referenced to base salary only.
Performance Measures	CEO: Safety, Health & Environment (25%); Financials (75%) comprising EBIT, RONA and CGE[1]. Other Executives: Safety, Health & Environment (18.0%); Financials (60.0%); Strategic priorities (22%). 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. For Regional Presidents, safety measures are solely based on Regional performance and financial metrics are evenly weighted between Group and Regional outcomes. 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. The determination of final performance outcomes for all Executives includes input from Board Committee Chairs and senior functional leaders (e.g., finance and safety).

(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.

Deferred STI	CEO: 50% of STI into deferred shares which vest after one-year and are subject to risk of forfeiture. Other Executives: one-third of STI into deferred shares which vest after one-year and are subject to risk of forfeiture. The number of deferred shares granted is calculated using the five-day VWAP immediately after the announcement of our annual results.
Holding lock	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 where an Executive is required to fund personal tax obligations arising on vesting (typically applies to non-Australian based Executives) or cessation (applicable for Australian-based Executives).
Cessation of employment	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. Vested deferred shares: 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.
Change of control	Board discretion to determine an appropriate treatment.
Access to dividends	During both the deferral and holding lock periods, Executives are entitled to accumulate dividends.
LTI	
Changes in FY2021	Reduction in LTI opportunity for the CEO from 215% to 200% of FAR (applicable from FY2022 LTI).
Payment vehicle	Performance rights (each vested right providing a 1:1 entitlement to Orica shares).
Opportunity (face value)	Former CEO: 215% of FAR grant at face value. Other Executives (including current CEO): 120% of FAR grant at face value. For Executives based outside of Australia, opportunities are typically referenced to base salary only. 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 FY2020 annual results ($16.99).
Performance period	Performance is measured over three financial years (FY2021, FY2022 and FY2023).
Performance measure	RONA(1) – calculated as annual EBIT / rolling 12-month Net Operating Assets (calculated on an average basis over three financial years).
Targets and vesting schedule	The FY2021 vesting schedule for the RONA performance measure is as follows:

Average RONA over 3 years	% of Rights vesting
Below 11.0%	No vesting
At 11.0%	30% of rights vest
Between 11.0% and 11.7%	Straight line vesting between 30% and 60% of rights vest
At 11.7%	60% of rights vest
Between 11.7% and 12.6%	Straight line vesting between 60% and 100% of rights vest
At or above 12.6%	100% of rights vest

The FY2021 LTI RONA targets reflected the Board's expectations in late 2020 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.

Holding locks	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 share rights (typically applies to non-Australian based Executives).
Cessation of employment	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.
Change of control	Board discretion to determine an appropriate treatment.
Access to dividends	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.

(1) 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.

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3.2 Short-term incentive outcomes – link to performance

Consistent with the prior year, progress made during FY2021 against each safety, health and environment, financial and strategic metric has been assessed as part of each Executive's performance review.

Based on this performance assessment, the CEO FY2021 STI scorecard outcome was 38.8% of Target. FY2021 outcomes against the STI metrics within the FY2021 CEO scorecard are summarised below.

Other Executive KMP FY2021 STI scorecard outcomes would have delivered payments between 51.7% and 62.6% of target. The scorecard outcomes were predominantly driven by safety and environmental performance, and delivery of strategic priorities. These priorities were determined and approved by the Board at the commencement of FY2021 based on their role and included enhancing Orica's development and use of technology, and operating efficiency.

Notwithstanding the importance of ensuring an ongoing focus on safety, sustainability and long-term strategic activities, considering the degree to which our FY2021 annual financial results were below expectations, the Board has exercised discretion not to make any payments under the FY2021 Executive STI plan to the CEO or other Executives. The Board's decision also took into account the shareholder experience over the financial year.

Measure	Target	Weighting (at target)	2021 performance: Threshold 50%	2021 performance: Target 100%	2021 performance: Max 150%	Weighted Outcome (%)	Performance commentary
Safety, Health & Environment	*Rewards a continuous focus on safe and reliable operations measured through a combination of lagging and leading indicators*						
SICR(1)	0.139	8.33%				0.0%	New HPI Injury Ratio led to a significant increase in reported HPIs compared to FY2020 and has driven the desired behavioural change across the business. A similar focus on LOC events also led to a positive outcome in the first year of the metric.
High Potential Incident Injury Ratio(2)	25.4	8.33%				9.0%	
Loss of Containment(3)	65	8.33%				12.5%	SICR was slightly higher than FY2020 but remained below the FY2019 outcome and our strong focus on preventing serious injuries remains.
Financials	*Rewards improvements to earnings, enhanced returns from invested capital, developing enabling technology and adjacency growth, optimising capital allocation and reallocation*						
EBIT(4)	$641.1	25.0%				0.0%	EBIT outcome was below threshold predominantly due to a poor first half of FY2021 that was adversely impacted by FX, China trade tensions and the COVID impact in Latin America, EMEA and Asia.
RONA(4)	11.4%	25.0%				0.0%	RONA outcome was similarly below threshold due to EBIT performance.
CGE(4)	55.1%	25.0%				17.3%	CGE outcomes were impacted by lower earnings but the strong focus on trade working capital and capital expenditure discipline resulted in continued balance sheet resilience despite weaker earnings.
Board discretion	The Board exercised discretion to reduce the CEO scorecard outcome of 38.8% to nil in recognition of FY2021 financial performance and the shareholder experience.						
Overall STI outcome					**% of Target**	**0.0%**	
					% of Maximum	**0.0%**	

(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) HPI Injury Ratio measures the total number of incidents or near misses that could result in a Severity 4 injury or illness (high potential incidents), divided by the number of high potential incidents that result in a Severity 1 or greater.

(3) 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.

(4) Refer section 3.1 for the definitions of EBIT, RONA and CGE for FY2021 STI purposes.

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.

Plan	Grant	Performance period	Performance measures applicable to award	Outcome
LTIP	FY2018	FY2018 – FY2020	RONA (100%)	No vesting
LTIP	FY2019	FY2019 – FY2021	RONA (100%)	Not yet tested
LTIP	FY2020	FY2020 – FY2022	RONA (100%)	Not yet tested
LTIP	FY2021	FY2021 – FY2023	RONA (100%)	Not yet tested

FY2018 grant

The FY2018 grant was tested in November 2020 but did not vest as 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 (the inputs used to calculate RONA) to remove the acquisition year impact of the GroundProbe (FY2018) and Exsa (FY2020) transactions, and to remove the impact of the IFRS-16 leasing standards changes. Net Operating Assets was also adjusted to ensure management were not advantaged from impairments to Minova, IT and other assets and the write down of defective assets at Burrup (which were all added back). 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)	12.1%	Below threshold of 13.7%	0%

FY2019 grant

The FY2019 LTIP will be tested in November 2021. It is not anticipated that the minimum RONA performance threshold will be met.

3.4 Equity granted in FY2021

The table below presents the equity granted at face value to Executive KMP during FY2021.

Executives (KMP)	FY2021 LTI [(1)] $000	FY2020 Deferred shares [(2)] $000	Other[(3)] $000	Total $000
Sanjeev Gandhi	1,200.0	-	150.0	1,350.0
Christopher Davis	1,050.0	116.8	-	1,166.8
James Bonnor	1,022.9	100.3	-	1,123.2
Angus Melbourne	1,103.8	102.4	-	1,206.2
Germán Morales	820.7	89.7	-	910.4
Former Executive KMP				
Alberto Calderon[(4)]	-	-	-	-
Darryl Cuzzubbo[(5)]	175.0	144.5	-	319.5
Thomas Schutte[(5)]	317.1	82.6	-	399.7
Total	**5,689.5**	**636.3**	**150.0**	**6,475.7**

(1) Due to vest in November 2023 subject to satisfaction of performance conditions and then subject to a two-year holding lock.
(2) Not subject to any further vesting conditions except continued employment for duration of deferral period and then subject to a three-year holding lock.
(3) Relates to Sanjeev Gandhi's FY2021 fixed equity grant which vests in equal monthly tranches (refer Section 3.1 for details).
(4) Alberto Calderon forfeited the full FY2021 LTI award and all FY2020 deferred shares on termination.
(5) Darryl Cuzzubbo and Thomas Schutte each forfeited a pro-rata portion of their FY2021 LTI award on termination.

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 the impact on STI vesting outcomes. This demonstrates how our incentive awards align with our performance.

Financial year ended 30 September	2017	2018	2019	2020[(1)]	2021
Profit/(loss) from operations ($m)	635.1	242.8	468.8	320.6	(27.3)
Individually significant items ($m)[(2)]	–	375.3	195.9	293.1	453.9
EBIT ($m)[(3)]	635.1	618.1	664.7	613.7	426.6
Dividends per ordinary share (cents)	51.5	51.5	55.0	33.0	24.0
Closing share price ($ as at 30 September)[(4)]	19.77	17.03	22.54	15.43	13.79
Three-month average share price (1 July to 30 September) each year	20.12	17.31	21.36	17.05	12.83
EPS growth (%)[(3)]	(1.7)	(16.6)	14.2	(22.8)	(32.3)
NPAT ($m)[(3)]	386.2	324.2	371.9	299.1	208.4
External Sales ($m)	5,039.2	5,373.8	5,878.0	5,611.3	5,682.2
Cumulative TSR (%)[(5)]	46.52	29.44	64.28	34.15	2.57
Average STI received as % of maximum opportunity for Executives[(6)]	60.0	23.0	53.3	29.2	0.0

(1) FY2020 Profit/(loss) from operations, Individually significant items, EBIT, EPS growth, NPAT and External sales have been restated to align with the figures presented in the financial statements.

(2) This figure is before interest, tax and non-controlling interest.

(3) Before individually significant items.

(4) The closing share price for financial year 2016 (as at 30 September 2016) was $15.20.

(5) Cumulative TSR has been calculated using the same start date for each period measured (1 October 2016). In calculating the cumulative TSR, three-month average share prices (1 July to 30 September for each year) have been used.

(6) Refers to awards received under the Executive STI plan.

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.

Contractual Term	Application	Conditions
Duration of contract	All Executive KMP	Permanent full-time employment contract until notice given by either party.
Notice period to be provided by Executive	All Executive KMP	Six months.
Notice period to be provided by Orica	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 equal to 26 weeks' FAR on termination (52 weeks in the case of James Bonnor).
Post-employment restraints	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.

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 attaching 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 FY2021, noting that between 1 June 2021 and 30 September 2021, no fees were paid to the Chairman of the Board.

Fees/benefits	Description	2021 $	Included in shareholder approved cap
Board fees	**Main Board**		
	Chairman – Malcolm Broomhead	510,000	Yes
	Members – all Non-Executive Directors	177,000	
Committee fees	**Board Audit and Risk Committee**		
	Chairman – Gene Tilbrook	45,000	
	Members – Maxine Brenner, Boon Swan Foo	22,500	
	Human Resources and Compensation Committee		
	Chairman – Maxine Brenner	45,000	
	Members – Denise Gibson, Karen Moses	22,500	Yes
	Innovation and Technology Committee		
	Chairman – Denise Gibson	45,000	
	Members – John Beevers, Boon Swan Foo	22,500	
	Safety & Sustainability Committee		
	Chairman – Karen Moses	45,000	
	Members – John Beevers, Gene Tilbrook	22,500	
Superannuation	Superannuation contributions are made on behalf of the Directors at a rate of 10.0% from 1 July 2021 (9.5% prior to 1 July 2021) being the current superannuation guarantee contribution rate subject to a cap at the Maximum Contributions Base.		Yes
Other fees/benefits	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 travel allowances were received for FY2021.		No

Remuneration Report (audited)

Section 5. Remuneration governance

5.1 Responsibility for setting remuneration

The HR&C (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 are available on our website at www.orica.com. Among other responsibilities, the Committee assists the Board in its oversight of:

(a) remuneration policy for Executives

(b) level and structure of remuneration for Senior Executives, including STI and LTI plans

(c) the Company's compliance with applicable legal and regulatory requirements in respect of remuneration matters

(d) 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.

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. During FY2021, the CEO requirement was increased to 150% of FAR (from 100%) with the time period decreased to five years from appointment (from six years). The requirement for other Executives was unchanged from FY2020 at 50% of FAR over six years from appointment (by 31 December 2022 for Executives employed prior to 1 January 2015, the effective date of the guideline). Under the current Executive Remuneration Framework, at target performance and vesting, Executives would exceed these guidelines.

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.

Remuneration Report (audited)

The table below sets out the number of shares held directly and indirectly by Directors and Executive KMP employed as at 30 September 2021:

	Balance at 1 October 2020	Acquired[(1)]	Disposed	Balance at 30 September 2021	Minimum Shareholding Required[(2)]	Date Minimum Shareholding Required to be met[(3)]
Executive KMP						
Sanjeev Gandhi[(4)]	-	40,735	-	40,735	184,917	31 March 2026
Christopher Davis	23,255	21,251	-	44,506	31,726	30 September 2024
James Bonnor	31,190	3,426	-	34,616	31,678	31 December 2022
Brian Gillespie[(5)]	-	-	-	-	21,030	30 April 2027
Angus Melbourne	46,707	9,189	-	55,896	33,350	31 December 2022
Germán Morales	15,000	8,170	-	23,170	32,632	31 August 2024
Former Executive KMP						
Alberto Calderon[(6)]	228,329	50,127	-	278,456	-	-
Darryl Cuzzubbo[(6)]	63,015	6,956	-	69,971	-	-
Thomas Schutte[(6)]	60,659	5,883	-	66,542	-	-
Directors						
Malcolm Broomhead	37,984	-	-	37,984	36,983	
John Beevers	7,727	7,073	-	14,800	12,835	
Maxine Brenner	9,539	-	-	9,539	12,835	
Boon Swan Foo	-	-	-	-	12,835	
Denise Gibson	3,000	10,000	-	13,000	12,835	
Karen Moses	11,000	-	-	11,000	12,835	
Gene Tilbrook	14,070	-	-	14,070	12,835	

(1) Shares acquired include FY2019 STI deferred shares that have vested but remain subject to holding locks and shares acquired through the Dividend Reinvestment Plan (DRP).

(2) Calculated using the Orica closing share price on 30 September 2021.

(3) Directors are required to acquire a shareholding of at least one year's base fees over a reasonable time.

(4) Includes 10,600 vested rights granted under the CEO's fixed equity arrangement as these are no longer subject to forfeiture and can be converted into ordinary shares with nil consideration.

(5) Opening balance on commencement as KMP.

(6) Closing balance on cessation of employment.

Section 6. KMP statutory disclosures

6.1 Executive KMP remuneration

Details of the nature and amount of each element of remuneration of 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 FY2021 rather than the basis of take-home pay.

	Short-term employee benefits				Post-employment benefits				
	Base (Fixed) Pay $000	Cash STI Payment(1) $000	Other Benefits(2) $000	Other Long-Term Benefits(3) $000	Super-annuation Benefits $000	Termi-nation Benefits $000	Total excluding SBP* Expense $000	SBP Expense (4) (5) $000	Total $000
Current Executive KMP									
Sanjeev Gandhi									
2021	**1,200.0**	**-**	**96.6**	**-**	**-**	**-**	**1,296.6**	**701.5**	**1,998.1**
2020	205.1	-	206.7	-	-	-	411.8	154.4	566.2
Christopher Davis									
2021	**852.8**	**-**	**48.2**	**14.0**	**22.2**	**-**	**937.2**	**58.4**	**995.6**
2020	835.1	233.6	(38.0)	21.5	21.2	-	1,073.4	(52.4)	1,021.0
James Bonnor(6)									
2021	**849.6**	**-**	**636.6**	**11.3**	**22.2**	**-**	**1,519.7**	**50.2**	**1,569.9**
2020	919.3	200.6	305.2	22.4	21.2	-	1,468.7	(77.3)	1,391.4
Brian Gillespie									
2021	**232.2**	**-**	**26.3**	**-**	**9.5**	**-**	**268.0**	**-**	**268.0**
Angus Melbourne(6)									
2021	**897.6**	**-**	**46.2**	**-**	**22.2**	**-**	**966.0**	**51.2**	**1,017.2**
2020	917.1	204.9	100.3	-	21.2	-	1,243.5	(66.2)	1,177.3
Germán Morales(6)									
2021	**756.8**	**-**	**435.1**	**-**	**27.2**	**-**	**1,219.1**	**44.8**	**1,263.9**
2020	668.0	179.3	56.6	-	40.1	-	944.0	102.3	1,046.3
Total Current Executive KMP									
2021	**4,789.0**	**-**	**1,289.0**	**25.3**	**103.3**	**-**	**6,206.6**	**906.1**	**7,112.7**
2020	3,544.6	818.4	630.8	43.9	103.7	-	5,141.4	60.8	5,202.2
Former Executive KMP									
Alberto Calderon(7)									
2021	**889.2**	**-**	**75.2**	**14.8**	**10.8**	**-**	**990.0**	**-**	**990.0**
2020	1,778.8	406.7	(86.6)	29.6	21.2	-	2,149.7	(111.3)	2,038.4
Darryl Cuzzubbo									
2021	**426.7**	**-**	**28.0**	**-**	**10.8**	**437.5**	**903.0**	**72.3**	**975.3**
2020	853.8	289.1	(2.1)	-	21.2	-	1,162.0	(51.5)	1,110.5
Carlos Duarte									
2020	17.3	-	-	-	-	-	17.3	(228.7)	(211.4)
Thomas Schutte(6)(7)									
2021	**798.4**	**-**	**11.1**	**-**	**24.0**	**-**	**833.5**	**41.3**	**874.8**
2020	1,078.7	165.3	24.8	-	33.0	-	1,301.8	(78.4)	1,223.4
Total									
2021	**6,903.3**	**-**	**1,403.3**	**40.1**	**148.9**	**437.5**	**8,933.1**	**1,019.7**	**9,952.8**
2020	7,273.2	1,679.5	566.9	73.5	179.1	-	9,772.2	(409.1)	9,363.1

* Share-based payment (SBP).

(1) Cash STI Payment includes payments relating to FY2021 performance accrued but not paid until FY2022. No payments were made under the FY2021 Executive STI plan. Brian Gillespie will receive a payment of $21,866 relating to the period 1 October 2020 to 2 May 2021 when he held the non-Executive role of CEO GroundProbe and participated in the Orica Incentive Plan. From Mr Gillespie's appointment as President – Latin America on 3 May 2021, his Orica Incentive Plan participation was replaced by a pro-rata opportunity under the Executive STI plan and he therefore did not receive any payments relating to the Executive KMP role.

(2) These benefits include car parking, medical and insurance costs and movements in annual leave accrual (inclusive of any applicable fringe benefits tax). For overseas based Executives other benefits also include relocation costs, assignment-related expenses and allowances including reimbursement of accommodation, health insurance and taxation services, and mandatory payments in the overseas location. 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* to Executives which vests 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 the FY2020 deferred equity has been included in the Executives share-based payment expense in FY2020 with the remainder included in FY2021. No deferred equity has or will be awarded in respect of FY2021 performance.

(6) For overseas based Executives, salary reported is based on the salary figure in overseas currency converted at the average foreign exchange rate for the year.

(7) Alberto Calderon, former Managing Director and CEO, ceased to be a KMP on 31 March 2021. During a transition period from 1 April 2021 to 31 May 2021 when he remained employed with Orica to support the transition to Sanjeev Gandhi, he received contractual base salary and superannuation of $300,000 in addition to the amounts shown in the above table. While contractually entitled to receive a separation payment, it was mutually agreed that no payment would be made (refer section 2.5 for further details of the termination arrangements). Thomas Schutte, former President - Europe, Middle East and Africa, ceased to be a KMP on 30 June 2021 and following the transition of his role to James Bonnor, retired from Orica on 30 September 2021. In addition to the amounts shown in the above table, during the period from 1 July 2021 to 30 September 2021, Mr Schutte continued to receive his contractual base salary (equivalent to $266,120), pension contributions and employment benefits.

6.2 Summary of awards held under Orica's Executive equity arrangements

Details of LTIP performance rights, CEO restricted 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 2021	Grant date	Granted during FY2021	Vested	Lapsed	Balance at year end	Fair value of instruments at grant date $	Value of equity instruments included in compensation for the year $
Current Executive KMP							
Sanjeev Gandhi							
FY2021 Fixed Equity rights(1)	24 May 21	10,600	10,600	-	-	150,000	150,000
FY2021 LTIP Performance rights	3 Feb 21	70,629	-	-	70,629	949,960	-
Sign-on rights(2)	20 July 20	-	30,135	-	15,045	749,988	551,473
Christopher Davis							
FY2021 LTIP Performance rights	3 Feb 21	61,801	-	-	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	8 Dec 20	6,874	-	-	6,874	116,796	58,398
FY2019 STI Deferred shares(3)	3 Dec 19	-	7,998	-	-	190,400	-
James Bonnor							
FY2021 LTIP Performance rights	3 Feb 21	60,206	-	-	60,206	809,771	-
FY2020 LTIP Performance rights	10 Jan 20	-	-	-	46,160	891,350	-
FY2019 LTIP Performance rights	11 Jan 19	-	-	-	52,863	777,615	-
FY2018 LTIP Performance rights	5 Jan 18	-	-	51,529	-	811,582	-
FY2020 STI Deferred shares	8 Dec 20	5,903	-	-	5,903	100,301	50,151
FY2019 STI Deferred shares(3)	3 Dec 19	-	6,133	-	-	146,005	-
Angus Melbourne							
FY2021 LTIP Performance rights	3 Feb 21	64,965	-	-	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	-
FY2018 LTIP Performance rights	5 Jan 18	-	-	57,742	-	909,437	-
FY2020 STI Deferred shares	8 Dec 20	6,029	-	-	6,029	102,435	51,218
FY2019 STI Deferred shares(3)	3 Dec 19	-	9,091	-	-	216,414	-
Germán Morales							
FY2021 LTIP Performance rights	3 Feb 21	48,306	-	-	48,306	649,716	-
FY2020 LTIP Performance rights	10 Jan 20	-	-	-	32,759	632,576	-
FY2019 LTIP Performance rights	11 Jan 19	-	-	-	43,110	634,148	-
FY2020 STI Deferred shares	8 Dec 20	5,276	-	-	5,276	89,655	44,828
FY2019 STI Deferred shares(3)	3 Dec 19	-	8,170	-	-	194,491	-
Former Executive KMP							
Alberto Calderon							
FY2021 LTIP Performance rights	3 Feb 21	227,781	-	227,781	-	3,063,654	-
FY2020 LTIP Performance rights	10 Jan 20	-	-	162,584	-	3,139,497	-
FY2019 LTIP Performance rights	11 Jan 19	-	-	213,223	-	3,136,510	-
FY2018 LTIP Performance rights	5 Jan 18	-	-	207,841	-	3,273,496	-
FY2020 STI Deferred shares	8 Dec 20	23,938	-	23,938	-	406,710	-
FY2019 STI Deferred shares(3)	3 Dec 19	-	42,033	-	-	1,000,518	-
Darryl Cuzzubbo							
FY2021 LTIP Performance rights	3 Feb 21	61,801	-	51,500	10,301	831,223	-
FY2020 LTIP Performance rights	10 Jan 20	-	-	22,056	22,056	851,803	-
FY2019 LTIP Performance rights	11 Jan 19	-	-	9,009	45,047	795,164	-
FY2018 LTIP Performance rights	5 Jan 18	-	-	52,691	-	829,883	-
FY2020 STI Deferred shares	8 Dec 20	8,507	3,999	-	4,508	144,535	72,268
FY2019 STI Deferred shares(3)	3 Dec 19	-	6,956	-	-	165,591	-

Thomas Schutte							
FY2021 LTIP Performance rights	3 Feb 21	74,652	-	55,989	18,663	1,004,069	-
FY2020 LTIP Performance rights	10 Jan 20	-	-	22,758	31,860	1,054,674	-
FY2019 LTIP Performance rights	11 Jan 19	-	-	5,469	60,155	965,329	-
FY2018 LTIP Performance rights	5 Jan 18	-	-	63,967	-	1,007,480	-
FY2020 STI Deferred shares	8 Dec 20	4,864	-	-	4,864	82,640	41,320
FY2019 STI Deferred shares(3)	3 Dec 19	-	11,131	-	-	264,960	-

(1) A grant of restricted rights was made to Sanjeev Gandhi in relation to his FY2021 fixed equity component of remuneration. Five of the six tranches vested during FY2021 (in relation to service from 1 April to 31 August 2021) with the remaining tranche vesting on 1 October 2021 (in relation to service from 1 September to 30 September 2021).

(2) A grant of sign-on rights was made to Sanjeev Gandhi following his commencement of employment with Orica. Tranche 1 (66.67% of the rights) vested on 31 March 2021 with Tranche 2 (33.33% of the rights) to vest on 31 December 2021 subject to Mr Gandhi remaining employed with Orica on the vesting date.

(3) The FY2019 deferred shares vested on 2 December 2020. 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 overseas locations 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 subject to the holding lock. Certain Executives who ceased employment during FY2021 were also permitted to sell sufficient shares to cover the tax liability arising as a result of cessation.

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 2021	Number of rights held at 30 September 2020	Number of participants at 30 September 2021	Number of participants at 30 September 2020	Fair value of rights at grant date $
30 Jul 21(1)	30 Nov 23	36,834	36,834	-	4	-	535,566
3 Feb 21	30 Nov 23	1,226,741	1,065,573	-	306	-	17,836,814
3 Feb 21(2)	30 Nov 23	776,085	440,815	-	9	-	10,438,343
10 Jan 20	30 Nov 22	939,811	754,443	886,806	292	317	19,623,254
10 Jan 20(2)	30 Nov 22	507,595	267,429	474,827	7	8	9,801,689
08 Aug 19(1)	30 Nov 21	71,078	50,991	54,830	15	15	1,256,097
11 Jan 19	30 Nov 21	1,139,030	853,515	1,001,594	278	300	18,110,577
11 Jan 19(2)	30 Nov 21	782,122	414,436	681,806	10	11	11,440,237
20 July 18(1)	30 Nov 20	117,150	-	86,906	-	17	1,995,065
5 Jan 18(2)	30 Nov 20	1,751,427	-	1,331,560	-	268	28,911,209

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 $
30 Jul 21(1)	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(2)	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(2)	22.71	20.0	3.00	0.79	19.31
08 Aug 19(1)	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(2)	17.30	25.0	3.00	1.81	14.71
20 July 18(1)	17.93	25.0	3.00	2.07	17.03
5 Jan 18	18.53	25.0	3.00	2.07	17.03
5 Jan 18(2)	18.53	25.0	3.00	2.07	15.75

(1) A supplementary LTI offer was made in July 2018, August 2019 and July 2021 to selected senior management other than Executives who joined Orica after the grant date of the main offer in January 2018, January 2019 and February 2021. 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.

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	
	Directors fees $000	Committee fees $000	Other benefits[1] $000	Superannuation $000	Total $000
Current Directors					
Malcolm Broomhead, Chairman[2]					
2021	**340.0**	**-**	**0.6**	**16.3**	**356.9**
2020	510.0	-	6.3	21.2	537.5
John Beevers[3]					
2021	**177.0**	**45.0**	**-**	**21.8**	**243.8**
2020	118.0	30.0	6.0	14.2	168.2
Maxine Brenner					
2021	**177.0**	**67.5**	**-**	**22.2**	**266.7**
2020	175.3	67.5	6.0	21.2	270.0
Denise Gibson[4]					
2021	**177.0**	**67.5**	**-**	**22.2**	**266.7**
2020	175.3	67.5	15.0	21.2	279.0
Boon Swan Foo					
2021	**177.0**	**45.0**	**-**	**21.8**	**243.8**
2020	175.3	45.0	6.0	21.2	247.5
Karen Moses[4]					
2021	**193.3**	**67.5**	**-**	**5.9**	**266.7**
2020	191.0	67.5	6.0	5.2	269.7
Gene Tilbrook					
2021	**177.0**	**67.5**	**-**	**22.2**	**266.7**
2020	175.3	67.5	15.0	21.2	279.0
Former Directors					
Lim Chee Onn[5]					
2020	14.2	3.8	-	1.7	19.7
Total Directors					
2021	**1,418.3**	**360.0**	**0.6**	**132.4**	**1,911.3**
2020	1,534.4	348.8	60.3	127.1	2,070.6

(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) John Beevers was appointed as a Non-Executive Director on 1 February 2020.
(4) Karen Moses elected not to receive superannuation contributions from Orica from 1 January 2020 to 30 June 2021. Superannuation contributions were received in accordance with statutory requirements from 1 July 2021 to 30 September 2021. Other benefits in 2020 for Karen Moses and Denise Gibson were reversed in the prior year Remuneration Report and have been corrected in the above table.
(5) Lim Chee Onn ceased to be a Director on 31 October 2019. Remuneration data has been included for comparative purposes only.

Remuneration Report

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 10 November 2021

S Gandhi
Managing Director and Chief Executive Officer

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 2021 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

10 November 2021

Income Statement

For the year ended 30 September

	Notes	2021 $m	Restated[(1)(2)] 2020 $m
		Consolidated	
Continuing operations			
Sales revenue	(1b)	**5,207.9**	5,143.0
Other income	(1d)	**45.7**	15.5
Raw materials and inventories		**(2,449.8)**	(2,221.8)
Employee benefits expense		**(1,111.2)**	(1,130.3)
Depreciation and amortisation expense[(1)]	(1b)	**(358.1)**	(320.7)
Purchased services and other expenses[(1)]		**(510.3)**	(479.4)
Outgoing freight		**(304.6)**	(277.8)
Repairs and maintenance		**(149.4)**	(171.3)
Impairment expense	(1e)	**(480.0)**	(63.4)
Operating model restructuring	(1e)	**(45.6)**	(23.0)
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**	-
Software as a service (SaaS) expense[(1)]	(1e)	**-**	(122.7)
Initiating systems network optimisation	(1e)	**-**	(80.1)
Share of net profit of equity accounted investees	(13)	**34.4**	35.7
Total		**(5,301.5)**	(4,854.8)
(Loss)/profit from operations		**(47.9)**	303.7
Net financing costs			
Financial income	(3b)	**1.0**	2.0
Financial expenses[(1)]	(3b)	**(106.3)**	(161.0)
Net financing costs	(3b)	**(105.3)**	(159.0)
(Loss)/profit before income tax expense from continuing operations		**(153.2)**	144.7
Income tax expense[(1)]	(11)	**(25.3)**	(65.0)
(Loss)/profit after tax from continuing operations		**(178.5)**	79.7
Discontinued operations			
Profit after tax from discontinued operations	(15)	**14.6**	11.8
Net (loss)/profit for the year		**(163.9)**	91.5
Net (loss)/profit for the year attributable to:			
Shareholders of Orica Limited[(1)]		**(173.8)**	82.3
Non-controlling interests		**9.9**	9.2
Net (loss)/profit for the year		**(163.9)**	91.5
		cents	cents
Earnings per share attributable to ordinary shareholders of Orica Limited:			
From continuing operations:			
Basic earnings per share	(2)	**(46.3)**	18.8
Diluted earnings per share	(2)	**(46.3)**	18.7
Total attributable to ordinary shareholders of Orica Limited			
Basic earnings per share	(2)	**(42.7)**	20.8
Diluted earnings per share	(2)	**(42.7)**	20.7

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

(2) Restated to disclose Minova as a discontinued operation. Refer to note 15.

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 2021 $m	Restated[1] 2020 $m
Net (loss)/profit for the year[1]		**(163.9)**	91.5
Other comprehensive income			
Items that may be reclassified subsequently to income statement:			
Exchange differences on translation of foreign operations			
Exchange gain/(loss) on translation of foreign operations, net of tax	(11c)	**3.7**	(357.8)
Net gain on hedge of net investments in foreign subsidiaries, net of tax	(11c)	**2.5**	43.8
Net exchange differences on translation of foreign operations		**6.2**	(314.0)
Sundry items:			
Net gain/(loss) on cash flow hedges, net of tax	(11c)	**5.4**	(6.0)
Items that will not be reclassified subsequently to income statement:			
Net actuarial gain/(loss) on defined benefit obligations, net of tax	(11c)	**54.9**	(8.2)
Other comprehensive income/(loss) for the year		**66.5**	(328.2)
Total comprehensive loss for the year		**(97.4)**	(236.7)
Attributable to:			
Shareholders of Orica Limited		**(105.1)**	(234.3)
Non-controlling interests		**7.7**	(2.4)
Total comprehensive loss for the year		**(97.4)**	(236.7)

[1] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the financial statements.

Balance Sheet

As at

		Consolidated		
			Restated[1][2]	Restated[2]
		30 September	30 September	1 October
		2021	2020	2019
	Notes	**$m**	$m	$m
Current assets				
Cash and cash equivalents		**551.0**	920.5	412.6
Trade receivables	(5)	**678.2**	837.7	681.6
Other receivables		**112.1**	139.1	84.2
Inventories	(5)	**635.8**	610.0	587.5
Assets held for sale	(15)	**298.2**	-	-
Other assets		**116.3**	156.7	69.9
Total current assets		**2,391.6**	2,664.0	1,835.8
Non-current assets				
Other receivables		**33.8**	46.3	63.0
Equity accounted investees	(13)	**290.4**	301.6	301.3
Property, plant and equipment[1][2]	(7)	**3,040.2**	3,267.0	3,135.3
Intangible assets[1][2]	(8)	**1,150.4**	1,440.3	1,483.0
Deferred tax assets[2]	(11d)	**400.2**	409.4	385.6
Other assets		**59.1**	74.9	187.5
Total non-current assets		**4,974.1**	5,539.5	5,555.7
Total assets		**7,365.7**	8,203.5	7,391.5
Current liabilities				
Trade payables	(5)	**876.5**	739.7	863.2
Other payables		**287.5**	426.3	412.6
Interest bearing liabilities	(3a)	**61.4**	682.4	60.9
Provisions	(6)	**223.1**	225.2	193.1
Liabilities held for sale	(15)	**137.8**	-	-
Other liabilities		**82.5**	95.8	115.0
Total current liabilities		**1,668.8**	2,169.4	1,644.8
Non-current liabilities				
Other payables		**8.8**	11.6	7.1
Interest bearing liabilities	(3a)	**2,261.8**	2,357.3	2,226.0
Provisions	(6)	**533.7**	639.4	586.2
Deferred tax liabilities[1][2]	(11d)	**39.6**	42.0	73.4
Other liabilities		**60.6**	43.4	-
Total non-current liabilities		**2,904.5**	3,093.7	2,892.7
Total liabilities		**4,573.3**	5,263.1	4,537.5
Net assets		**2,792.4**	2,940.4	2,854.0
Equity				
Ordinary shares	(4a)	**2,686.1**	2,659.1	2,138.0
Reserves		**(647.2)**	(670.3)	(363.5)
Retained earnings[2]		**687.4**	903.8	1,022.3
Total equity attributable to ordinary shareholders of Orica Limited		**2,726.3**	2,892.6	2,796.8
Non-controlling interests[1]		**66.1**	47.8	57.2
Total equity		**2,792.4**	2,940.4	2,854.0

[1] Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

[2] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

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[1] $m	Foreign currency translation reserve $m	Cash flow hedge reserve $m	Other reserves $m	Total $m	Non-controlling interests[2] $m	Total equity $m
2020								
Balance at 1 October 2019	2,138.0	1,193.7	(225.3)	(16.0)	(122.2)	2,968.2	57.2	3,025.4
IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement[1]	-	(158.6)	-	-	-	(158.6)	-	(158.6)
AASB 16 transitional adjustment	-	(2.6)	-	-	-	(2.6)	-	(2.6)
IFRIC 23 transitional adjustment	-	(10.2)	-	-	-	(10.2)	-	(10.2)
Adjusted balance at 1 October 2019	2,138.0	1,022.3	(225.3)	(16.0)	(122.2)	2,796.8	57.2	2,854.0
Net profit for the year[1]	-	82.3	-	-	-	82.3	9.2	91.5
Other comprehensive (loss)/income	-	(8.2)	(302.4)	(6.0)	-	(316.6)	(11.6)	(328.2)
Total comprehensive income/(loss) for the year	-	74.1	(302.4)	(6.0)	-	(234.3)	(2.4)	(236.7)
Transactions with owners, recorded directly in equity								
Total changes in contributed equity (note 4)	521.1	-	-	-	-	521.1	-	521.1
Share-based payments expense	-	-	-	-	1.6	1.6	-	1.6
Acquisition of subsidiaries with non-controlling interests[2]	-	-	-	-	-	-	3.9	3.9
Dividends/distributions (note 4c)	-	(192.6)	-	-	-	(192.6)	-	(192.6)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	(10.9)	(10.9)
Balance at the end of the year	2,659.1	903.8	(527.7)	(22.0)	(120.6)	2,892.6	47.8	2,940.4
2021								
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**
Total comprehensive income/(loss) for the year	**-**	**(118.9)**	**8.4**	**5.4**	**-**	**(105.1)**	**7.7**	**(97.4)**
Transactions with owners, recorded directly in equity								
Total changes in contributed equity (note 4)	**27.0**	**-**	**-**	**-**	**-**	**27.0**	**20.6**	**47.6**
Share-based payments expense	**-**	**-**	**-**	**-**	**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)**
Balance at the end of the year	**2,686.1**	**687.4**	**(519.3)**	**(16.6)**	**(111.3)**	**2,726.3**	**66.1**	**2,792.4**

[1] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.
[2] Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

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

	Notes	Consolidated 2021 $m Inflows/ (Outflows)	Restated[1] 2020 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		**6,427.0**	6,057.9
Payments to suppliers and employees[1]		**(5,596.2)**	(5,733.3)
Interest received		**1.1**	2.4
Borrowing costs		**(114.2)**	(109.1)
Dividends received		**17.5**	23.0
Other operating income received		**32.2**	18.2
Net income taxes paid		**(148.5)**	(114.4)
Net cash flows from operating activities	(3c)	**618.9**	144.7
Cash flows from investing activities			
Payments for property, plant and equipment[1]		**(305.4)**	(311.3)
Payments for intangibles[1]		**(17.8)**	(80.1)
Proceeds from sale of property, plant and equipment		**152.4**	8.4
Payments for purchase of businesses/controlled entities	(14)	**(25.1)**	(153.9)
Proceeds from sale of investments		**-**	9.2
Net cash flows used in investing activities		**(195.9)**	(527.7)
Cash flows from financing activities			
Proceeds from borrowings		**2,330.8**	2,948.3
Repayment of borrowings		**(2,939.7)**	(2,266.1)
Dividends paid - Orica ordinary shares	(4c)	**(72.4)**	(179.4)
Dividends paid - non-controlling interests		**(7.2)**	(11.3)
Principal portion of lease payments		**(60.8)**	(61.0)
Proceeds from issue of ordinary shares, net of costs		**0.7**	505.4
Net cash flows (used in)/from financing activities		**(748.6)**	935.9
Net (decrease)/increase in cash held		**(325.6)**	552.9
Cash at the beginning of the period		**920.5**	412.6
Effects of exchange rate changes on cash		**(1.2)**	(45.0)
Cash at the end of the period		**593.7**	920.5

[1] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

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 – About this Report

For the year ended 30 September

Notes to the Financial Statements – About this Report

For the year ended 30 September

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
Note 5	Working capital
Note 6	Provisions
Note 7	Property, plant and equipment
Note 8	Intangible assets
Note 9	Impairment testing of assets
Note 11	Taxation
Note 14	Businesses and non-controlling interests acquired
Note 19	Defined benefit obligations
Note 20	Contingent liabilities

Section A. Financial performance

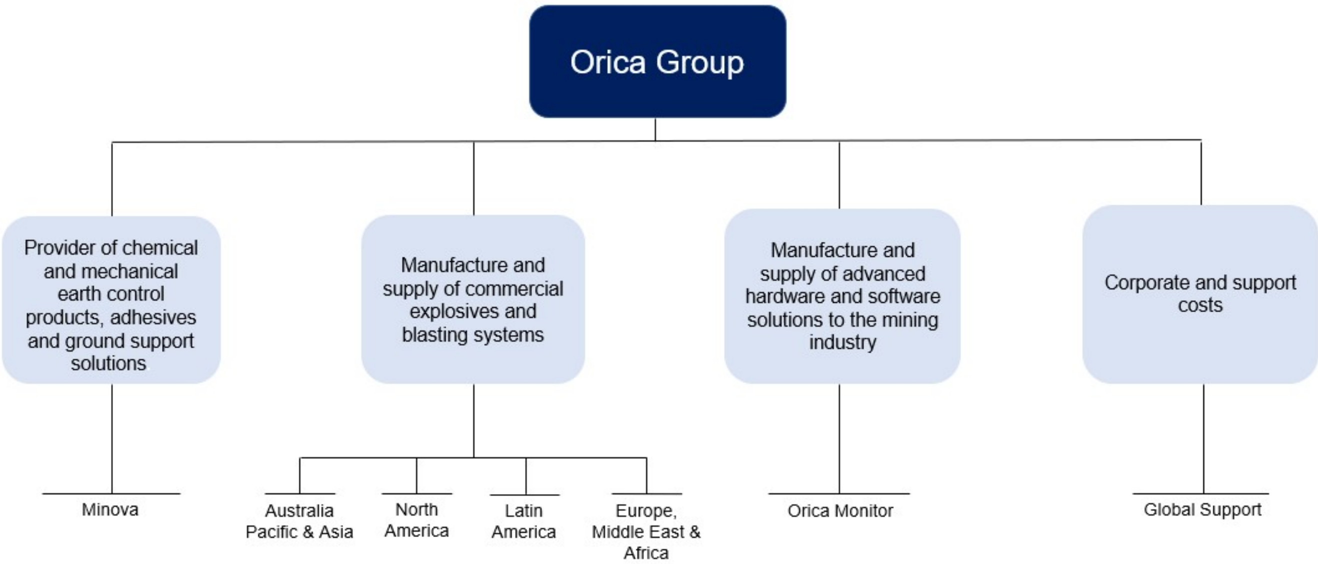
A key element of the Group's strategy is to create sustainable shareholder value. This section highlights the results and performance of the Group for the year ended 30 September 2021.

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 CEO).

During the financial year the Group committed to a plan to sell the Minova business. On 30 September 2021, the assets and liabilities of the business have been classified as held for sale and it is considered a discontinued operation.



1. Segment report (continued)

(b) Reportable segments 2021 $m	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Orica Monitor	Global Support	Eliminations	Total Continuing Operations	Discontinued Operations	Eliminations	Consolidated
Revenue											
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)[1]	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
Results before individually significant items											
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)
Profit before income tax expense											321.0
Income tax expense											(102.7)
Profit after income tax expense											218.3
Less: Profit attributable to non-controlling interests											(9.9)
Profit after income tax expense before individually significant items attributable to shareholders of Orica Limited											208.4
Individually significant items (refer to note 1e)											
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											-
Individually significant items attributable to shareholders of Orica Limited											(382.2)
Profit for the year attributable to shareholders of Orica Limited											(173.8)
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 (excluding right of use assets)	130.8	70.9	32.5	31.9	8.4	36.3	-	310.8	12.5	-	323.3
Impairment of PPE	159.6	-	-	-	-	-	-	159.6	-	-	159.6
Impairment of intangibles	158.1	-	-	162.3	-	-	-	320.4	-	-	320.4
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/(loss) 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.

(b) Reportable segments 2020 $m	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Orica Monitor	Global Support	Eliminations	Total Continung Operations	Discontinued Operations	Eliminations	Consolidated
Revenue											
External sales	2,050.6	1,260.0	855.6	882.8	94.0	-	-	5,143.0	468.3	-	5,611.3
Inter-segment sales	143.3	216.4	40.0	29.6	4.4	635.8	(1,069.5)	-	2.4	(2.4)	-
Total sales revenue	2,193.9	1,476.4	895.6	912.4	98.4	635.8	(1,069.5)	5,143.0	470.7	(2.4)	5,611.3
Other income (refer to note 1d)[(1)]	5.1	7.1	3.3	(2.0)	1.9	0.1	-	15.5	1.3	-	16.8
Total revenue and other income	2,199.0	1,483.5	898.9	910.4	100.3	635.9	(1,069.5)	5,158.5	472.0	(2.4)	5,628.1
Results before individually significant items											
Profit/(loss) before financing costs and income tax[(2)]	373.4	165.3	38.4	64.2	20.3	(68.7)	-	592.9	20.8	-	613.7
Financial income											2.4
Financial expenses[(2)]											(161.4)
Profit before income tax expense											454.7
Income tax expense											(146.4)
Profit after income tax expense											308.3
Less: Profit attributable to non-controlling interests											(9.2)
Profit after income tax expense before individually significant items attributable to shareholders of Orica Limited											299.1
Individually significant items (refer to note 1e)											
Gross individually significant items[(2)]	(9.1)	(25.6)	(29.8)	(35.3)	(0.6)	(188.8)	-	(289.2)	(3.9)	-	(293.1)
Tax on individually significant items[(2)]	2.6	6.7	8.4	1.3	0.1	56.1	-	75.2	1.1	-	76.3
Net individually significant items attributable to non-controlling interests											-
Individually significant items attributable to shareholders of Orica Limited											(216.8)
Profit for the year attributable to shareholders of Orica Limited											82.3
Segment assets[(2)]	3,436.5	1,250.8	852.3	780.1	257.5	1,484.0	-	8,061.2	142.3	-	8,203.5
Segment liabilities[(2)]	857.9	380.4	443.4	281.0	62.0	3,154.9	-	5,179.6	83.5	-	5,263.1
Equity accounted investees	76.9	193.8	13.6	2.4	-	14.9	-	301.6	-	-	301.6
Acquisitions of PPE and intangibles	199.1	52.5	16.9	32.7	14.3	50.9	-	366.4	12.0	-	378.4
Impairment of PPE	1.0	10.6	4.7	16.8	-	-	-	33.1	-	-	33.1
Impairment of intangibles	-	-	-	2.1	-	61.3	-	63.4	-	-	63.4
Depreciation and amortisation[(2)]	148.6	70.4	34.0	32.1	12.8	22.8	-	320.7	11.4	-	332.1
Share of net profit/(loss) of equity accounted investees	3.6	29.3	2.9	1.1	-	(1.2)	-	35.7	-	-	35.7

[(1)] Includes foreign currency gains/(losses) in various reportable segments.
[(2)] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

1. Segment report (continued)

	Consolidated 2021 $m	Consolidated 2020 $m
(c) Disaggregation of revenue (by commodity/industry)		
Gold	**1,107.0**	1,099.8
Copper	**991.3**	893.8
Thermal Coal	**864.0**	900.0
Quarry and Construction	**816.5**	731.0
Iron Ore	**433.2**	410.1
Coking Coal	**352.0**	350.0
Orica Monitor	**114.5**	94.0
Other	**529.4**	664.3
Minova (Discontinued operations)	**474.3**	468.3
Total disaggregated revenue	**5,682.2**	5,611.3

	Consolidated 2021 Continuing $m	2021 Dis-continued $m	2021 Con-solidated $m	2020 Continuing $m	2020 Dis-continued $m	2020 Con-solidated $m
(d) Other income						
Other income	**34.0**	**0.1**	**34.1**	18.2	-	18.2
Net foreign currency gains/(losses)	**2.4**	**(0.8)**	**1.6**	(6.7)	0.2	(6.5)
Net gain/(loss) on sale of property, plant and equipment	**9.3**	**1.4**	**10.7**	(0.2)	1.1	0.9
Profit from sale of investments	**-**	**-**	**-**	4.2	-	4.2
Total other income	**45.7**	**0.7**	**46.4**	15.5	1.3	16.8

	Consolidated 2021 Gross $m	2021 Tax $m	2021 Net $m	Restated 2020 Gross $m	Restated 2020 Tax $m	Restated 2020 Net $m
(e) Individually significant items						
Profit after income tax includes the following individually significant items of expense:						
Significant items from continuing operations						
Impairment expense(1)	**(480.0)**	**41.0**	**(439.0)**	(63.4)	18.7	(44.7)
Operating model restructuring expense(2)	**(45.6)**	**12.8**	**(32.8)**	(23.0)	6.6	(16.4)
Significant enviromental provision expense(3)	**(39.3)**	**11.8**	**(27.5)**	-	-	-
Gain on sale of Botany site(4)	**71.6**	**-**	**71.6**	-	-	-
Gain on sale of Villawood site(5)	**40.8**	**5.7**	**46.5**	-	-	-
Software as a service (SaaS) expense(6)	**-**	**-**	**-**	(122.7)	36.9	(85.8)
Initiating systems network optimisation	**-**	**-**	**-**	(80.1)	13.0	(67.1)
Individually significant items from continuing operations	**(452.5)**	**71.3**	**(381.2)**	(289.2)	75.2	(214.0)
Significant items from discontinued operations						
Operating model restructuring expense(2)	**(1.4)**	**0.4**	**(1.0)**	(3.9)	1.1	(2.8)
Individually significant items from discontinued operations	**(1.4)**	**0.4**	**(1.0)**	(3.9)	1.1	(2.8)
Individually significant items attributable to shareholders of Orica	**(453.9)**	**71.7**	**(382.2)**	(293.1)	76.3	(216.8)

(1) Refer to note 9.
(2) As part of the global restructuring project, redundancy costs were recognised across the Group.
(3) Refer to note 6.
(4) Orica sold Lot 9 at Botany in New South Wales.
(5) Orica sold a legacy site in Villawood.
(6) Refer to note 24.

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	
			Restated[1]	
	Revenue		Non-current assets[2]	
	2021	2020	2021	2020
	$m	$m	$m	$m
Australia	1,656.6	1,608.3	2,604.1	3,037.7
United States of America	695.3	888.6	377.6	390.7
Other[3]	3,330.3	3,114.4	1,627.7	1,972.7
Consolidated	5,682.2	5,611.3	4,609.4	5,401.1

(1) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.
(2) Excluding: financial derivatives (included within other assets) and deferred tax assets.
(3) Other than Australia 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.

2. Earnings per share (EPS)

	Consolidated 2021 $m	Restated 2020 $m
(i) As reported in the income statement		
Earnings used in the calculation of basic EPS attributable to ordinary shareholders of Orica Limited		
(Loss)/Profit after tax from continuing operations	**(178.5)**	79.7
Profit after tax for from discontinued operations	**14.6**	11.8
Less: Net profit for the year attributable to non-controlling interests	**9.9**	9.2
Total	**(173.8)**	82.3

	Number of shares 2021	Number of shares 2020
Weighted average number of shares used in the calculation:		
Number for basic earnings per share	**406,755,512**	395,620,418
Effect of dilutive share options and rights	**-**	1,489,532
Number for diluted earnings per share	**406,755,512**	397,109,950
The weighted average number of options and rights that have not been included in the calculation of diluted earnings per share	**4,199,023**	3,044,873

	Cents per share	Cents per share
From continuing operations		
Basic earnings per share	**(46.3)**	18.8
Diluted earnings per share	**(46.3)**	18.7
Total attributable to ordinary shareholders of Orica Limited		
Basic earnings per share	**(42.7)**	20.8
Diluted earnings per share	**(42.7)**	20.7

	Consolidated 2021 $m	Restated 2020 $m
(ii) Adjusted for individually significant items		
Earnings used in the calculation of basic EPS adjusted for individually significant items attributable to ordinary shareholders of Orica Limited		
(Loss)/profit after tax from continuing operations	**(178.5)**	79.7
Profit after tax for from discontinued operations	**14.6**	11.8
Less: Net profit for the year attributable to non-controlling interests	**9.9**	9.2
Adjusted for individually significant items from continuing operations (refer to note 1e)	**381.2**	214.0
Adjusted for individually significant items from discontinued operations (refer to note 1e)	**1.0**	2.8
Total adjusted	**208.4**	299.1

	Cents per share	Cents per share
From continuing operations before individually significant items		
Basic earnings per share[(1)]	**47.4**	71.9
Diluted earnings per share[(1)(2)]	**47.3**	71.6
Total attributable to ordinary shareholders of Orica Limited before individually significant items		
Basic earnings per share[(1)]	**51.2**	75.6
Diluted earnings per share[(1)(2)]	**51.1**	75.3

(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.
(2) Diluted earnings per share before individually significant items has been calculated using dilutive share options and rights of 693,451. These share options and rights are dilutive to earnings per share before individually significant items but not dilutive to statutory loss per share.

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.

	Consolidated	
		Restated
	2021	2020
The gearing ratio is calculated as follows:	$m	$m
Interest bearing liabilities excluding lease liabilities - continuing operations (refer to note 3a)	**2,072.4**	2,741.0
Interest bearing liabilities excluding lease liabilities - held-for-sale (refer to note 3a)	**0.3**	-
less cash and cash equivalents - continuing operations	**(551.0)**	(920.5)
less cash and cash equivalents - held-for-sale	**(42.7)**	-
Total net debt	**1,479.0**	1,820.5
Total equity	**2,792.4**	2,940.4
Total net debt and equity	**4,271.4**	4,760.9
Gearing ratio (%)	**34.6%**	38.2%
The interest ratio is calculated as follows:		
EBIT (excluding individually significant items - refer to note 1b)	**426.6**	613.7
Net financing costs excluding lease interest (note 3b)	**93.3**	146.4
Interest cover ratio (times)	**4.6**	4.2

3. Net debt and net financing costs (continued)

(a) Interest bearing liabilities

Current	Opening Balance $m	Held-for-sale $m	Non-cash movements $m	Net cash movements $m	Closing Balance $m
Unsecured					
Private Placement debt[1]	**469.5**	**-**	**(0.3)**	**(469.2)**	**-**
Bank loans[1]	**145.5**	**-**	**(10.1)**	**(135.1)**	**0.3**
Bank overdraft	**2.4**	**-**	**-**	**(0.3)**	**2.1**
Other loans	**-**	**-**	**0.5**	**0.5**	**1.0**
Lease liabilities	**65.0**	**(3.1)**	**69.2**	**(73.1)**	**58.0**
Total	**682.4**	**(3.1)**	**59.3**	**(677.2)**	**61.4**
Non-current					
Unsecured					
Private Placement debt[1]	**2,118.5**	**-**	**(49.7)**	**-**	**2,068.8**
Bank loans[1]	**4.6**	**-**	**(0.8)**	**(3.8)**	**-**
Other loans	**0.5**	**(0.3)**	**0.9**	**(0.9)**	**0.2**
Lease liabilities	**233.7**	**(6.5)**	**(34.4)**	**-**	**192.8**
Total	**2,357.3**	**(6.8)**	**(84.0)**	**(4.7)**	**2,261.8**
Total	**3,039.7**	**(9.9)**	**(24.7)**	**(681.9)**	**2,323.2**

[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	
		Restated[2][3]
	2021 $m	2020 $m
(b) Net financing costs		
Finance income		
Interest income	**1.1**	2.4
Total finance income (note 15)	**1.1**	2.4
Finance costs		
Interest expense	**99.1**	100.6
Lease interest expense from continuing operations	**12.0**	12.3
Lease interest expense from discontinued operations	**0.3**	0.3
(Gain)/loss on discounting of provisions[1]	**(4.7)**	48.2
Total finance costs (note 15)	**106.7**	161.4
Net financing costs	**(105.6)**	(159.0)
Net financing costs excluding lease interest	**(93.3)**	(146.4)

[1] Primarily due to the change in the discount rate applied to measure the Botany groundwater provision.
[2] Restated for a change in Orica's accounting for cross currency swap interest income and interest expense netted in interest expense, previously reported on a gross basis.
[3] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

3. Net debt and net financing costs (continued)

	Notes	Consolidated 2021 $m	Restated[(1)] 2020 $m
(c) Notes to the statement of cash flows			
Reconciliation of profit/(loss) after income tax to net cash flows from operating activities			
(Loss)/profit after income tax expense		**(163.9)**	91.5
Adjusted for the following items:			
Depreciation and amortisation	(1b)	**369.8**	332.1
Net gain on sale of property, plant and equipment	(1d)(1e)	**(123.1)**	(0.9)
Impairment of intangibles	(8)	**320.4**	63.4
Impairment of property, plant and equipment	(7)	**159.6**	33.1
Impairment of inventories		**(1.3)**	(3.3)
Net profit on sale of investments		**-**	(4.2)
Share based payments expense		**9.9**	5.3
Share of equity accounted investees net profit after adding back dividends received		**(16.9)**	(12.7)
Discounting of provisions		**(4.7)**	48.2
Other		**(2.8)**	4.2
Changes in working capital and provisions excluding the effects of acquisitions and disposals of businesses/controlled entities			
decrease/(increase) in trade and other receivables		**112.5**	(147.4)
(increase)/decrease in inventories		**(83.1)**	33.1
(increase)/decrease in net deferred taxes		**(18.0)**	89.2
(decrease) in payables and provisions		**126.9**	(390.1)
(decrease)/increase in income taxes payable		**(66.4)**	3.2
Net cash flows from operating activities		**618.9**	144.7

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

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.

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.

3. Net debt and net financing costs (continued)

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 $38.2 million (2020 $31.7 million) and variable lease payments not included in lease liabilities of $52.7 million (2020 $115.9 million) have been recognised in the income statement. Total cash outflow for leases was $164.0 million (2020 $221.2 million).

Critical accounting judgements and estimates

- Determination of the discount rate to use
- 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 2019 were as follows:

Details	Date	Number of shares	Issue price $	$m
Ordinary shares				
Opening balance of shares issued	1-Oct-19	380,576,621		2,138.0
Shares issued under the Orica dividend reinvestment plan	13-Dec-19	376,806	23.62	8.9
Shares issued under the Institutional Share Placement, net of costs	25-Feb-20	23,596,036	21.19	487.4
Shares issued under Share Purchase Plan	24-Mar-20	1,085,837	15.93	17.3
Shares issued under the Orica dividend reinvestment plan	8-Jul-20	243,515	17.51	4.3
Deferred shares issued to settle Short-Term Incentive				2.5
Shares issued under the Orica GEESP plan(1)				0.7
Balance at the end of the year	**30-Sep-20**	**405,878,815**		**2,659.1**
Shares issued under the Orica dividend reinvestment plan	**15-Jan-21**	**1,044,048**	**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 plan (1)				**0.7**
Balance at the end of the year	**30-Sep-21**	**407,513,063**		**2,686.1**

(1) General Employee Exempt Share Plan (GEESP)

(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.

4. Contributed equity and reserves (continued)

(c) Dividends

	Consolidated	
	2021	2020
	$m	$m
Dividends paid or declared in respect of the year ended 30 September were:		
Ordinary shares		
interim dividend of 16.5 cents per share, unfranked, paid 8 July 2020		67.0
interim dividend of 7.5 cents per share, unfranked, paid 9 July 2021	**30.6**	
final dividend of 33.0 cents per share, 15.2% franked at 30%, paid 13 December 2019		125.6
final dividend of 16.5 cents per share, unfranked, paid 15 January 2021	**66.9**	
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	**72.4**	179.4
DRP - satisfied by issue of shares	**25.1**	13.2

Since the end of the financial year, the Directors declared the following dividend:

Final dividend on ordinary shares of 16.5 cents per share, unfranked, payable 22 December 2021.

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 2021 - however will be recognised in the 2022 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 2021 are nil (2020 nil).

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	
	2021	2020
	$m	$m
Inventories (i)	**635.8**	610.0
Trade receivables (ii)	**678.2**	837.7
Trade payables (iii)	**(876.5)**	(739.7)
Trade working capital	**437.5**	708.0

(i) Inventories

The classification of inventories is detailed below:

	Consolidated	
	2021	2020
	$m	$m
Raw materials	**223.2**	219.8
Work in progress	**0.1**	2.3
Finished goods	**412.5**	387.9
	635.8	610.0

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 $38.3 million (2020 $45.7 million).

(ii) Trade receivables

The ageing of trade receivables and allowance for impairment is detailed below:

	Consolidated		Consolidated	
	2021	**2021**	2020	2020
	Gross	**Allowance**	Gross	Allowance
	$m	**$m**	$m	$m
Not past due	**611.9**	**-**	750.7	-
Past due 0 - 30 days	**65.6**	**-**	78.5	-
Past due 31 - 120 days	**20.6**	**(19.9)**	37.3	(28.8)
Past 120 days	**48.7**	**(48.7)**	47.1	(47.1)
	746.8	**(68.6)**	913.6	(75.9)

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.

5. Working capital (continued)

(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 $28.0 million (2020 $20.9 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.

COVID-19
Whilst the impact of COVID-19 has been considered, it did not have a material impact on the expected impairment loss on the closing receivables balance for the Group.

6. Provisions

	Consolidated	
	2021	2020
	$m	$m
Current		
Employee entitlements	**105.6**	103.3
Environmental and decommissioning [1][2]	**84.3**	92.8
Restructuring	**13.7**	13.6
Other	**19.5**	15.5
	223.1	225.2
Non-current		
Employee entitlements	**16.5**	19.4
Retirement benefit obligations (see note 19b)	**209.1**	313.6
Environmental and decommissioning [1][2]	**299.3**	296.1
Restructuring	**0.3**	0.2
Other	**8.5**	10.1
	533.7	639.4

[1] Payments of $43.4m (2020 $48.2m) were made during the year in relation to environmental and decommissioning provisions.
[2] Provisions of $34.5m (2020 $43.5m) have been capitalised as part of the carrying value of land.

The total environmental and decommissioning provision comprises:

	Consolidated	
	2021	2020
	$m	$m
Botany Groundwater remediation	**211.9**	201.3
Botany (HCB) waste	**29.4**	31.3
Burrup decommissioning	**44.2**	56.5
Initiating systems network optimisation	**27.0**	27.9
Deer Park remediation	**12.2**	17.0
Yarraville remediation	**15.7**	19.3
Other provisions	**43.2**	35.6
Total	**383.6**	388.9

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.

6. Provisions (continued)

Environmental

Estimated costs for the remediation of soil, groundwater and untreated waste are recognised when there is a legal or constructive obligation to remediate and the associated costs can be reliably estimated.

Where the cost relates to land held for resale then, to the extent that the expected realisation exceeds both the book value of the land and the estimated cost of remediation, the cost is capitalised as part of the carrying value of that land, otherwise it is expensed.

The amount of provision reflects the best estimate of the expenditure required to settle the obligation having regard to a range of potential scenarios, input from subject matter experts on appropriate remediation techniques and relevant technological advances.

Critical accounting judgements and estimates

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.

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. The review considered existing remediation technologies which would augment the existing 'pump and treat' methodology, with the expectation that the operating costs of the GTP would reduce. This assumption had been included as a future cost saving within the provision calculation.

One of these remediation technologies has been piloted, however the performance of the trials to date has been limited by lower biological activity than expected. It is considered unlikely that results will improve, therefore the assumption of the future cost saving has been removed from the provision calculation. This has resulted in an increase to the environmental provision which has been reflected in the Financial Statements with the expense included as a significant item.

Provisions for other sites

For other sites where Orica has recognised a provision for environmental remediation, judgement is required in determining the future expenditure required to settle the obligation due to uncertainties in the assumptions regarding the nature or extent of the contamination, 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 results. Subject to those factors, but taking into consideration experience gained to date regarding environmental matters of a similar nature, Orica believes the provision balances are appropriate based on currently available information. However, considering the uncertainties noted above the costs incurred in future periods may be greater than or less than the amounts provided.

Contingent environmental liabilities

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. This position was confirmed during the year when management held a strategy workshop with both remediation experts and the NSW EPA to review developments in applicable technology, the level of assessed contamination and whether alternate remediation approaches could be implemented.

Other sites

In respect of historical and current operations, certain sites owned or used by the Group may require future remediation actions.

Sites with significant uncertainties relating to the following are disclosed as contingent liabilities:

- Sites where contamination is known or likely to exist, 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; or
- Sites where known contamination exists but does not pose a current threat to human health or the environment, therefore no regulatory or formal remediation action is probable.

Any costs associated with these matters are expensed as incurred.

7. Property, plant and equipment

	Owned assets		Leased assets		
Consolidated	Land, buildings and improvements $m	Machinery, plant and equipment $m	Land, buildings and improvements $m	Machinery, plant and equipment $m	Total $m
2020					
Cost[1]	761.1	5,283.2	193.8	167.5	6,405.6
Accumulated impairment losses	-	(192.3)	-	-	(192.3)
Accumulated depreciation	(333.7)	(2,542.0)	(25.9)	(44.7)	(2,946.3)
Total carrying value	427.4	2,548.9	167.9	122.8	3,267.0
Movement					
Carrying amount at the beginning of the year[1]	472.7	2,412.5	-	-	2,885.2
Transition adjustment to AASB 16	-	-	140.1	110.0	250.1
Additions[1]	16.1	310.2	25.4	57.4	409.1
Additions through acquisitions of entities[2] (see note 14)	38.9	129.6	32.4	2.3	203.2
Disposals	-	(6.0)	-	-	(6.0)
Transfers between property, plant & equipment assets	(64.4)	64.4	-	-	-
Depreciation expense[1]	(28.7)	(210.9)	(25.9)	(44.7)	(310.2)
Impairment expense (see note 9)	-	(33.1)	-	-	(33.1)
Foreign currency exchange differences	(7.2)	(117.8)	(4.1)	(2.2)	(131.3)
Carrying amount at the end of the year	427.4	2,548.9	167.9	122.8	3,267.0
2021					
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)**
Total carrying value	**518.0**	**2,288.5**	**131.6**	**102.1**	**3,040.2**
Movement					
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[3]	**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)**
Carrying amount at the end of the year	**518.0**	**2,288.5**	**131.6**	**102.1**	**3,040.2**

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.
(2) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.
(3) Reclassification on commissioning of the Burrup ammonia nitrate ('TAN') plant.

Individually significant items

An impairment of the Yara Pilbara Nitrates (Burrup) plant was recognised in the current year resulting in an impairment to property, plant and equipment of $159.6 million. Refer to note 9 for further details.

Capital expenditure commitments

Capital expenditure on property, plant and equipment and business acquisitions contracted but not provided for and payable no later than one year was $60.9 million (2020 $77.1 million) and later than one but less than five years was $14.6 million (2020 $3.1 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 (refer to note 3). 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.

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:

	Owned assets	Right of use assets - leased
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

Consolidated	Goodwill $m	Patents, trademarks and rights $m	Software $m	Other $m	Total $m
2020 (restated)					
Cost[(1)]	2,662.4	210.7	268.7	182.0	3,323.8
Accumulated impairment losses	(1,475.9)	-	(97.7)	-	(1,573.6)
Accumulated amortisation[(1)]	-	(127.4)	(77.4)	(105.1)	(309.9)
Net carrying amount	1,186.5	83.3	93.6	76.9	1,440.3
Movement					
Carrying amount at the beginning of the year[(1)]	1,194.2	63.9	160.0	64.9	1,483.0
Additions[(1)]	-	-	24.5	18.2	42.7
Additions through acquisitions of entities[(2)] (see note 14)	38.4	28.6	-	13.9	80.9
Amortisation expense[(1)]	-	(6.0)	(2.3)	(13.6)	(21.9)
Impairment expense	-	-	(63.4)	-	(63.4)
Foreign currency exchange differences	(46.1)	(3.2)	(25.2)	(6.5)	(81.0)
Carrying amount at the end of the year	1,186.5	83.3	93.6	76.9	1,440.3
2021					
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)**
Net carrying amount	**896.7**	**64.3**	**99.3**	**90.1**	**1,150.4**
Movement					
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**
Carrying amount at the end of the year	**896.7**	**64.3**	**99.3**	**90.1**	**1,150.4**

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible assets*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.
(2) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

Individually significant items

The $122.7 million spend on the SAP project in 2020 that was retrospectively expensed following the IFRIC agenda decision on implementation costs relating to Software as a Service platforms has been separately disclosed as a significant item.

An impairment expense was recognised against goodwill in the segments EMEA ($162.4 million) and Pilbara ($158.0 million) in 2021. Refer to note 9 for further detail.

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.

8. Intangible assets (continued)

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.

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. 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 based on actual operating results, the operating budgets and cash flow forecasts approved by the Board of Directors and a terminal value calculated with reference to long term growth rates. Fair value less costs to dispose is the value that would be received in exchange for an asset in an orderly transaction.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups and referred to as cash-generating units (CGU). CGUs 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, a subcomponent of the Australia Pacific & Asia segment, which contains goodwill related to the establishment of the joint operation with Yara International ASA Group.

The estimated capital outflows required to meet the Group's commitment to reduce scope 1 and 2 emissions by at least 40% by 2030 have been included in the testing. As part of the Group's Task Force on Climate-related Financial Disclosures (TCFD) reporting, scenario analysis was performed over climate change risk, which we consider within our impairment modelling. As the Group's TCFD reporting plans develop and quantitative analysis is performed, financial implications will continue to be considered and built into future cash flow assumptions used within impairment modelling.

Key assumptions

	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**
Total					**896.7**

9. Impairment testing of assets (continued)

	Post-tax discount rates 2020 %	Weighted average post-tax discount rates 2020 %	Terminal growth rates 2020 %	Weighted average terminal growth rate 2020 %	Goodwill 2020 $m
Australia Pacific & Asia	7.1-13.4	10.3	0.5-7.3	3.9	552.9
North America	7.5	7.5	1.6	1.6	155.8
Latin America	8.1-13.8	8.9	2.3-5.5	3.6	158.9
Europe, Middle East & Africa	6.8-18.0	9.6	1.2-11.5	3.6	203.8
Orica Monitor	7.4-9.0	8.9	2.0-2.6	2.6	115.1
Total					1,186.5

Critical accounting judgements and estimates

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 are 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 of 1.2%.

• 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 in line with local country economic forecasts of 3.8%.

• A weighted average post-tax discount rate of 14.1%

9. Impairment testing of assets (continued)

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 in line with local country economic forecasts of 3.1%.
- A weighted average post-tax discount rate of 8.9%.

COVID-19

The Group continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. Significant judgement is required in determining the following key assumptions used to calculate the value in use, which has been updated to reflect uncertainty and the current risk environment:

- Revenue growth
- Foreign exchange rates
- Discount rates
- Future cash flows

The potential impact of COVID-19 has been considered in formulating these assumptions.

Ultimately due to the ongoing uncertainty as to the extent and duration of COVID-19 restrictions and the overall impact on economic activity, actual results may materially differ from the Group's internal assumptions. This may result in reassessment of indicators of impairment for the Group's assets in future reporting periods.

2020

Intangible Assets

As part of the impairment review and the transition to the new SAP operating system, Orica identified $63.4 million of historic IT assets that would no longer be utilised by the business.

Property, plant and equipment

The Group is undertaking a global project to rationalise its product portfolio, simplify and reduce its different technologies, and enable the optimisation of the initiating system (IS) plant network. This project is expected to result in a substantial increase in the IS plant network's utilisation by 2024.

As part of these plans, the Minden, Hallowell and Tappen plants will cease production, with further rationalisation of other manufacturing facilities planned.

This has resulted in an impairment charge of $33.1 million. In calculating the impairment charge management has used a value in use model to forecast the remaining cashflows to be generated by these plants before they cease production.

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 2021, fixed rate borrowings after the impact of interest rate swaps and cross currency swaps were $1,268.5 million (2020 $1,462.7 million), representing a fixed/floating split of 61% and 39% respectively (2020 53% and 47%).

Interest rate sensitivity

A 10% movement in interest rates without management intervention would have a $4.1 million (2020 $5.0 million) impact on profit before tax and a $2.9 million (2020 $3.5 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 2021, the notional balance of derivative contracts hedging foreign currency debt was $1,003.4 million (2020 $1,477.1 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 net asset value of $4.9 million (2020 net asset of $6.8 million).

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.

	2021 USD $m	2021 EUR $m	2020 USD $m	2020 EUR $m
Cash and cash equivalents	**182.4**	**13.4**	123.4	18.5
Trade and other receivables	**232.0**	**17.7**	186.2	18.2
Trade and other payables	**(302.1)**	**(16.5)**	(173.0)	(11.3)
Interest bearing liabilities	**(1,342.1)**	**(61.5)**	(1,765.5)	(62.2)
Net derivatives	**1,390.6**	**66.8**	1,858.3	51.7
Net exposure	**160.8**	**19.9**	229.4	14.9
Effect on profit/(loss) before tax				
If exchange rates were 10% lower	**5.5**	**1.0**	8.8	1.3
If exchange rates were 10% higher	**(4.5)**	**(0.8)**	(7.2)	(1.0)
Increase/(decrease) in equity				
If exchange rates were 10% lower	**12.5**	**1.5**	17.8	1.2
If exchange rates were 10% higher	**(10.2)**	**(1.3)**	(14.6)	(0.9)

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, MXN, PEN, RUB and KZT 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 (2020 nil).

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, 37.0% of the Group's net investment in foreign operations was hedged (Restated 2020 36.2%).

(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, Orica held no commodity derivative contracts (2020 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:

10. Financial risk management (continued)

Financial assets	2021 $m	2020 $m
Cash and cash equivalents	**593.7**	920.5
Derivative assets	**56.9**	152.2
Trade and other receivables	**894.1**	1,023.1
Total	**1,544.7**	2,095.8

(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.

Facilities available and the amounts drawn and undrawn are as follows:

	2021 $m	2020 $m
Unsecured bank overdraft facilities		
Unsecured bank overdraft facilities available	**58.4**	67.7
Amount of facilities undrawn	**56.3**	65.3
Committed standby and loan facilities		
Committed standby and loan facilities available	**3,561.1**	4,256.0
Amount of facilities unused	**1,486.3**	1,510.0

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 to 25 October 2030 (2020 25 October 2020 to 25 October 2030).

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:

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
Non derivative financial liabilities						
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**
Derivative financial liabilities						
Inflows	**(157.6)**	**(18.6)**	**(55.1)**	**(622.3)**	**(853.6)**	**-**
Outflows	**162.7**	**21.4**	**75.4**	**676.0**	**935.5**	**65.7**
Total	**1,417.2**	**760.7**	**491.6**	**1,570.6**	**4,240.1**	**3,661.8**

10. Financial risk management (continued)

2020	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
Non derivative financial liabilities						
Interest bearing liabilities, excluding lease liabilities	718.7	93.7	900.8	1,574.9	3,288.1	2,741.0
Lease liabilities	71.1	59.4	109.0	138.2	377.7	298.7
Trade and other payables	1,166.0	11.6	-	-	1,177.6	1,177.6
Derivative financial liabilities						
Inflows	(335.0)	(19.0)	(55.4)	(643.7)	(1,053.1)	-
Outflows	340.0	20.9	64.3	688.0	1,113.2	47.1
Total	1,960.8	166.6	1,018.7	1,757.4	4,903.5	4,264.4

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.

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 and 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.

Derivative financial instruments	2021 Current $m	2021 Non-Current $m	2020 Current $m	2020 Non-Current $m
Derivative assets				
Designated as a hedge of interest bearing liabilities	**-**	**48.9**	67.0	70.4
Other	**8.0**	**-**	14.8	-
Total	**8.0**	**48.9**	81.8	70.4
Derivative liabilities				
Designated as a hedge of interest bearing liabilities	**-**	**(60.6)**	-	(43.4)
Other	**(5.1)**	**-**	(3.7)	-
Total	**(5.1)**	**(60.6)**	(3.7)	(43.4)

10. Financial risk management (continued)

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 $2,072.7 million including discontinued operations (note 15) (2020 $2,741.0 million). 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 $2,068.8 million (2020 $2,587.9 million) and a fair value of $2,122.2 million (2020 $2,696.3 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.

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
Fair value hedge	Hedges the change in fair value of recognised assets and liabilities.
Cash flow hedge	Hedges the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or highly probable forecast transaction.
Net investment hedge	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 2021, the notional value of hedging instruments that reference 3-month US LIBOR is US$170m and Orica has not transitioned any of its existing interest rate swaps to ARR's. It is anticipated that 3-month LIBOR will continue to be published until June 2023 and Orica's interest rate swaps will only transition to ARR once US LIBOR publication ceases. Orica is in the process of developing action plans to ensure a smooth transition to ARR.

10. Financial risk management (continued)

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.

		Fair value of derivatives [1]					
2021	**Carrying amount $m**	**Foreign exchange notional @ spot $m**	**Fair value interest rate risk $m**	**Balance in cash flow hedge reserve [3] $m**	**Recognised in income statement [2] $m**	**Total carrying amount liability/(asset) $m**	**Hedged value $m**
Private Placement debt	**2,068.8**	**(2.3)**	**(9.1)**	**23.4**	**(0.3)**	**11.7**	**2,080.5**
2020							
Private Placement debt	2,587.9	(75.2)	(51.2)	31.7	0.7	(94.0)	2,493.9

(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 $5.8 million (2020 $8.1 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 $909.7 million (2020 $906.5 million). During the period movements in the hedging instruments of $3.5 million loss (2020 $62.6 million gain) were recognised in the foreign currency translation reserve, with no ineffectiveness (2020 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**
Gains or losses on fair value movements of the financial instrument	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.
Discontinuation of hedge accounting	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.

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 50 countries, with customers in more than 100 countries. In 2021, Orica paid $219.7 million (2020 $175.6 million) globally in corporate taxes and payroll taxes. Orica collected and remitted $127.1 million (2020 $122.1 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					
	2021			2020		
	Continuing $m	Dis-continued $m	Con-solidated $m	Continuing $m	Dis-continued $m	Con-solidated $m
Current tax expense						
Current year	**68.9**	**5.5**	**74.4**	107.4	5.1	112.5
Deferred tax	**(46.5)**	**-**	**(46.5)**	(43.9)	-	(43.9)
Under provided in prior years	**2.9**	**0.2**	**3.1**	1.5	-	1.5
Total income tax expense in income statement	**25.3**	**5.7**	**31.0**	65.0	5.1	70.1

(b) Reconciliation of income tax expense to prima facie tax payable

	Continuing $m 2021	Dis-continued $m 2021	Con-solidated $m 2021	Continuing $m 2020	Dis-continued $m 2020	Con-solidated $m 2020
Income tax expense attributable to profit before individually significant items						
Profit from operations before individually significant items	**299.3**	**21.7**	**321.0**	433.9	20.8	454.7
Prima facie income tax expense calculated at 30% on profit	**89.8**	**6.5**	**96.3**	130.2	6.2	136.4
Tax effect of items which (decrease)/increase tax expense:						
variation in tax rates of foreign controlled entities	**(2.0)**	**(1.4)**	**(3.4)**	(11.3)	(1.3)	(12.6)
tax under provided in prior years	**2.9**	**0.2**	**3.1**	1.5	-	1.5
recognition of previously unbooked temporary differences	**(19.4)**	**-**	**(19.4)**	(16.6)	-	(16.6)
non creditable withholding taxes	**7.1**	**-**	**7.1**	12.3	-	12.3
non allowable interest deductions	**13.2**	**2.1**	**15.3**	20.6	1.3	21.9
non allowable share based payments	**2.2**	**0.2**	**2.4**	1.4	0.2	1.6
recognition of tax losses	**(2.0)**	**0.1**	**(1.9)**	(3.5)	-	(3.5)
sundry items	**4.8**	**(1.6)**	**3.2**	5.6	(0.2)	5.4
Income tax expense attributable to profit before individually significant items	**96.6**	**6.1**	**102.7**	140.2	6.2	146.4
Income tax (benefit)/expense attributable to individually significant items						
Loss from individually significant items	**(452.5)**	**(1.4)**	**(453.9)**	(289.2)	(3.9)	(293.1)
Prima facie income tax expense calculated at 30% on individually significant items	**(135.8)**	**(0.4)**	**(136.2)**	(86.8)	(1.2)	(88.0)
Tax effect of items which (decrease)/increase tax expense:						
utilisation of capital losses for gain on sale of land	**(39.5)**	**-**	**(39.5)**	-	-	-
impairment	**103.0**	**-**	**103.0**	-	-	-
variation in tax rates of foreign controlled entities	**-**	**-**	**-**	2.5	0.1	2.6
non allowable initiating systems network optimisation expense	**-**	**-**	**-**	8.1	-	8.1
non allowable operating model restructuring expense	**1.0**	**-**	**1.0**	1.0	-	1.0
Income tax benefit attributable to loss on individually significant items	**(71.3)**	**(0.4)**	**(71.7)**	(75.2)	(1.1)	(76.3)
Income tax expense reported in the income statement	**25.3**	**5.7**	**31.0**	65.0	5.1	70.1

11. Taxation (continued)

(c) Income tax recognised in Equity

	Consolidated					
	2021			2020		
	$m	$m	$m	$m	$m	$m
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Net gain/(loss) on hedge of net investments in foreign subsidiaries	**3.6**	**(1.1)**	**2.5**	62.6	(18.8)	43.8
Cash flow hedges						
- Effective portion of changes in fair value	**6.6**	**(2.0)**	**4.6**	(16.5)	4.9	(11.6)
- Transferred to income statement	**1.1**	**(0.3)**	**0.8**	7.9	(2.3)	5.6
Exchange gain/(loss) on translation of foreign operations	**9.3**	**(5.6)**	**3.7**	(397.8)	40.0	(357.8)
Net actuarial gain/(loss) on defined benefit obligations	**75.4**	**(20.5)**	**54.9**	(12.1)	3.9	(8.2)
Recognised in comprehensive income	**96.0**	**(29.5)**	**66.5**	(355.9)	27.7	(328.2)
Deductible share issue costs	**-**	**-**	**-**	(6.0)	1.8	(4.2)
Total recognised in equity	**96.0**	**(29.5)**	**66.5**	(361.9)	29.5	(332.4)

(d) Recognised deferred tax assets and liabilities

	Consolidated			
	Balance Sheet		Income Statement	
		Restated[1][2]		
	2021	2020	2021	2020
	$m	$m	$m	$m
Deferred tax assets				
Trade and other receivables	**28.1**	16.2	**(12.5)**	(6.8)
Inventories	**19.5**	25.2	**(6.1)**	(3.6)
Property, plant and equipment[1][2]	**17.2**	55.2	**(14.6)**	6.3
Intangible assets[2]	**64.4**	101.8	**29.8**	(36.9)
Trade and other payables	**41.0**	50.7	**8.8**	(9.4)
Interest bearing liabilities	**11.3**	39.8	**22.6**	20.3
Provision for employee entitlements	**28.1**	30.8	**1.7**	(2.2)
Provision for retirement benefit obligations	**40.3**	64.9	**0.4**	2.7
Provisions for environmental and decommissioning	**98.5**	87.6	**(11.1)**	3.8
Provisions for other	**3.3**	19.3	**15.7**	13.2
Tax losses	**134.9**	118.8	**(17.5)**	(17.7)
Other items	**5.3**	6.7	**0.7**	0.8
Deferred tax assets	**491.9**	617.0		
Less set-off against deferred tax liabilities	**(91.7)**	(207.6)		
Net deferred tax assets	**400.2**	409.4		
Deferred tax liabilities				
Inventories	**-**	10.8	**-**	4.5
Property, plant and equipment[1][2]	**99.0**	193.1	**(57.1)**	(19.7)
Intangible assets[2]	**24.5**	27.2	**2.0**	(8.6)
Other items	**7.8**	18.5	**(9.3)**	9.4
Deferred tax liabilities	**131.3**	249.6		
Less set-off against deferred tax assets	**(91.7)**	(207.6)		
Net deferred tax liabilities	**39.6**	42.0		
Deferred tax expense			**(46.5)**	(43.9)

[1] Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.
[2] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

11. Taxation (continued)

	Consolidated	
	2021 $m	2020 $m
Tax losses not booked	**74.5**	66.6
Capital losses not booked	**44.3**	79.5
Temporary differences not booked	**97.8**	122.9

Tax losses not booked expire between 2021 and 2031.

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.

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 $25 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 $25 million.

Section F. Group structure

Orica has a diverse spread of global operations, which includes controlled entities incorporated in over 50 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 investees 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".

			Ownership		Profit/(loss) for the year		Consolidated Carrying value	
		Balance	2021	2020	2021	2020	2021	2020
Name	Principal activity	date	%	%	$m	$m	$m	$m
Nelson Brothers, LLC[(1)]	Manufacture and sale of explosives	30-Sep	**50.0**	50.0	**8.3**	6.0	**40.7**	38.7
Nelson Brothers Mining Services LLC[(1)]	Sale of explosives	30-Sep	**50.0**	50.0	**7.0**	8.6	**34.3**	32.8
Poly Orica Management Co., Ltd[(2)]	Manufacture and sale of explosives	31-Dec	**49.0**	49.0	**4.2**	3.7	**74.5**	70.2
Southwest Energy LLC[(1)]	Sale of explosives	30-Sep	**50.0**	50.0	**9.3**	14.8	**126.8**	121.6
Individually immaterial	Various				**5.6**	2.6	**14.1**	38.3
					34.4	35.7	**290.4**	301.6

[(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.

13. Equity accounted investees 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

2021 Name	Nelson Brothers, LLC $m	Nelson Brothers Mining Services LLC $m	Poly Orica Management Co., Ltd $m	Southwest Energy LLC $m
Balance Sheet				
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**
Income Statement				
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**

2020 Name	Nelson Brothers, LLC $m	Nelson Brothers Mining Services LLC $m	Poly Orica Management Co., Ltd $m	Southwest Energy LLC $m
Balance Sheet				
Current assets	59.1	29.5	82.7	82.6
Non-current assets	72.6	17.3	79.0	76.1
Current liabilities	(50.2)	(32.2)	(16.7)	(21.2)
Non-current liabilities	(29.0)	(1.7)	(2.0)	(6.9)
Net assets (100%)	52.5	12.9	143.0	130.6
Group's share of net assets	26.3	6.5	70.1	65.3
Income Statement				
Revenue	246.9	156.5	103.3	261.5
Net profit	10.5	15.9	8.8	25.5
Total profit and comprehensive income (100%)	10.5	15.9	8.8	25.5
Group's share of total comprehensive income	5.3	8.0	4.3	12.8
Translation and other adjustments	0.7	0.6	(0.6)	2.0
Included in the Group's income statement	6.0	8.6	3.7	14.8
Dividends received by the Group	6.3	8.9	-	7.8

(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.

13. Equity accounted investees and joint operations (continued)

(c) Transactions with equity accounted investees

Transactions during the year with equity accounted investees were:

	2021 $m	2020 $m
Sales of goods to equity accounted investees	**316.3**	447.8
Purchase of goods from equity accounted investees	**107.2**	105.9
Dividend income received from equity accounted investees	**17.5**	23.0

(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

Consolidated – 2021

Acquisitions of business and controlled entities

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.

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%.

Consolidated – 2020 (restated)

Accounting standards permit a measurement period of up to one year during which acquisition accounting can be finalised following the acquisition date. The Group have finalised the accounting of the Exsa S.A. ("Exsa") acquisition which occurred on 30 April 2020, resulting in an adjustment to the fair values below and a corresponding increase in goodwill.

	Exsa S.A. $m
Goodwill as at 30 September 2020	**6.3**
Adjustments to fair value of net assets	
property, plant and equipment	**36.2**
provision for deferred tax	**(3.3)**
non-controlling interest	**(1.0)**
Goodwill as at 30 September 2020 (restated)	**38.2**

15. Businesses disposed and discontinued operations

Businesses disposed - 2021

In September 2021 the Group disposed of Arboleda S.A. and its investment in the equity accounted investee Ulaex S.A.

	Arboleda S.A. $m
Consideration	18.1
Disposal costs	(0.5)
Net consideration	**17.6**
Carrying value of net assets of businesses/controlled entities disposed	
Equity accounted investee	15.9
Trade and other receivables	1.7
	17.6
Profit on sale of business/controlled entities	-

Businesses disposed - 2020

The Group has not disposed of any businesses or entities in the year to 30 September 2020.

Discontinued operations

During the financial year the Group committed to a plan to sell the Minova business. On 30 September 2021, the assets of the business have been classified as held for sale and it is considered a discontinued operation.

The results of the business and the detail of the operating assets and liabilities held for sale are presented below:

	Minova 2021 $m
Assets held for sale	
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
Assets held for sale	**298.2**
Liabilities held for sale	
Trade payables	70.2
Other payables	20.0
Interest-bearing liabilities	9.9
Provisions	32.2
Other liabilties	-
Deferred tax liability	5.5
Liabilities held for sale	**137.8**

	Minova 2021 $m	Minova 2020 $m
Cash flows from/(used in) discontinued operations		
Net cash from operating activities	16.9	17.3
Net cash used in investing activities	(9.6)	(10.7)
Net cash used in financing activities	(2.7)	(2.8)
Net cash flows for the year	**4.6**	3.8

15. Businesses disposed and discontinued operations (continued)

	Continuing 2021 $m	Dis-continued 2021 $m	Consol-idated 2021 $m	Continuing 2020 $m	Dis-continued 2020 $m	Consol-idated 2020 $m
Sales revenue	**5,207.9**	**474.3**	**5,682.2**	5,143.0	468.3	5,611.3
Other income[1]	**45.7**	**0.7**	**46.4**	15.5	1.3	16.8
Raw materials and inventories	**(2,449.8)**	**(294.0)**	**(2,743.8)**	(2,221.8)	(291.1)	(2,512.9)
Employee benefits expense	**(1,111.2)**	**(95.7)**	**(1,206.9)**	(1,130.3)	(111.5)	(1,241.8)
Depreciation and amortisation expense[2]	**(358.1)**	**(11.7)**	**(369.8)**	(320.7)	(11.4)	(332.1)
Purchased services and other expenses[2]	**(510.3)**	**(31.4)**	**(541.7)**	(479.4)	(14.8)	(494.2)
Outgoing freight	**(304.6)**	**(12.9)**	**(317.5)**	(277.8)	(12.8)	(290.6)
Repairs and maintenance	**(149.4)**	**(7.3)**	**(156.7)**	(171.3)	(7.2)	(178.5)
Impairment expense	**(480.0)**	**-**	**(480.0)**	(63.4)	-	(63.4)
Operating model restructuring	**(45.6)**	**(1.4)**	**(47.0)**	(23.0)	(3.9)	(26.9)
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**	-	-	-
Software as a service (SaaS) expense[2]	**-**	**-**	**-**	(122.7)	-	(122.7)
Initiating systems network optimisation	**-**	**-**	**-**	(80.1)	-	(80.1)
Share of net profit of equity accounted investees	**34.4**	**-**	**34.4**	35.7	-	35.7
Total	**(5,301.5)**	**(454.4)**	**(5,755.9)**	(4,854.8)	(452.7)	(5,307.5)
(Loss)/profit from operations	**(47.9)**	**20.6**	**(27.3)**	303.7	16.9	320.6
Net financing costs						
Financial income	**1.0**	**0.1**	**1.1**	2.0	0.4	2.4
Financial expenses[1]	**(106.3)**	**(0.4)**	**(106.7)**	(161.0)	(0.4)	(161.4)
Net financing costs	**(105.3)**	**(0.3)**	**(105.6)**	(159.0)	-	(159.0)
(Loss)/profit before income tax expense	**(153.2)**	**20.3**	**(132.9)**	144.7	16.9	161.6
Income tax (expense)/benefit[2]	**(25.3)**	**(5.7)**	**(31.0)**	(65.0)	(5.1)	(70.1)
(Loss)/profit after tax	**(178.5)**	**14.6**	**(163.9)**	79.7	11.8	91.5
Net (loss)/profit for the year attributable to:						
Shareholders of Orica Limited	**(188.6)**	**14.8**	**(173.8)**	74.3	8.0	82.3
Non-controlling interests	**10.1**	**(0.2)**	**9.9**	5.4	3.8	9.2
Net (loss)/profit for the year	**(178.5)**	**14.6**	**(163.9)**	79.7	11.8	91.5

[1] Discontinued operations other income includes foreign exchange gain of $0.8 million (2020 $0.1 million loss)
[2] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

	Continuing 2021 cents	Dis-continued 2021 cents	Consol-idated 2021 cents	Continuing 2020 cents	Dis-continued 2020 cents	Consol-idated 2020 cents
Earnings per share attributable to ordinary shareholders of Orica Limited:						
Basic earnings per share	**(46.3)**	**3.6**	**(42.7)**	18.8	2.0	20.8
Diluted earnings per share	**(46.3)**	**3.6**	**(42.7)**	18.7	2.0	20.7

15. Businesses disposed and discontinued operations (continued)

Reconciliation of net profit for the year	Continuing 2021 $m	Dis-continued 2021 $m	Consol-idated 2021 $m	Continuing 2020 $m	Dis-continued 2020 $m	Consol-idated 2020 $m
Before individually significant items						
Profit from operations	**404.6**	**22.0**	**426.6**	592.9	20.8	613.7
Net financing costs	**(105.3)**	**(0.3)**	**(105.6)**	(159.0)	-	(159.0)
Profit before income tax expense	**299.3**	**21.7**	**321.0**	433.9	20.8	454.7
Income tax (expense)/benefit	**(96.6)**	**(6.1)**	**(102.7)**	(140.2)	(6.2)	(146.4)
Profit after tax before non-controlling interests	**202.7**	**15.6**	**218.3**	293.7	14.6	308.3
Non-controlling interests	**(10.1)**	**0.2**	**(9.9)**	(5.4)	(3.8)	(9.2)
Profit after tax before individually significant items	**192.6**	**15.8**	**208.4**	288.3	10.8	299.1
Individually significant items						
Loss before income tax expense	**(452.5)**	**(1.4)**	**(453.9)**	(289.2)	(3.9)	(293.1)
Income tax benefit	**71.3**	**0.4**	**71.7**	75.2	1.1	76.3
Loss after tax before non-controlling interests	**(381.2)**	**(1.0)**	**(382.2)**	(214.0)	(2.8)	(216.8)
Non-controlling interests	**-**	**-**	**-**	-	-	-
Loss after tax from individually significant items	**(381.2)**	**(1.0)**	**(382.2)**	(214.0)	(2.8)	(216.8)
Net (loss)/profit after tax						
Net (loss)/profit before income tax expense	**(153.2)**	**20.3**	**(132.9)**	144.7	16.9	161.6
Income tax (expense)/benefit	**(25.3)**	**(5.7)**	**(31.0)**	(65.0)	(5.1)	(70.1)
(Loss)/profit after tax before non-controlling interests	**(178.5)**	**14.6**	**(163.9)**	79.7	11.8	91.5
Non-controlling interests	**(10.1)**	**0.2**	**(9.9)**	(5.4)	(3.8)	(9.2)
Net (loss)/profit after tax	**(188.6)**	**14.8**	**(173.8)**	74.3	8.0	82.3
Net (loss)/profit for the year attributable to:						
Shareholders of Orica Limited	**(188.6)**	**14.8**	**(173.8)**	74.3	8.0	82.3
Non-controlling interests	**10.1**	**(0.2)**	**9.9**	5.4	3.8	9.2
Net (loss)/profit for the year	**(178.5)**	**14.6**	**(163.9)**	79.7	11.8	91.5

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	
	2021	2020
	$m	$m
Total current assets	**1,805.6**	1,479.6
Total assets	**3,367.8**	3,045.8
Total current liabilities	**174.7**	170.1
Total liabilities	**176.1**	171.6
Equity		
Ordinary shares	**2,686.1**	2,659.1
Retained earnings	**505.6**	215.1
Total equity attributable to ordinary shareholders of Orica Limited	**3,191.7**	2,874.2
Net profit and total comprehensive income for the year	**387.9**	414.7

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 (2020: 2020 and 2030). Orica Limited has also provided guarantees for committed bank facilities.

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:

Summarised Balance Sheet	2021 $m	2020 $m
Current assets		
Cash and cash equivalents	**9.9**	0.6
Trade and other receivables	**298.3**	363.2
Inventories	**151.8**	141.5
Other assets (1)	**17.4**	20.4
Total current assets	**477.4**	525.7
Non-current assets		
Trade and other receivables	**2.0**	2.3
Equity accounted investees	**11.1**	21.8
Other financial assets	**7,015.6**	7,099.0
Property, plant and equipment (3)	**1,272.7**	1,321.2
Intangible assets (3)	**168.5**	161.6
Deferred tax assets (3)	**188.9**	184.4
Total non-current assets	**8,658.8**	8,790.3
Total assets	**9,136.2**	9,316.0
Current liabilities		
Trade and other payables	**280.0**	290.7
Interest bearing liabilities	**16.6**	15.5
Current tax liabilities	**28.9**	62.3
Provisions	**128.4**	138.2
Total current liabilities	**453.9**	506.7
Non-current liabilities		
Trade and other payables	**1.8**	1.7
Interest bearing liabilities	**4,540.9**	4,458.4
Provisions	**322.4**	339.8
Total non-current liabilities	**4,865.1**	4,799.9
Total liabilities	**5,319.0**	5,306.6
Net assets	**3,817.2**	4,009.4
Equity		
Ordinary shares	**2,686.1**	2,659.1
Reserves	**681.6**	678.0
Retained earnings (3)	**449.5**	672.3
Total equity	**3,817.2**	4,009.4

Summarised Income Statement and retained profits	2021 $m	2020 $m
(Loss)/profit before income tax expense (2)(3)	**(156.8)**	918.1
Income tax benefit/(expense) (3)	**12.4**	(96.2)
Profit from operations	**(144.4)**	821.9
Retained profits at the beginning of the year (3)	**672.3**	53.9
Actuarial losses recognised directly in equity	**19.1**	(10.9)
Ordinary dividends - interim	**(30.6)**	(67.0)
Ordinary dividends - final	**(66.9)**	(125.6)
Retained profits at the end of the year	**449.5**	672.3

(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 in Yara Pilbara Nitrates Pty Ltd.
(3) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

Section G. Reward and recognition

Orica operates in more than 50 countries and has more than 13,000 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 2020 and 30 September 2021:

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	
	2021 $000	2020 $000
Short-term employee benefits	**10,085.5**	11,463.1
Other long-term benefits	**40.1**	73.5
Post employment benefits	**281.3**	306.2
Share based payments	**1,019.7**	(409.1)
Termination benefits	**437.5**	-
	11,864.1	11,433.7

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.

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 $30.7 million (2020 $27.3 million) to defined benefit plans. The Group's external actuaries have forecast total employer contributions and benefit payments to defined benefit plans of $26.8 million for 2022.

(b) (i) Balance Sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	2021 $m	2020 $m
Present value of the funded defined benefit obligations	735.4	750.8
Present value of unfunded defined benefit obligations	128.1	131.9
Fair value of defined benefit plan assets	(631.4)	(569.2)
Deficit	232.1	313.5
Restrictions on assets recognised	1.9	0.1
Net liability in the balance sheet	234.0	313.6
Amounts in the balance sheet:		
Liabilities	238.0	314.0
Assets	(4.0)	(0.4)
Net liability recognised in balance sheet at end of the year	234.0	313.6
Comprised of:		
Net liabilities of continuing operations	209.1	313.6
Net liabilities held for sale	24.9	-
Net liability recognised in balance sheet at end of the year	234.0	313.6

(b) (ii) Amounts recognised in the Income Statement

The amounts recognised in the income statement are as follows:

	2021 $m	2020 $m
Current service cost	16.5	17.2
Interest cost on net defined benefit liabilities	6.3	6.3
Losses from immediate recognition	(0.5)	0.4
Past service cost	1.0	0.2
Total included in employee benefits expense	23.3	24.1
Comprised of:		
Continuing operations	22.6	23.3
Discontinued operations	0.7	0.8
Total included in employee benefits expense	23.3	24.1

19. Defined benefit obligations (continued)

(b) (iii) Amounts included in the Statement of Other Comprehensive Income

	2021 $m	2020 $m
Actuarial gains/(losses) on defined benefit obligations:		
Due to changes in demographic assumptions	**(10.6)**	(12.9)
Due to changes in financial assumptions	**45.8**	(8.2)
Due to experience adjustments	**(7.8)**	11.5
Total	**27.4**	(9.6)
Return on plan assets greater than discount rate	**49.8**	(2.5)
Change in irrecoverable surplus other than interest	**(1.8)**	-
Total gains/(losses) recognised via the Statement of Other Comprehensive Income	**75.4**	(12.1)
Tax (expense)/benefit on total losses recognised via the Statement of Other Comprehensive Income	**(20.5)**	3.9
Total gains/(losses) after tax recognised via the Statement of Other Comprehensive Income	**54.9**	(8.2)
Comprised of:		
Continuing operations	**53.0**	(7.9)
Discontinued operations	**1.9**	(0.3)
Total gains/(losses) after tax recognised via the Statement of Other Comprehensive Income	**54.9**	(8.2)

(b) (iv) Reconciliations

	2021 $m	2020 $m
Reconciliation of present value of the defined benefit obligations:		
Balance at the beginning of the year	**882.7**	894.6
Current service cost	**16.5**	17.2
Interest cost	**20.3**	21.9
Actuarial losses	**(27.9)**	9.6
Contributions by plan participants	**0.9**	1.0
Benefits paid	**(43.5)**	(42.8)
Settlements/curtailments	**1.0**	0.1
Exchange differences on foreign funds	**13.5**	(18.9)
Balance at the end of the year	**863.5**	882.7
Comprised of:		
Continuing operations	**810.6**	882.7
Held for sale	**52.9**	-
Balance at the end of the year	**863.5**	882.7

	2021 $m	2020 $m
Reconciliation of the fair value of the plan assets:		
Balance at the beginning of the year	**569.2**	587.2
Interest income on plan asset	**14.0**	15.6
Return on plan assets greater than discount rate	**49.8**	(2.5)
Contributions by plan participants	**0.9**	1.0
Contributions by employer	**30.7**	27.3
Benefits paid	**(43.5)**	(42.8)
Exchange differences on foreign funds	**10.3**	(16.6)
Balance at the end of the year	**631.4**	569.2
Comprised of:		
Continuing operations	**603.4**	569.2
Held for sale	**28.0**	-
Balance at the end of the year	**631.4**	569.2

19. Defined benefit obligations (continued)

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.

	2021 $m	2020 $m
Comprising:		
Quoted in active markets:		
Equities	**227.5**	197.9
Debt securities	**242.2**	214.9
Property	**9.4**	11.1
Other quoted securities	**92.3**	87.9
Other:		
Property	**30.1**	25.5
Insurance contracts	**4.9**	4.6
Cash and cash equivalents	**25.0**	27.3
	631.4	569.2

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	
			+1% p.a.	-1% p.a.
	2021	2020	$m	$m
Rate of increase in pensionable remuneration	**2.99%**	2.75%	**24.5**	**(20.7)**
Rate of increase in pension payments	**2.36%**	2.22%	**27.4**	**(22.7)**
Discount rate for pension plans	**2.74%**	2.37%	**(104.4)**	**129.6**

The expected age at death for persons aged 65 is 87.1 years for men and 89.6 years for women at 30 September 2021. A change of one year in the expected age of death would result in an $22.1 million movement in the defined benefit obligation at 30 September 2021.

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.

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. The amount of liability, if any, which may arise cannot be reliably measured at this time.

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.

21. Auditor's remuneration

	Consolidated 2021 $000	2020 $000
Total remuneration received, or due and receivable, by the auditors for:		
Audit services		
Auditor of the Company – KPMG Australia		
– Audit and review of financial reports	**3,967**	4,781
Auditor of the Company – overseas KPMG firms		
– Audit and review of financial reports [1]	**1,915**	1,839
	5,882	6,620
Other services		
Auditor of the Company – KPMG Australia		
– advisory services in relation to integrated reporting and sustainability	**351**	31
– advisory services in relation to compliance reporting	**306**	-
– other services	**118**	27
	775	58
	6,657	6,678

[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.

22. Events subsequent to balance date

Acquisition of business

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 million upfront and potential earn out payments based on the achievement of revenue targets over the next five years. The financial effect of this transaction is not included in the financial statements for the year ended 30 September 2021 and will be recognised in the FY2022 financial statements.

Dividends

On 10 November 2021, the Directors declared a final dividend of 16.5 cents per ordinary share payable on 22 December 2021. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2021 and will be recognised in the FY2022 financial statements.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2021, 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.

23. List of controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities held during 2020 and 2021 (non-controlling interests shareholding disclosed if not 100% owned):

Name of Entity	Place of incorporation if other than Australia
Company	
Orica Limited	
Controlled Entities	
Alaska Pacific Powder Company [a]	USA
Altona Properties Pty Ltd [b] - 37.4%	
Aminova International Limited	Hong Kong
Ammonium Nitrate Development and Production Limited - 9.3%	Thailand
Anbao Insurance Pte Ltd	Singapore
Arboleda S.A [c]	Panama
ASA Organizacion Industrial S.A. de C.V.	Mexico
Barbara Limited	UK
Beijing Ruichy Minova Synthetic Material Company Limited	China
BST Manufacturing, Inc.	USA
CJSC (ZAO) Carbo-Zakk - 6.25%	Russia
Controladora DNS de RL de CV	Mexico
Dansel Business Corporation	Panama
Dyno Nobel VH Company LLC - 49%	USA
Emirates Explosives LLC - 35%	United Arab Emirates
Explosivos de Mexico S.A. de C.V.	Mexico
Explosivos Mexicanos S.A. de C.V.	Mexico
Exsa Chile SpA - 1.3%	Chile
Exsa Colombia S.A.S. - 1.3%	Colombia
Exsa S.A. - 1.3%	Peru
Fortune Properties (Alrode) (Pty) Limited	South Africa
GeoNitro Limited - 69.4%	Georgia
GP FinCo Pty Limited [b]	
GP HoldCo Pty Limited	
GroundProbe Australasia Pty Ltd [b]	
GroundProbe Colombia S.A.S.	Colombia
GroundProbe do Brasil	Brazil
GroundProbe International Pty Ltd [b]	
GroundProbe North America LLC	USA
GroundProbe Peru S.A.C.	Peru
GroundProbe Pty Ltd [b]	
GroundProbe South Africa (Proprietary) Ltd	South Africa
GroundProbe South America SA	Chile
GroundProbe Technologies Pty Ltd [b]	
GroundProbe (Nanjing) Mining Technology Co. Ltd	China
Hallowell Manufacturing LLC	USA
Holding EXSA S.A.C. - 1.3%	Peru
Hopper Industrial Group Pty Ltd [b]	
Indian Explosives Private Limited	India
Initiating Explosives Systems Pty Ltd	
International Blasting Services Inc - 1.3%	Panama
JSC "Orica CIS"	Russia
Minova Africa (Pty) Ltd - 26%	South Africa
Minova Africa Holdings (Pty) Limited	South Africa
Minova Arnall Sp. z o.o.	Poland
Minova Australia Pty Ltd [b]	
Minova Bohemia s.r.o.	Czech Republic
Minova CarboTech GmbH	Germany
Minova Codiv S.L.	Spain
Minova Ekochem S.A.	Poland
Minova Holding GmbH	Germany
Minova Holding Inc	USA
Minova International Limited	UK
Minova Kazakhstan Limited Liability Partnership	Kazakhstan
Minova Ksante Sp. z o.o.	Poland
Minova MAI GmbH	Austria
Minova Mexico S.A. de C.V.	Mexico
Minova MineTek Private Limited	India
Minova Mining Services SA	Chile
Minova Nordic AB	Sweden
Minova Runaya Private Limited - 49%	India
Minova USA Inc	USA
Minova Weldgrip Limited	UK
Mintun 1 Limited	UK
Mintun 2 Limited	UK
Mintun 3 Limited	UK
Mintun 4 Limited	UK
Nitro Asia Company Inc. - 41.6%	Philippines
Nitro Consult AB	Sweden
Nitro Consult AS	Norway
Nitroamonia de Mexico S.A de C.V.	Mexico
NMR Services Australia Pty Ltd [b][f]	
Nobel Industrier AS	Norway
Nutnim 1 Limited	UK
Nutnim 2 Limited	UK
OOO Minova	Russia
Orica-CCM Energy Systems Sdn Bhd - 45%	Malaysia
Orica-GM Holdings Limited - 49%	UK
Orica Africa Holdings Limited	UK
Orica Africa (Proprietary) Ltd	South Africa
Orica Argentina S.A.I.C.	Argentina
Orica Australia Pty Ltd	
Orica Belgium S.A.	Belgium
Orica Blast & Quarry Surveys Limited - 25%	UK
Orica Bolivia S.A.	Bolivia
Orica Brasil Ltda	Brazil
Orica Burkina Faso SARL	Burkina Faso
Orica Caledonie SAS	New Caledonia
Orica Canada Inc	Canada
Orica Canada Investments ULC [d]	Canada
Orica Caribe, S.A.	Panama
Orica Centroamerica S.A.	Costa Rica
Orica Chile Distribution S.A.	Chile
Orica Chile S.A.	Chile
Orica Colombia S.A.S.	Colombia
Orica Cote D'Ivoire	Ivory Coast
Orica Denmark A/S	Denmark
Orica Dominicana S.A.	Dominican Republic
Orica DRC SARL	Democratic Republic of Congo
Orica Eesti OU - 35%	Estonia
Orica Europe FT Pty Ltd [b]	

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 Europe GmbH & Co KG	Germany	Orica Norway AS	Norway
Orica Europe Verwaltungs GmbH	Germany	Orica Panama S.A.	Panama
Orica Explosives Holdings Pty Ltd		Orica Philippines Inc - 5.5%	Philippines
Orica Explosives Holdings No 2 Pty Ltd		Orica Portugal, S.G.P.S., S.A.	Portugal
Orica Explosives Holdings No 3 Pty Ltd [b]		Orica Securities (UK) Limited	UK
Orica Explosives Research Pty Ltd [b]		Orica Senegal SARL	Senegal
Orica Explosives Technology Pty Ltd		Orica Share Plan Pty Limited [b]	
Orica Explosivos Industriales, S.A.	Spain	Orica Singapore Pte Ltd	Singapore
Orica Finance Limited		Orica Soluciones de Voladuras S.A.C.	Peru
Orica Finance Trust [b]		Orica South Africa (Pty) Ltd - 26.5%	South Africa
Orica Finland OY	Finland	Orica St. Petersburg LLC	Russia
Orica Ghana Limited	Ghana	Orica Sweden AB	Sweden
Orica Grace US Holdings Inc.	USA	Orica Sweden Holdings AB	Sweden
Orica Holdings Pty Ltd [b]		Orica Tanzania Limited	Tanzania
Orica Ibéria, S.A.	Portugal	Orica UK Limited	UK
Orica IC Assets Holdings Limited Partnership [b]		Orica US Finance LLC	USA
Orica IC Assets Pty Ltd		Orica US Holdings General Partnership	USA
Orica International IP Holdings Inc.	USA	Orica USA Inc.	USA
Orica International Pte Ltd	Singapore	Orica U.S. Services Inc.	USA
Orica Investments (Indonesia) Pty Limited [b]		Orica Venezuela C.A. - 49%	Venezuela
Orica Investments (NZ) Limited	NZ	Orica Zambia Limited	Zambia
Orica Investments (Thailand) Pty Limited [b]		OriCare Canada Inc.	Canada
Orica Investments Pty Ltd		Oricorp Comercial S.A. de C.V.	Mexico
Orica Japan Co. Ltd [e]	Japan	Oricorp Mexico S.A. de C.V.	Mexico
Orica Kazakhstan Joint Stock Company	Kazakhstan	Penlon Proprietary Limited [b]	
Orica Logistics Canada Inc.[d]	Canada	Project Grace	UK
Orica Logistics LLC	Russia	Project Grace Holdings	UK
Orica Long Term Equity Incentive Plan Trust [b]		Project Grace Incorporated	USA
Orica Malaysia Sdn Bhd	Malaysia	Promec International Pty Ltd [b][f]	
Orica Mali SARL	Republic of Mali	PT GroundProbe Indonesia	Indonesia
Orica Mauritania SARL	Mauritania	PT Kalimantan Mining Services	Indonesia
Orica Med Bulgaria AD - 40%	Bulgaria	PT Kaltim Nitrate Indonesia - 10%	Indonesia
Orica Mining Services (Namibia) (Proprietary) Limited	Namibia	PT Orica Mining Services	Indonesia
		Rui Jade International Limited	Hong Kong
Orica Mining Services (Hong Kong) Ltd	Hong Kong	Surtech Systems Pty Ltd [b][f]	
Orica Mining Services DRC SASU	Democratic Republic of Congo	White Lightning Holdings, Inc	Philippines
Orica Mining Services Peru S.A.	Peru		
Orica Mining Services Portugal S.A.	Portugal		
Orica Mining Services (Thailand) Limited	Thailand		
Orica Mongolia LLC - 51%	Mongolia		
Orica Mountain West Inc.	USA		
Orica Mozambique Limitada	Mozambique		
Orica New Zealand Limited	NZ		
Orica New Zealand Superfunds Securities Limited	NZ		
Orica Nitrates Philippines Inc - 4%	Philippines		
Orica Nitro Patlayici Maddeler Sanayi ve Ticaret Anonim Sirketi - 49%	Turkey		
Orica Nitrogen LLC	USA		
Orica Nominees Pty Ltd [b]			

[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.

24. New accounting policies and accounting standards

Changes in accounting policies

The Group assessed and applied a number of new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) which were required to be applied from 1 October 2020. 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 financial statements for the year ended 30 September 2020.

(i) New and amended accounting standards and interpretations adopted

Effective from 1 October 2020 the Group adopted the following new accounting standards.

AASB 2019-3 Amendments to Australia Accounting Standards – Interest Rate Benchmark Reform (Phase 1)

The interest rate benchmark reform results in the replacement of Interbank Offered Rates (IBORs) with Alternative Reference Rates (ARRs), which is expected to occur from 1 January 2022.

The amendments in AASB 2019-3, which are effective from 1 October 2020, modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty caused by the interest rate benchmark reform.

The amendments are relevant to the Group given that it applies hedge accounting to its interest rate exposures, however the Group's hedge profile and approach to the transition minimises any material uncertainty caused by the reform.

IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (SaaS)

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision relating to the application of IAS 38 Intangible Assets to Configuration or customisation costs in a cloud computing arrangement. Based on the IFRIC decision, Orica considers costs incurred in relation to the configuration and customisation of Software as a Service (SaaS) platforms do not meet the criteria for recognition as an intangible asset, as the supplier of the software and not Orica, controls the software. As a result, these costs should be expensed as incurred.

Under Orica's previous accounting policy, costs relating to cloud computing arrangements (including the 4S Project costs) were capitalised as intangible assets and amortised on a straight-line basis over the length of time the benefits were expected to be received. Orica has updated its accounting policy to comply with the IFRIC agenda decision, and applied AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to reflect this change in its financial statements.

The impact of this change on the financial statements for the year ended 30 September 2020 is presented in the following tables.

Balance Sheet	Consolidated		
Extract	Pre-adjustment $m	Increase / (decrease) $m	Post-adjustment $m
Assets			
Non-current assets			
Property, plant and equipment	3,280.1	(13.1)	**3,267.0**
Intangible assets	1,776.3	(336.0)	**1,440.3**
Net deferred tax assets	263.1	104.3	**367.4**
Total non-current assets	5,784.3	(244.8)	**5,539.5**
Total assets	8,448.3	(244.8)	**8,203.5**
Net assets	3,185.2	(244.8)	**2,940.4**
Equity			
Equity attributable to ordinary shareholders of Orica Limited			
Retained earnings	1,148.6	(244.8)	**903.8**
Total equity attributable to ordinary shareholders of Orica Limited	3,137.4	(244.8)	**2,892.6**
Total equity	3,185.2	(244.8)	**2,940.4**

24. New accounting policies and accounting standards (continued)

Income Statement Extract	Consolidated Pre-adjustment $m	Increase / (decrease) $m	Post-adjustment $m
Expenses			
Depreciation and amortisation expense	(339.9)	19.2	**(320.7)**
Purchased services and other expenses	(469.4)	(10.0)	**(479.4)**
Software as a Service (SaaS) expense	-	(122.7)	**(122.7)**
Total expenses	(4,741.3)	(113.5)	**(4,854.8)**
Profit from operations	417.2	(113.5)	**303.7**
Financing costs			
Financial expenses	(151.6)	(9.4)	**(161.0)**
Net financing costs	(149.6)	(9.4)	**(159.0)**
Profit before income tax expense	267.6	(122.9)	**144.7**
Income tax expense	(101.9)	36.9	**(65.0)**
Net profit for the year	165.7	(86.0)	**79.7**
Net profit for the year attributable to:			
Shareholders of Orica Limited	160.3	(86.0)	**74.3**
Non-controlling interests	5.4	-	**5.4**
Net profit for the year	165.7	(86.0)	**79.7**
Earnings per share attributable to ordinary shareholders of Orica Limited (in cents):			
Basic earnings per share	40.5	(21.7)	**18.8**
Diluted earnings per share	40.4	(21.7)	**18.7**

Statement of Comprehensive Income Extract	Consolidated Pre-adjustment $m	Increase / (decrease) $m	Post-adjustment $m
Net profit for the year	177.5	(86.0)	**91.5**
Total comprehensive loss for the year	(150.7)	(86.0)	**(236.7)**

Statement of Changes in Equity Extract	Consolidated Pre-adjustment $m	Increase / (decrease) $m	Post-adjustment $m
Retained earnings			
Adjusted balance as at 1 October 2019	1,180.9	(158.6)	**1,022.3**
Net profit for the year	168.3	(86.0)	**82.3**
Total comprehensive income/(loss) for the year	160.1	(86.0)	**74.1**
Balance at the end of the year	1,148.4	(244.6)	**903.8**
Total equity			
Adjusted balance as at 1 October 2019	3,012.6	(158.6)	**2,854.0**
Net profit for the year	177.5	(86.0)	**91.5**
Total comprehensive loss for the year	(150.7)	(86.0)	**(236.7)**
Balance at the end of the year	3,185.0	(244.6)	**2,940.4**

24. New accounting policies and accounting standards (continued)

Statement of Cash Flows	Consolidated		
Extract	Pre-adjustment $m	Increase / (decrease) $m	Post-adjustment $m
Cash flows from operating activities			
Payments to suppliers and employees	(5,600.6)	(132.7)	**(5,733.3)**
Net cash flows from operating activities	277.4	(132.7)	**144.7**
Cash flows from investing activities			
Payments for property, plant and equipment	(321.3)	10.0	**(311.3)**
Payments for intangibles	(202.8)	122.7	**(80.1)**
Net cash flows from investing activities	(660.4)	132.7	**(527.7)**

Opening Balance Sheet	Consolidated		
Extract	Pre-adjustment $m	Increase / (decrease) $m	Post-adjustment $m
Assets			
Non-current assets			
Property, plant and equipment	3,149.7	(14.4)	**3,135.3**
Intangible assets	1,694.6	(211.6)	**1,483.0**
Net deferred tax assets	244.8	67.4	**312.2**
Total non-current assets	5,714.3	(158.6)	**5,555.7**
Total assets	7,550.1	(158.6)	**7,391.5**
Net assets	3,012.6	(158.6)	**2,854.0**
Equity			
Equity attributable to ordinary shareholders of Orica Limited			
Retained earnings	1,180.9	(158.6)	**1,022.3**
Total equity attributable to ordinary shareholders of Orica Limited	2,955.4	(158.6)	**2,796.8**
Total equity	3,012.6	(158.6)	**2,854.0**

A number of other new standards are effective from 1 October 2020, but they do not have a material impact on the Group's Annual Report.

(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 23 to 76, and the Remuneration Report in the Directors' Report, set out on pages 3 to 21, 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 2021 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 2021.

The Directors draw attention to "About this report" on page 29 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

M W Broomhead
Chairman

S Gandhi
Managing Director and Chief Executive Officer

Dated at Melbourne 10 November 2021

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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 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 September 2021
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- 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 the Code.

Key Audit Matters

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

- Impairment 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.

Impairment of property, plant and equipment ($159.6 million) and intangible assets ($320.4 million)	
Refer to Note 9 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter was the Group's annual testing of the recoverability of property, plant and equipment and intangible assets given the size of the balances and the higher estimation uncertainty associated with the business disruption impact of the COVID-19 global pandemic. Certain conditions impacting the Group, particularly with respect to the Pilbara and EMEA CGUs, increased the judgement applied by us when evaluating the evidence available. We focused on the significant forward looking assumptions the Group applied in the value in use models, including: • *Forecast operating cash flows:* the Group has experienced continued business disruption in the current year as a result of COVID-19. These conditions, and the uncertainty of their continuation, increase the possibility of assets being impaired and the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. We focused on the expected rate of recovery for the Group and the Group's future business plans when assessing the feasibility of the Group's forecast cashflows. • *Terminal growth rates:* in addition to the uncertainties described above, the Group's models are highly sensitive to changes in terminal growth rates. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • *Discount rates:* these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Units (CGUs) are subject to from time to time, and the approach to incorporating risks into the cash flows or discount rates.	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual impairment test against the requirements of the accounting standards. • We assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas. • We tested key controls in the Group's valuation 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. • We assessed the appropriateness of the change in the identification of CGUs during the year, and the allocation of goodwill and other net assets, with reference to the Group's current operating structure and internal monitoring process. • We compared the forecast cash flows contained in the value in use model to the future business plans approved by the Board, reflecting the expected rate of recovery for the Group from the impacts of COVID-19. • We compared the Group's cumulative value in use calculation to the Group's market capitalisation to inform our evaluation of the current forecasts incorporated in the models. • We assessed the accuracy of previous Group cash flow forecasts for the respective CGUs to inform our evaluation of current forecasts incorporated in the models. • We assessed the scope, competence and objectivity of the Group's external expert engaged to assist with the determination of the discount rate for the respective CGUs. • Working with our valuation specialists, we independently developed a discount rate range for 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 for each CGU to our acceptable range. • Working with our valuation specialists, we assessed the reasonableness of forecast cash flows by comparing the implicit earnings and asset multiples from the models to corresponding multiples of comparable entities.

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Impairment of property, plant and equipment ($159.6 million) and intangible assets ($320.4 million) (continued)	
Refer to Note 9 to the Financial Report	
The key audit matter (continued)	**How the matter was addressed in our audit (continued)**
Pilbara CGU As described in Note 9 to the financial statements, following a review of operations post commissioning of the TAN plant on 1 October 2020, the Group has concluded that the Pilbara region is a separate CGU. Following the change in CGU, the Group reassessed the recoverable amount of the Pilbara CGU using a value in use discounted cash flow model. This model identified that the carrying value exceeded the recoverable amount resulting in an impairment charge against goodwill and property, plant and equipment of $317.6 million (pre tax). This increased our audit effort in this area. *EMEA CGU* As described in Note 9 to the financial statements, the performance of the EMEA business was impacted by COVID-19 and the latest forecasts project that recovery in the region will be slower than previously anticipated. Accordingly, the Group reassessed the recoverable amount of the EMEA CGU using a value in use discounted cash flow model. This model identified that the carrying value exceeded the recoverable amount resulting in an impairment charge against goodwill of $162.4 million (pre tax). This increased our audit effort in this area. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• We considered the sensitivity of the models 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. • We challenged the Group's significant forecast cash flow and terminal growth rate assumptions in light of the impacts of COVID-19 and the expected rate of recovery in specific regions. We used our knowledge of the Group's operations, their past performance and our industry experience to evaluate the feasibility of these plans. We also compared forecast growth rates to authoritative published studies of industry trends and expectations, considering differences for the Group's operations. • We recalculated the impairment charge relating to the Pilbara and EMEA CGUs against the recorded amount disclosed. • 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.

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Environmental and decommissioning provisions ($383.6m) and contingent liability disclosures	
Refer to Note 6 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The estimation of environmental remediation and decommissioning provisions is considered a key audit matter due to the: • 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, and in gathering persuasive audit evidence thereon. • Internal restructuring activities undertaken by the Group, including the scheduled closure of certain manufacturing sites which give rise to heightened focus on the nature, timing and amount of decommissioning costs that are expected to be incurred. The complexity in estimating the Group's environmental and decommissioning provisions is influenced by: • The inherent challenges experienced by the Group in precisely determining the size and location of potential contamination beneath established structures. • Current and potential future 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. • The expected environmental remediation strategy 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. • Historical experience, and its use as a reasonable predictor when evaluating forecast costs. • The expected timing of the expenditure given the long term nature of these exposures.	Our procedures included: • We tested 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. • 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. • We made enquiries of various personnel regarding the Group's strategy for remediating certain source contamination. • We read correspondence with regulatory authorities to understand their views about acceptable remediation techniques and compared this with the assumptions made in the Group's provision models. • We obtained 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 and quantum of cost contained in the provision balance. • 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. • We checked consistency of the Group's internal and external experts' assumptions to other underlying internal documentation considered and tested by us. • 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 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. • We tested the mathematical accuracy of the Group's provision models. • 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.

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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 and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Orica Limited for the year ended 30 September 2021 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 2021.

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

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Penny Stragalinos

Partner

Melbourne

10 November 2021

Five Year Financial Statistics

For the year ended 30 September

Orica consolidated ($m)[1]	2021	Restated[2] 2020	Restated[2][3] 2019	2018	2017
Profit & Loss					
Sales	**5,682.2**	5,611.3	5,878.0	5,373.8	5,039.2
Earnings before depreciation, amortisation, net borrowing costs and tax	**796.4**	945.8	941.1	885.0	896.3
Depreciation and amortisation (excluding goodwill)	**(369.8)**	(332.1)	(276.4)	(266.9)	(261.2)
Earnings before net borrowing costs and tax (EBIT) before individually significant items	**426.6**	613.7	664.7	618.1	635.1
Net borrowing costs	**(105.6)**	(159.0)	(109.7)	(121.3)	(71.7)
Individually significant items before tax	**(453.9)**	(293.1)	(195.9)	(375.3)	-
Taxation expense	**(31.0)**	(70.1)	(108.6)	(156.0)	(164.0)
Non-controlling interests	**(9.9)**	(9.2)	(5.4)	(13.6)	(13.2)
(Loss)/profit after tax and individually significant items	**(173.8)**	82.3	245.1	(48.1)	386.2
Individually significant items after tax attributable to members of Orica Limited	**(382.2)**	(216.8)	(126.8)	(372.3)	-
Profit after tax before individually significant items net of tax	**208.4**	299.1	371.9	324.2	386.2
Dividends/distributions	**97.5**	192.6	203.0	181.2	197.1
Financial Position					
Current assets	**2,391.6**	2,664.0	1,835.8	1,960.3	1,784.8
Property, plant and equipment	**3,040.2**	3,267.0	2,885.2	2,866.2	2,741.5
Equity accounted investees	**290.4**	301.6	301.3	213.3	184.6
Intangibles	**1,150.4**	1,440.3	1,483.0	1,697.9	1,577.1
Other non-current assets	**493.1**	530.6	635.1	426.7	497.2
Total assets	**7,365.7**	8,203.5	7,140.4	7,164.4	6,785.2
Current borrowings and payables	**1,225.4**	1,848.4	1,336.7	1,357.2	1,084.1
Current provisions and other liabilities	**443.4**	321.0	297.9	254.2	213.2
Non-current borrowings and payables	**2,270.6**	2,368.9	1,979.4	2,010.7	1,937.4
Non-current provisions and other liabilities	**633.9**	724.8	659.6	574.3	587.0
Total liabilities	**4,573.3**	5,263.1	4,273.6	4,196.4	3,821.7
Net assets	**2,792.4**	2,940.4	2,866.8	2,968.0	2,963.5
Equity attributable to ordinary shareholders of Orica Limited	**2,726.3**	2,892.6	2,809.6	2,903.2	2,962.3
Equity attributable to non-controlling interests	**66.1**	47.8	57.2	64.8	1.2
Total shareholders' equity	**2,792.4**	2,940.4	2,866.8	2,968.0	2,963.5

(1) Results include continuing and discontinued operations for the consolidated Group.

(2) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details. Only the balance sheet has been restated for 2019.

(3) Balances are as at 30 September 2019. The Group adopted AASB 16 Leases and IFRIC Interpretation 23 Uncertainty over income tax Treatments on 1 October 2019.

Five Year Financial Statistics

For the year ended 30 September

Orica consolidated[1]	2021	Restated[2] 2020	Restated[2][3] 2019	2018	2017
Number of ordinary shares on issue at year end (millions)	**407.5**	405.9	380.6	379.2	377.0
Weighted average number of ordinary shares on issue (millions)	**406.8**	395.6	380.0	378.2	376.2
Basic earnings per ordinary share					
- before individually significant items (cents)	**51.2**	75.6	97.9	85.7	102.7
- including individually significant items (cents)	**(42.7)**	20.8	64.5	(12.7)	102.7
Dividends per ordinary share (cents)	**24.0**	33.0	55.0	51.5	51.5
Dividend franking (percent)	**-**	-	9.1	-	5.8
Dividend yield - based on year end share price (percent)	**1.7**	2.1	2.4	3.0	2.6
Closing share price range – High	**$17.61**	$24.27	$22.97	$21.37	$21.03
Low	**$11.17**	$13.25	$16.31	$16.34	$15.57
Year end	**$13.79**	$15.43	$22.54	$17.03	$19.77
Stockmarket capitalisation at year end ($m)	**5,619.6**	6,262.7	8,578.2	6,548.0	7,454.1
Net tangible assets per share ($)	**3.82**	3.58	3.49	3.18	3.67
Ratios					
Profit margin - earnings before net borrowing costs and tax/sales (percent)	**7.5**	10.9	11.3	11.5	12.6
Net debt (excluding lease liabilities) (millions)	**1,479.0**	1,820.5	1,620.6	1,648.3	1,440.9
Gearing (net debt/net debt plus equity excluding lease liabilities) (percent)	**34.6**	38.2	36.1	35.7	32.7
Interest cover (EBIT/net borrowing costs excluding lease interest) (times)	**4.6**	4.2	6.1	5.1	8.9
Net capital expenditure on plant and equipment (Cash Flow) ($m)	**(153.0)**	(302.9)	(226.0)	(153.0)	(210.7)
Net cash flow from (acquisition)/sale of businesses/controlled entities ($m)	**(25.1)**	(153.9)	(14.0)	(252.8)	9.5
Return on average shareholders' funds					
- before individually significant items (percent)	**7.4**	10.5	13.0	11.1	13.4
- including individually significant items (percent)	**(6.2)**	2.9	8.6	(1.6)	13.4

[1] Results include continuing and discontinued operations for the consolidated Group.
[2] Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details. Only the balance sheet has been restated for 2019.
[3] Balances are as at 30 September 2019. The Group adopted AASB 16 *Leases* and IFRIC Interpretation 23 *Uncertainty over income tax Treatments* on 1 October 2019.