9 November 2023

ASX ANNOUNCEMENT

Results for the year ended 30 September 2023

Strategy execution and commercial discipline deliver a substantial uplift in performance

FY2023 KEY ACHIEVEMENTS

- Statutory Net Profit After Tax (NPAT)[(1)] of $295.7 million (FY2022: $60.1 million), including $73.3 million of significant items expense[(8)] after tax
- Underlying EBIT[(2)] from continuing operations of $698.1 million, up 24% on the prior corresponding period (pcp), before individually significant items
- Earnings increased in all segments versus the pcp attributable to continued commercial discipline, strong customer demand, and increased earnings from advanced technology offerings
- Digital Solutions earnings doubled compared to the pcp; Axis integration progressing to plan
- Underlying earnings per share[(3)] of 81.2 cents, up 4.8 cents from the pcp
- Final dividend of 25.0 cents per ordinary share, unfranked, representing a payout ratio[9] of 55%
- RONA on continuing operations[(4)] of 12.6%, up from 11.4% in FY2022
- Accelerated Scope 1 and Scope 2 emissions targets and set a new Scope 3 emissions reduction ambition[(19, 20, 21)]

CEO Commentary

Summarising the continuing strong full-year performance, Orica Managing Director and CEO Sanjeev Gandhi said:

Strategy and Performance

"We have delivered another strong performance for the full year with a 24 per cent growth in underlying earnings from continuing operations. Our team remains committed to executing our strategy and has delivered improved performance and growth across all segments this year with a continued focus on quality of earnings.

"Ongoing commercial discipline and strong customer demand for our products and services have driven our performance this year, along with increased adoption and earnings from blasting and digital technologies as customers seek productivity gains and support on achieving their sustainability goals.

"Our Digital Solutions segment has delivered growth, with strong demand, margin improvements and contribution from the completed Axis acquisition, as well as increased recurring revenue across the segment.

"We have worked hard in the second half to deliver improvements in trade working capital and improved operating cash flow in line with stronger earnings.

"The external market conditions, while challenging, have once again demonstrated the strength and resilience of our people and unmatched global asset and product portfolio, enabling us to adapt to and mitigate macro-economics and geopolitical challenges.

Safety and Sustainability

"Safety and the prevention of harm is our number one priority at Orica, and for a second consecutive year, we have achieved a reduction in our Serious Injury Case Rate. There were no significant environmental incidents across our global operations. Throughout FY2023, scheduled maintenance turnarounds were completed safely and on budget across our manufacturing facilities in Australia, Canada and Indonesia.

“We have also made good progress towards our climate targets this year as we progress towards our long-term ambition to achieve net zero emissions by 2050. Our net Scope 1 and 2 emissions decreased 9 per cent on the previous year and are 22 per cent below 2019 baseline levels.

“Our achievements give us the confidence to accelerate our climate change commitments and accountability. We announced strengthened climate-related targets, accelerating our pathway towards net zero and driving towards a lower carbon future.

“We have increased our commitment to reduce net operational Scope 1 and 2 emissions under our direct control by at least 45 per cent by 2030 from 2019 levels – an uplift from our previous 40 per cent commitment. Additionally, we’ve committed to partnering with our suppliers and customers to introduce a new ambition of reducing our Scope 3 emissions by 25 per cent by 2035, from 2022 baseline levels. We have also expanded the boundary of our 2050 net zero ambition, to include Scope 3 emissions associated with our purchased goods and services and the use of our products in blasting activities.

Dividend and Capital Management

The Board has declared an unfranked final ordinary dividend of 25.0 cents per share, representing a payout ratio[9] of 55%. The dividend is payable to shareholders on 18 December 2023 and shareholders registered as at the close of business on 17 November 2023 will be eligible for the final dividend. This brings the full year dividend to 43.0 cents per share representing a full year payout ratio of 53% per cent.

Return on net operating assets (RONA), increased from 11.4 per cent in FY2022 to 12.6 per cent in FY2023. This was driven by our improved earnings performance as a result of executing our strategy, and strong market demand.

Gearing at 18.6 per cent at 30 September 2023 is below our target range of 30 to 40 per cent.

Outlook

FY2024

- 2024 financial year EBIT from continuing operations is expected to increase on the pcp attributable to:
  - Strong demand for our products and services from continued anticipated growth in global commodities
  - Increased adoption of blasting and digital technology offerings
  - Further benefits from commercial discipline
  - Offset partly by the major, six-yearly ammonia plant turnaround and prill tower scrubber installation at Kooragang Island
  - Inflationary pressures, higher energy costs and increasing geopolitical risks will remain an ongoing challenge
- Earnings will be more skewed to the second half compared with FY2023 due to the heavy planned turnaround schedule in the first half and normal seasonality
- Capital expenditure expected to be within the range of $410 million to $430 million, driven by the turnaround schedule as mentioned above; depreciation and amortisation to be slightly higher than the pcp
- Net finance costs expected to be in line with FY2023, subject to interest rate movements
- Effective tax rate to be around 30 per cent
- Continued disciplined approach to growth opportunities

Looking forward

The outlook for the next three years is expected to deliver 3-year average RONA in the range of 12.0 to 14.0[i] per cent *(previous range: 10.5 to 13.0*[ii] per cent).

Commenting on the FY2024 outlook, Mr Gandhi said: “*Our prudent balance sheet positions us well to manage the volatile external environment, to support further business growth and climate change initiatives and to deliver improved shareholder returns.*

“Our commercial discipline, strong customer demand, supply security, technology offering, and diversified customer and commodity mix will support our business well into the future and we remain in a strong position to continue the business momentum and drive our strategy for growth.”

Refer to the disclaimer about forward-looking statements on page 16.

(i) FY2024-FY2026 3-year average RONA. (ii) FY2023 – FY2025 3-year average RONA

Market Briefing

Orica will provide a market briefing at 11:00am (AEDT) today, 9 November 2023. A webcast of the briefing will be available at https://edge.media-server.com/mmc/p/aqn59oiz/

For further information

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About Orica

Orica (ASX: ORI) is one of the world's leading mining and infrastructure solutions providers. From the production and supply of explosives, blasting systems, mining chemicals and geotechnical monitoring to our cutting-edge digital solutions and comprehensive range of services, we sustainably mobilise the earth's resources.

Operating for nearly 150 years, today our 12,500+ global workforce supports customers across surface and underground mines, quarry, construction, and oil and gas operations.

Sustainability is integral to our operations. We have set an ambition to achieve net zero emissions by 2050 and are committed to playing our part in achieving the goals of the Paris Agreement.

For more information about Orica, visit: www.orica.com

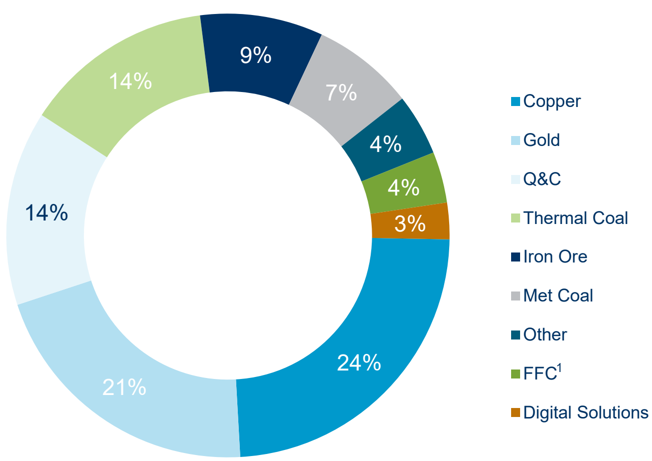
RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Group Results

Year ended 30 September	2023 A$M	2022 A$M	Change %
Sales revenue from continuing operations	7,945.3	7,096.4	*12%*
EBITDA from continuing operations(12)	1,090.6	949.6	*15%*
EBIT from continuing operations	**698.1**	**563.8**	***24%***
EBIT from Minova (discontinued operations)	–	14.7	*(100%)*
Total EBIT(2)	**698.1**	**578.5**	***21%***
Net financing costs	(143.7)	(100.3)	*43%*
Tax expense before individually significant items	(166.2)	(154.0)	*8%*
Non-controlling interests before individually significant items	(19.2)	(7.2)	
NPAT before individually significant items(11)	**369.0**	**317.0**	*16%*
Individually significant items after tax attributable to Orica shareholders	(73.3)	(256.9)	
NPAT after individually significant items (statutory)	**295.7**	**60.1**	

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

Group commodity exposure



Fundamentals remain strong across commodities, driving high demand for Orica products and services in most markets.

Copper and future-facing commodities (FFC) continued to be the highest commodity exposure for Orica, reflecting continued demand. Future-facing commodity demand continues to present a significant opportunity and Orica is in a strong position to take advantage of this long-term trend.

Gold revenue grew in each region.

Quarry & Construction (Q&C) exposure increased versus the pcp, driven by infrastructure projects in the United States.

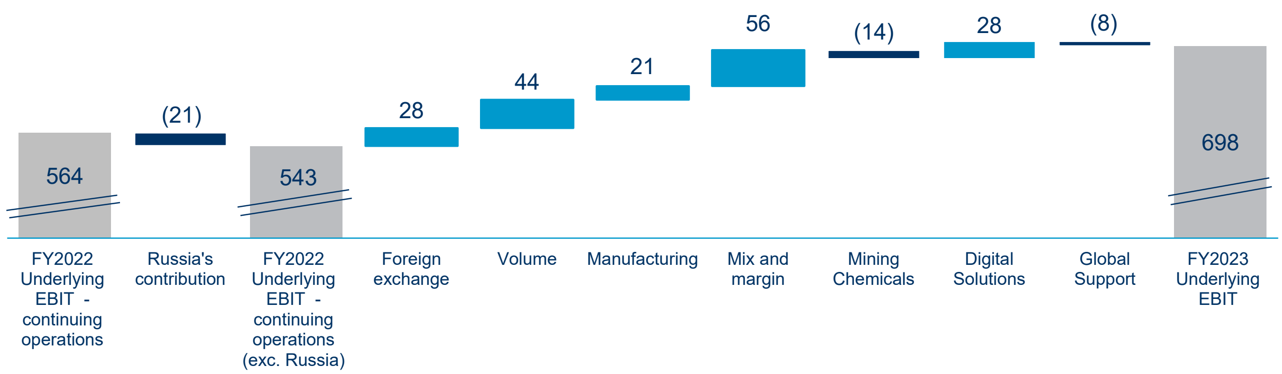
Exposure to metallurgical coal (Met Coal) grew the strongest versus the pcp due to high demand in Australia. Thermal coal exposure declined versus the pcp mostly due to the strength of other commodities.

1. Future-facing commodities include nickel, lithium, lead, and zinc with increasing demand that are essential components of low-emissions energy technologies

Financial performance

Underlying EBIT from continuing operations increased by 24% on the pcp to $698 million and excluding Russia in FY2022, underlying EBIT increased by 29% on the pcp. EBIT growth in FY2023 reflected growth in volumes, increased utilisation of manufacturing plants, benefits from commercial discipline in both customer and supply contracts, and increased earnings from digital technology offerings. This was offset partly in Mining Chemicals, mainly due to the planned cyanide plant turnaround.

FY2022 to FY2023 EBIT (A$M)



Russia's contribution

Following the sanctions placed on Russia in FY2022, Orica completed the exit of its operating business in Russia in September 2022. There has been no contribution from the Russia operations in FY2023.

Foreign exchange

During FY2023 the Australian dollar depreciated against key foreign currencies, resulting in a favourable impact to EBIT on translation of foreign currency denominated earnings.

Volume

Ammonium nitrate (AN) volumes, after removing Russia volumes, increased by 2% on the pcp reflecting increased mining activity driven by strong commodity demand, and Orica's ability to provide security of supply to customers in a continuing tight supply market.

Electronic blasting systems (EBS) volumes increased by 3% on the pcp as new contracts ramped up and customers continued the shift away from conventional detonators. EBS accounted for 25% of the volume uplift contribution in EBIT.

Manufacturing

Manufacturing performance improved as a result of increased volumes at the large continuous plants. The pcp result included costs for alternate sourcing of AN during the Carseland plant turnarounds in North America, which have not been repeated in FY2023.

Mix and margin

EBIT growth across the regions was led by sustained commercial discipline and greater technology penetration.

The benefit of the high level of recontracting which occurred in the second half of FY2022 has flowed into the FY2023 results.

Digital Solutions

Customers' desire for productivity gains and efficiency improvements, as well as increasing Environmental, Social and Governance (ESG) obligations, is increasing customer demand for our products and solutions.

Growth in adoption of digital technologies, the introduction of new solutions, and contribution from the newly acquired Axis Mining Technologies (Axis) business, grew earnings in the new Digital Solutions segment.

Mining Chemicals

Mining Chemicals earnings were impacted by lower production volume at Yarwun (Australia) due to a turnaround, and lower sales of cyanide in Latin America.

Global Support

Global Support costs increased versus the pcp primarily due to inflation and increased non-billable employment costs.

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Business Summary

A summary of the performance of the segments for the 2023 and 2022 financial years is presented below:

Year ended 30 September A$M		**2023**			**2022** (restated[10])	
	External sales revenue	**EBITDA** [12]	**EBIT** [2]	**External sales revenue**	**EBITDA**[12]	**EBIT**[2]
Australia Pacific and Asia (APA)	3,168.8	633.6	458.0	2,706.5	551.0	369.6
North America	1,744.6	224.2	149.7	1,567.4	193.8	135.1
Latin America	1,733.1	104.5	54.2	1,650.3	99.7	53.6
Europe, Middle East and Africa (EMEA)*	1,087.1	83.8	57.6	1,025.6	77.5	46.5
Digital Solutions	211.7	96.9	54.3	146.6	45.2	26.7
Global Support	-	(52.4)	(75.7)	-	(17.6)	(67.7)
Continuing Operations	**7,945.3**	**1,090.6**	**698.1**	**7,096.4**	**949.6**	**563.8**
Minova (Discontinued Operations)				231.1	14.7	14.7
Total	**7,945.3**	**1,090.6**	**698.1**	**7,327.5**	**964.3**	**578.5**

**Note: FY2022 figures for EMEA included Russia's contribution*

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Australia Pacific and Asia

Year ended 30 September	2023	2022 (restated[10])	Change
External sales revenue (A$M)	3,168.8	2,706.5	*17%*
EBITDA[12] (A$M)	633.6	551.0	*15%*
EBIT[2] (A$M)	458.0	369.6	*24%*
Total AN & Emulsion Volumes ('000 tonnes)	1,840.6	1,766.9	*4%*

Market conditions

Commodity prices and mining activity across the region remained robust. Demand and supply balance for AN continued to be tight. Security and flexibility of supply remained a key customer need.

Technology and premium product adoption increased as expected as miners sought to gain productivity and meet sustainability commitments.

High gold and copper prices supported increased demand. However, mining activity was impacted by wet weather on the Australian east coast in the first half while recovering in the second half. Coal activity was strong across the region, driven by China's energy consumption.

Tight labour market and high inflation in Australia and Asia put cost pressure on mining activity and supply chains.

Segment performance

EBIT increased by 24% on the pcp driven by contract improvements and increase in volume due to high demand.

In the Australia and Pacific region, Orica continued to strengthen its market position across coal, metal and Q&C segments with high retention rates and new contract wins.

Growth in Asia remained strong. Commercial discipline resulted in increased earnings particularly in Indonesia.

Technology penetration continued to increase. Successful trials of 4D™ across multiple sites were converted to commercial contracts in Australia and Indonesia. WebGen™ experienced significant growth in Asia.

In manufacturing, turnarounds were completed safely and on budget at Yarwun, Kooragang Island (KI) Bontang and Burrup. Tertiary catalyst abatement was successfully installed at KI's three nitric acid plants, and new improved secondary catalyst was introduced at Bontang and Yarwun.

There was a controlled shutdown at the Burrup plant in the first half following an operational incident at an ancillary facility. A temporary solution was put in place, allowing Burrup to resume production. One of Orica's strongest competitive advantages is its strong and flexible global supply network; as such there has been no impact on customer supply.

North America

Year ended 30 September	2023	2022 (restated[10])	Change
External sales revenue (A$M)	1,744.6	1,567.4	*11%*
EBITDA[12] (A$M)	224.2	193.8	*16%*
EBIT[2] (A$M)	149.7	135.1	*11%*
Total AN & Emulsion Volumes ('000 tonnes)	1,130.8	1,105.7	*2%*

Market conditions

While market fundamentals for most commodities in the region remained robust, activity in the United States and Canada was impacted by extreme cold weather, forest fires, and a hurricane impacting Eastern Canada in late December. Mining activity in Mexico was impacted by prolonged industrial action late in the financial year.

Rising inflation and interest rates impacted customers' operational costs and limited project investment in parts of the United States.

US domestic gas pricing normalised in the second half, resulting in demand from thermal coal customers returning to normalised levels.

Q&C activity remained robust in the United States, supported by significant government infrastructure investment.

The extreme cold weather in parts of the United States and Canada also constrained logistics networks and impacted rail availability. This, together with ongoing challenges in the labour market, limited some project investment and industry growth.

Segment performance

North America delivered a resilient earnings performance despite external challenges caused by extreme weather in the United States and Canada, and prolonged industrial action impacting supply in Mexico.

EBIT increased by 11% year versus the pcp. Improved quality of earnings was driven by ongoing strong EBS conversion, technology earnings growth, commercial discipline and cost management initiatives together with a favourable contribution from foreign exchange rates. This was partly offset by increased freight costs due to extreme weather and prolonged industrial action in Mexico. Depreciation increased versus the pcp following the Carseland plant turnaround in 2022.

The region progressed with the strategic transitioning of its commodity base, with strong revenue growth in the metals and Q&C segments in FY2023.

Strong technology growth was supported by conversion to WebGen™ 200, accelerated EBS conversion and increased demand for nitrate-reducing products including Fortis Protect™, Centra™ Protect and Centra™ Gold HV.

The Carseland AN manufacturing plant continues to perform well following the turnaround completed in 2022. Tertiary catalyst abatement technology continues to reduce emissions in line with expectations.

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Latin America

Year ended 30 September	2023	2022 (restated[10])	Change
External sales revenue (A$M)	1,733.1	1,650.3	*5%*
EBITDA[12] (A$M)	104.5	99.7	*5%*
EBIT[2] (A$M)	54.2	53.6	*1%*
Total AN & Emulsion Volumes (‘000 tonnes)	924.2	973.2	*(5%)*

Market conditions

Mining and exploration activity in the region was strong across the region, particularly in Southern Peru. Local community issues and individual union disputes were less severe than in previous years, although there were some logistics interruptions in Chile and Peru.

AN supply chain interruption, due to the ongoing Russia-Ukraine conflict, continued in FY2023. Continued uncertainty over the availability and price of AN and the current restrictions on Panama Canal capacity added an extra level of complexity.

Demand continued to grow for technology and premium products in Orica’s established markets, with more miners looking for solutions to enhance productivity and maintain their license to operate.

Segment performance

Underlying EBIT was driven by commercial discipline and technology penetration.

Volume was lower due to mine closures and mine operational issues.

Security of supply remained Orica’s competitive advantage in the region. Orica was able to leverage its global make-and-buy network to ensure supply continuity to customers albeit at higher costs.

Technology adoption and demand for premium products continued to grow within the region, including increased commercial adoption of WebGen™ 200 in FY2023.

Global manufacturing optimisation activity continues in the region. The Lurin EBS manufacturing capacity and assembly expansion is on track to be the major supplier for Orica’s mining customers in the Americas.

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Europe, Middle East and Africa

Year ended 30 September	2023	2022 (restated[10])	Change
External sales revenue (A$M)	1,087.1	1,025.6	*6%*
EBITDA[12] (A$M)	83.8	77.5	*8%*
EBIT[2] (A$M)	57.6	46.5	*24%*
Total AN & Emulsion Volumes (‘000 tonnes)	336.5	414.9	*(19%)*

Market conditions

Mining activity in Europe and Central Asia remained stable with a continued focus on ESG obligations and commitments. In the Middle East, growth opportunities continued with Saudi Arabia investing heavily in infrastructure development projects and strongly incentivising mining investments in gold and copper. Robust commodity prices drove strong mining activity for gold, copper, and other FFC across Africa.

The weak economic outlook and high inflation in Northern Europe continued to impact Q&C activity. Rising costs caused project delays and a reduction in construction activity in the Nordic region.

Segment performance

EBIT improved by 24% compared to the pcp despite the loss of volume and earnings from Russia. Excluding Russia from FY2022, EBIT was up 124% on the pcp. The improvement was driven by strong growth and margin improvements in Africa, Southern Europe, Middle East and Central Asia, together with favourable foreign exchange movements.

Initiating System volumes and AN volumes were down versus the pcp due to Orica’s exit from Russia operations. Excluding Russia, volumes were up 14% on the pcp.

Revenue from gold, copper and other FFC customers increased as Orica’s exposure to Africa grew.

Q&C activity was impacted by project delays due to macroeconomic conditions in the Nordic region.

Technology adoption continued to progress. Earnings from new technology increased versus the pcp, driven by sales of Cyclo™ and WebGen™ 200. Orica launched the Exel™ Neo, the world’s first lead-free detonator range, further helping customers with their ESG commitments.

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Digital Solutions

In line with Orica's strategy to grow the Digital Solutions vertical, a new reporting segment was created at the start of the 2023 financial year, comprising three categories; Orebody Intelligence (Axis Mining Technology, HIG and RIG), Blast Design and Execution solutions (BDE), and GroundProbe (previously reported within the Monitor segment).

Year ended 30 September	2023	2022 (restated[10])	Change
External sales revenue (A$M)	211.7	146.6	*44%*
EBITDA[12] (A$M)	96.9	45.2	*114%*
EBIT[2] (A$M)	54.3	26.7	*103%*

Market conditions

Demand for software, sensors, and data science continues to increase as orebodies are increasingly becoming harder to find and extract against a backdrop of high commodity prices, and as ESG obligations and commitments increase.

Strong demand also continued for both discrete and integrated end-to-end workflows as customers seek operational efficiency across the mining value chain.

Customers are also seeking ways to unlock the value of digitisation and automated workflows.

Segment performance

The strong EBIT performance compared to the pcp was due to revenue growth across all three sub-verticals, margin improvements, and the contribution of Axis.

Substantial growth from strong demand was evident across all regions and commodities.

Customer retention was strong with contribution to segment revenue from recurring contracts such as product leasing, software as a service, monitoring services, and care plans supporting the resilience of earnings. The annual revenue from recurring contracts (ARR) remained stable, within the targeted range of 60 to 70% of segment revenue.

Orica completed the acquisition of Axis Mining Technology in October 2022. The integration has progressed to plan with Orica's ownership opening new international markets for the business. Axis expanded to new markets in Canada, Africa, and the USA in the second half.

Digital Solutions continued to innovate and build integrated workflows. Fifteen new features were released this financial year, with an increasing focus on Artificial Intelligence applications across the portfolio.

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Global Support

Year ended 30 September	2023	2022 (restated[10])	Change
EBIT[(2)] (A$M)	(75.7)	(67.7)	*12%*

Global Support costs increased versus the pcp primarily due to inflation and increased non-billable employment costs. The provision against a specific doubtful debtor raised in the first half of FY2023 was reversed in the second half.

Net financing costs

Net financing costs of $143.7 million was $43.4 million higher than the pcp. Net interest expense excluding lease interests was $126.6 million, $23.7 million higher than the pcp, primarily as a result of higher interest rates. Unwinding of discount on provisions moved by $16.0 million compared to the pcp, mainly due to an increase in the discount rate applied to remeasure long-term provisions in the pcp.

Year ended 30 September	2023 A$M	2022 A$M	Variance A$M
Net interest expense excluding lease interest	(126.6)	(102.9)	(23.7)
Lease interest	(15.5)	(11.8)	(3.7)
Unwinding of discount on provisions	(1.6)	14.4	(16.0)
Net financing costs	**(143.7)**	**(100.3)**	**(43.4)**

Tax expense

The effective tax rate before individually significant items of 30.0% is lower than pcp of 32.2% due to increased profits in jurisdictions where the statutory tax rate is lower than 30.0%.

Individually significant items

Year ended 30 September 2023	Gross A$M	Tax A$M	Net A$M
Loss on sale of Türkiye businesses	(73.5)	0.8	(72.7)
Loss on exit of Venezuela business	(71.1)	33.6	(37.5)
Axis Group acquisition earnout	(26.6)	-	(26.6)
Individually significant items	**(171.2)**	**34.4**	**(136.8)**
Non-controlling interests in individually significant items	80.4	(16.9)	63.5
Individually significant items attributable to shareholders of Orica	**(90.8)**	**17.5**	**(73.3)**

Sale of Türkiye businesses

In November 2022, Orica completed the sale of the Türkiye businesses for proceeds of USD12.75 million ($19.0 million). Upon completion, as required by Australian Accounting Standards, the associated debit foreign currency translation reserve (FCTR) balance of $92.5 million (of which $45.1 million is attributable to non-controlling interests) was recognised in the Income Statement. The net impact attributable to shareholders of Orica, of $27.6 million after tax, has been recognised as an individually significant item.

Exit of Venezuela operations

On 29 September 2023 Orica entered an agreement to exit Venezuela. As required by Australian Accounting Standards, the foreign currency translation reserve was released to the Income Statement. This resulted in a net loss of $37.5 million after tax, of which $18.4 million is attributable to non-controlling interests. The net impact attributable to shareholders of Orica, of $19.1 million after tax, has been recognised as an individually significant item.

Axis Group acquisition earnout

In October 2022, Orica finalised its acquisition of Axis Mining Technologies. The purchase price comprised $255.8 million paid on completion plus potential earn out payments of up to $90.0 million based on the achievement of cumulative EBITDA generated from 1 October 2022 to 31 December 2024 and contingent on certain key management remaining employed by Orica during the earn-out period. The earnout is payable in early 2025. $26.6 million has been recognised as an individually significant item for FY2023 in relation to the earnout.

Cash Flow

Year ended 30 September	2023 A$M	2022 A$M	Variance A$M
Net operating cash flows	898.7	362.3	536.4
Net investing cash flows	(664.7)	(229.2)	(435.5)
Net operating and investing cash flows	**234.0**	**133.1**	**100.9**
Dividends – Orica Limited	(140.9)	(90.6)	(50.3)
Dividends – non-controlling interest shareholders	(7.2)	(7.0)	(0.2)
Other net financing cash flows[14]	(202.8)	613.1	(815.9)
Net cash flows from financing activities	(350.9)	515.5	(866.4)
Net cash inflow / (outflow)[15]	**(116.9)**	**648.6**	**(765.5)**

Net operating cash flows

Net cash generated from operating activities of $898.7 million reflects higher earnings as well as cash inflows from lower working capital balances at year end, partly offset by higher income taxes paid associated with the higher earnings, and the impacts of higher interest rates on financing costs.

Net investing cash flows

Net investing cash outflows were higher than the pcp predominantly due to the consideration paid for the acquisition of Axis, and proceeds received from the sale of the Minova business in the prior period. Increased capital expenditure in FY2023 of $439 million (pcp of $349 million) reflects the successful delivery of planned turnarounds, further investment in customer-facing assets at both existing and new customers' sites, the continued optimisation of the discrete manufacturing network, and strategic growth in the Digital Solutions segment. A deposit was received during the year in respect of the planned sale of stage one of the Deer Park non-operational industrial land; the finalisation of the sale is subject to completion requirements.

Net financing cash flows

Other net financing cashflows include $116.0 million of net repayment on debt facilities and $73.3 million of lease payments. The prior year cash inflows include net proceeds of $681.7 million from an equity raise.

Balance Sheet

Orica's capital management framework is based on three key objectives:

- maintaining an investment grade credit rating;
- preserving the flexibility to facilitate future investment alternatives and to respond to changes in the external operating environment; and
- maximising returns to shareholders.

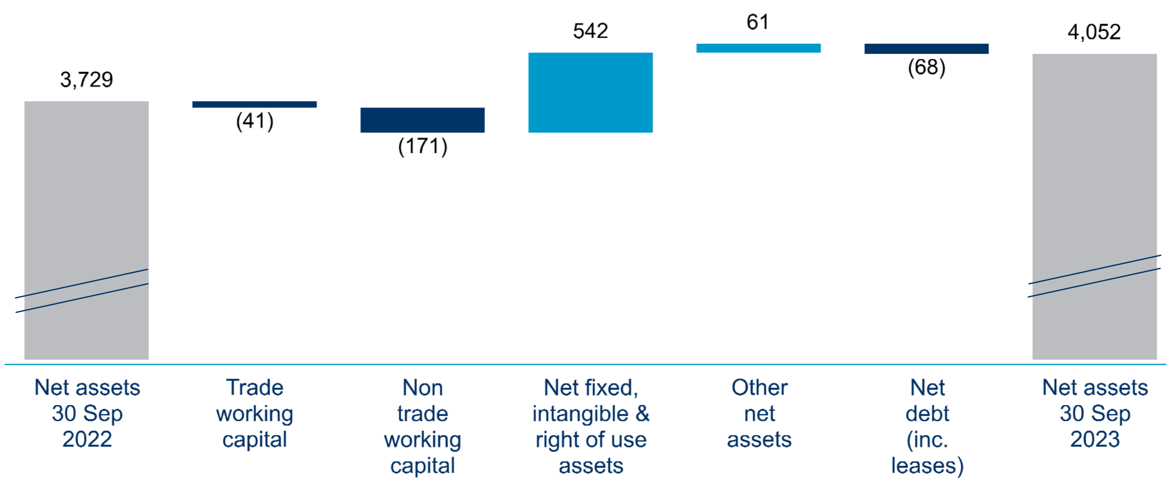
As part of ongoing management of Orica's debt structure and debt maturity profile, during the year $656.0 million of US Private Placement debt was repaid, and $526.0 million of longer dated debt was issued into the US Private Placement bond market. The average tenor of drawn debt at 30 September 2023 was 5.9 years (September 2022: 4.3 years).

S&P Global Ratings reaffirmed Orica's investment grade credit rating of BBB stable during the year.

The strengthened balance sheet continues to provide resilience in a volatile external environment, supports progress against Orica's strategic priorities and is delivering increased distributions to shareholders.

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Movement in net assets (A$M)



Trade working capital [16] reduced by $41 million on the pcp and was $201 million lower than from 1H23. Lower ammonia prices resulted in both reduced input costs to inventory and lower debtors towards the end of the year, partly offset by impacts of foreign exchange rates on balances and the inclusion of trade working capital relating to Axis.

Non trade working capital [17] net liability increased by $171 million. The main drivers in the movement include the refundable deposit received in relation to the planned sale of stage one of the Deer Park non-operational industrial land ($50 million), deferred consideration in relation to the Axis Mining Technology earnout of $27 million, increase in employee-related accruals of $30 million, and timing of non-trade payables.

Net fixed, intangible & right of use assets increased by $542 million this period. The increase was due to asset additions of $574 million, assets recognised as a result of the Axis Mining Technology acquisition of $279 million and foreign exchange translation of $62 million, which was partly offset by depreciation and amortisation expense of $393 million.

Other net assets increased by $61 million driven by the purchase and revaluation of an equity interest in Alpha HPA of $35 million and an increase in net tax assets of $20 million driven by business growth.

Net debt (incl. leases) liability was $68 million higher than the pcp due to cash outflows for the acquisition of Axis Mining Technology of $256 million, capital expenditure of $439 million, dividends paid of $141 million and lease payments of $73 million offset by the net cash flow generated from operating activities across the year of $899 million.

Debt Management and Liquidity

As at	30 September 2023	30 September 2022	Variance
Interest bearing liabilities - excluding lease liabilities	2,075.4	2,167.5	(92.1)
Less: Cash and cash equivalents	(1,152.1)	(1,255.3)	(103.2)
Net debt [6]	923.3	912.2	11.1
Lease liabilities	296.8	239.5	57.3
Net debt – including lease liabilities	1,220.1	1,151.7	68.4
Gearing % - excluding Lease liabilities [7]	18.6%	19.7%	(1.1%)

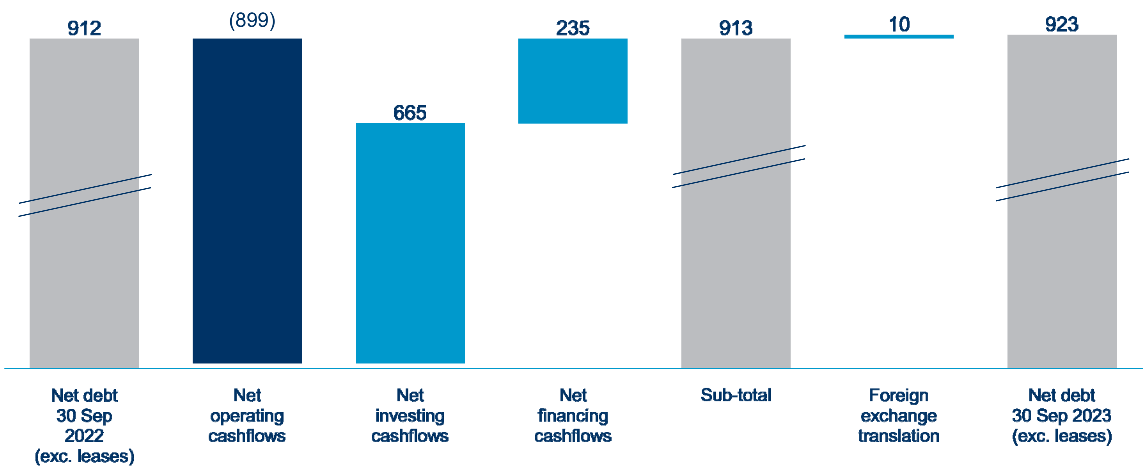
Interest-bearing liabilities of $2,075 million comprise $2,050 million of US Private Placement bonds and $25 million of committed and other bank facilities.

Cash of $1,152 million provides for a strong liquidity position, complemented by undrawn committed bank facilities of $1,467 million.

Gearing excluding lease liabilities at 18.6% is below the Group's target range of 30 to 40% and is below the 57.5% covenant default measure. The interest cover ratio at 5.4x is well above the minimum 2x covenant requirement.

The chart below illustrates the movement in net debt from 30 September 2022.

Movement in net debt (A$M)



Dividend

Orica maintains a dividend policy with expected total payout ratio to be in the range of 40 to 70% of underlying earnings. It is also expected that the total dividend paid each year will be weighted towards the final dividend.

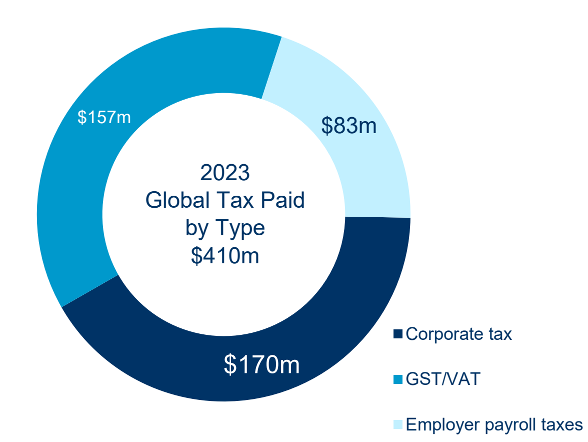
The Board has declared an unfranked final ordinary dividend of 25.0 cents per share, representing a payout ratio [18] of 55%. The dividend is payable to shareholders on 18 December 2023 and shareholders registered as at the close of business on 17 November 2023 will be eligible for the interim dividend.

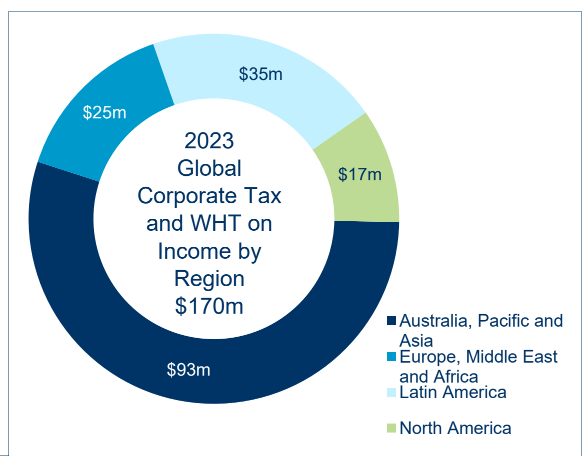
This brings the full year dividend to 43.0 cents per share and full year payout ratio of 53%.

Tax contribution summary

In the 2023 financial year, Orica paid $170 million (FY2022: $106 million) globally in corporate income taxes (including withholding tax) and $83 million (FY2022: $83 million) globally in payroll taxes. Orica collected and remitted net $157 million (FY2022: $200 million) globally in GST / VAT.

The charts below show 2023 total tax paid by type, and an analysis of corporate income tax (including withholding tax) paid in each region.





In Australia, Orica paid corporate income tax of $28 million (FY2022: $6 million). Orica also paid $27 million (FY2022: $25 million) in payroll tax and $1 million (FY2022: $1 million) in fringe benefits tax. Orica collected and remitted net $58 million (FY2022: $59 million) in GST and $137 million (FY2022: $110 million) in ‘pay as you go’ withholding taxes.

Footnotes

The following footnotes apply to this results announcement:

1. Equivalent to net profit/(loss) for the year attributable to shareholders of Orica limited, as disclosed in the Income Statement within the Appendix 4E- Preliminary Final Report
2. Equivalent to profit/(loss) before financing costs and income tax as disclosed in Note 1(b) within the Appendix 4E – Preliminary Final Report
3. Basic earnings per share before individually significant items as disclosed in in Note 2 within the Appendix 4E – Preliminary Final Report
4. Return on net operating assets = 12 month EBIT / Rolling 12 month Average Operating Net Assets where Operating Net Assets = Property, Plant & Equipment, Intangibles, Equity Accounted Investees and working capital excluding environmental provisions, excluding Minova.
5. Equivalent to net cash flows from financing activities (as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report excluding proceeds and repayment of borrowings.
6. Interest-bearing liabilities – excluding lease liabilities less cash and cash equivalents
7. Net debt / (net debt + total equity), where net debt excludes lease liabilities
8. Significant items as disclosed in Note 1(e) within the Appendix 4E – Preliminary Final Report
9. Dividend payout ratio = Dividend amount / Underlying NPAT before individually significant items
10. Restated for change of segment reporting. Effective 1 October 2022, Orica made changes to its segment reporting to provide transparency of the new Digital Solutions vertical, in line with Orica's refreshed strategy. Refer Note 1(a) within the Appendix 4E – Preliminary Final Report for more details.
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 the Appendix 4E – Preliminary Final Report
12. EBIT before individually significant items and depreciation and amortisation expense
13. Quarry, construction and tunnelling
14. Equivalent to net cash flows 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
15. Equivalent to net increase/(decrease) in cash held, as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report
16. Comprises inventories, trade receivables and trade payables, as disclosed in the Balance Sheet within Appendix 4E – Preliminary Final Report
17. Comprises other receivables, other payables, and provisions, as disclosed in the Balance Sheet within Appendix 4E – Preliminary Final Report
18. Dividend amount / NPAT before individually significant items
19. Applies to existing operations and covers more than 95% of Scope 1 and Scope 2 GHG emissions. Base year emissions will be recalculated consistent with GHG Protocol emissions accounting standards if structural changes occur such as acquisitions or divestments
20. Coverage includes all categories of Scope 3 emissions deemed relevant for Orica under the GHG Protocol Corporate Value Chain (Scope 3) Standard (excluding categories 8, 13 and 14). Base year emissions will be recalculated consistent with GHG Protocol emissions accounting standards if methodology or structural changes occur such as acquisitions or divestments.
21. Achieving the net zero and Scope 3 ambition will require effective government policy frameworks, supportive regulation and financial incentives, meaningful and transparent collaboration across value chains and access to new economically viable low-carbon technologies operating at commercial scale

Forward-looking statements

This announcement has been prepared by Orica Limited. The information contained is for informational purposes only.

This report contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. Orica cautions against reliance on any forward-looking statements, particularly in light of the volatile and uncertain geopolitical and economic landscape.

Orica has prepared this information based on its current knowledge and understanding and in good faith; there are risks and uncertainties involved which could cause results to differ from projections. Orica will not be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes and reserves the right to change its projections from time to time. Orica undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report, subject to disclosure obligations under the applicable law and ASX listing rules.

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 2023 Full Year Results presentation includes non-IFRS reconciliations. Forecast information has been estimated on the same measurement basis as actual results.

For further information

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