

ASX ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

3 AUGUST 2022

ORICA ANNOUNCES STRATEGIC ACQUISITION OF DIGITAL OREBODY INTELLIGENCE BUSINESS AND EQUITY RAISING

KEY HIGHLIGHTS

- Orica has entered into a binding agreement to acquire Axis Mining Technology (**Axis**), a leader in the design, development and manufacture of specialised geospatial tools and instruments for the mining industry
- Represents a highly strategic acquisition and a valuable addition to Orica's Digital Solutions platform, creating a leading full-service Orebody Intelligence business and positioning Orica to become the industry's first integrated, end-to-end, mine to mill solutions provider
- Axis' geospatial technology accelerates Orica's capabilities to support new mineral discoveries required for decarbonisation – as new mineral discoveries are increasingly located at greater depths and demand more precise geophysics¹. Axis' gold and copper exposure also accelerates Orica's broader commodity mix objectives
- The combination of Orica and Axis is expected to deliver compelling growth opportunities for both businesses, through its combined global network and capabilities
- Acquisition purchase price comprises upfront cash consideration of A\$260 million² and a deferred earn-out payment up to a maximum of A\$90 million, contingent on financial performance and other conditions being met³
- Implies an acquisition multiple of 11.8x FY22F EBITDA⁴ (excluding pro forma synergies) based on the A\$260 million upfront cash consideration
- Acquisition (including both Upfront Consideration and Earn-Out), and associated costs to be funded through the proceeds of a fully underwritten A\$650 million institutional share placement. Orica will also offer a non-underwritten share purchase plan capped at A\$75 million to eligible shareholders in Australia and New Zealand
- Remaining proceeds of the Placement and SPP will be used to fund incremental trade working capital requirements arising as a result of global supply chain dislocations, and also provide balance sheet capacity
- The Acquisition and Placement are expected to be EPS accretive from the first full year of ownership⁵, and the RONA contribution from the Acquisition is expected to be in line with Orica's stated guidance of 10-12%

ACQUISITION OVERVIEW

Orica (ASX: ORI) is pleased to announce that it has entered into a binding agreement to acquire 100% of the share capital in the entities that own Axis Mining Technology (**Axis**) (the **Acquisition**), for A\$260 million in cash (**Upfront Consideration**)². In addition, a deferred earn-out payment up to a maximum A\$90 million (the **Earn-Out**) is payable based on Axis' 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 period³. Any amount payable under the Earn-Out will be paid after the expiration of the Earn-Out period, being 31 December 2024. Completion of the Acquisition is expected to occur by October, subject to satisfaction of conditions precedent.

Axis is a leader in the design, development and manufacture of specialised geospatial tools and instruments for the mining industry. Axis represents a highly strategic acquisition and a valuable addition to Orica's Digital Solutions platform, positioning it to become the industry's first integrated, end-to-end, mine to mill solutions provider. Axis' existing management team will enter into new employment agreements with Orica and are committed to ensuring a successful integration of the business.

Orica Managing Director and CEO Sanjeev Gandhi said: *"We are extremely pleased to welcome Axis into Orica. This strategic acquisition further strengthens our existing Digital Solutions vertical and expands our Orebody Intelligence portfolio upstream.*

"Orica's purpose is to sustainably mobilise the earth's resources and achieving this starts with a better understanding of the orebody at the start of the mining value chain. I believe that Axis' differentiated geospatial tools and instruments, combined with our existing suite of digital solutions will provide compelling orebody intelligence to customers and support the delivery of the industry's first end-to-end solutions platform, from mine to mill.

"The integration of Axis' technology and expertise will accelerate our ability to support our customer's digital transformation efforts around the world, helping them to operate more efficiently, sustainably and safely.

"In addition to facilitating the Acquisition, the Equity Raising will allow Orica to fund incremental trade working capital requirements arising as a result of global supply chain dislocations, and also provide additional balance sheet capacity," Mr Gandhi said.

EQUITY RAISING OVERVIEW

The Acquisition (including both Upfront Consideration and Earn-Out), and associated costs will be funded through the proceeds of a fully underwritten A\$650 million institutional share placement (**Placement**). Orica will also undertake a non-underwritten share purchase plan (**SPP**) to eligible shareholders in Australia and New Zealand (up to an aggregate cap of A\$75 million) (together with the Placement, the **Equity Raising**).

The balance of funds raised under the Equity Raising will be used to fund incremental trade working capital requirements in the medium-term arising as a result of global supply chain dislocations. Funding will also provide Orica with balance sheet capacity to respond to changes in the external operating environment, as current market conditions necessitate a more disciplined approach to capital management. The Acquisition and Placement are expected to be EPS accretive from the first full year of ownership⁵, and the Return on Net Assets (**RONA**) contribution from the Acquisition is expected to be in line with Orica's stated guidance of 10-12%.

ABOUT AXIS

Axis is a growing business that designs, manufactures and distributes specialised navigation instrumentation, data and drilling solutions for the mining industry. Axis has a differentiated market position, offering a comprehensive suite of tools and instruments to meet customers' geospatial requirements.

Axis operates a vertically integrated, scalable business, with low capital intensity and an attractive margin profile. Products are manufactured and assembled at Axis' UK and Australian facilities, and distributed to over 30 countries, with earnings primarily generated through recurring product rental. All Axis employees are expected to remain with the business under Orica's ownership.

COMPELLING STRATEGIC RATIONALE

- **Attractive fundamentals:** Axis is a high growth and high margin business that is exposed to favourable long term industry trends with primary exposure to gold and copper
- **Enhances Orica's Orebody Intelligence offering:** the acquisition of Axis will enable Orica to create a leading, full service Orebody Intelligence business with a comprehensive product portfolio and differentiated market offering
- **Establishes Orica as a leading digital mining player:** Represents a highly strategic acquisition and a valuable addition to Orica's Digital Solutions platform, positioning it to become the industry's first integrated, end-to-end, mine to mill solutions provider
- **Compelling growth opportunities for both businesses, through combined global network and capabilities:**
 - Up and cross-selling of Orebody Intelligence solutions across the combined customer network;
 - Leverage Orica's global distribution platform and relationship network to increase Axis' market penetration and drive incremental growth; and
 - Identified opportunities to utilise Axis' technology to enhance existing Orica Orebody Intelligence products and core Orica blasting technology portfolio
- **Strengthens Orica's position across the mining value chain:** Axis enhances Orica's capabilities across the mining value chain strengthening its market position and customer proposition
- **Provides further diversification:** Enhances Orica's geographic and commodity exposure
 - Axis' geospatial technology accelerates Orica's capabilities to support new mineral discoveries required for decarbonisation – as new mineral discoveries are increasingly located at greater depths and demand more precise geophysics¹
 - Axis' predominant gold and copper exposure also accelerates Orica's broader commodity mix objectives
- **Attractive financial returns:** the Acquisition and Placement are expected to be EPS accretive from the first full year of ownership⁵, and the RONA contribution from the Acquisition is expected to be in line with Orica's stated guidance of 10-12%

DETAILS OF THE INSTITUTIONAL PLACEMENT

Orica is undertaking a fully underwritten placement of new fully paid ordinary shares in Orica (**New Shares**) to eligible institutional investors to raise approximately A\$650 million.

The Placement will be conducted at A\$16.00 per New Share (**Placement Price**), which represents:

- 7.0% discount to the last traded price of A\$17.20 on 2 August 2022

The Placement will result in approximately 40.6 million New Shares being issued, representing approximately 9.9% of Orica's existing issued capital.

New Shares issued under the Placement will rank equally with existing Orica shares from their date of issue.

DETAILS OF THE SHARE PURCHASE PLAN

Following the completion of the Placement, Orica will offer eligible shareholders in Australia and New Zealand the opportunity to participate in the non-underwritten SPP, subject to an aggregate cap of A\$75 million.

Under the SPP, eligible Orica shareholders, being shareholders who had a registered address in Australia or New Zealand on Orica's register at 7.00pm (Australian Eastern Standard Time (**AEST**)) on 2 August 2022, will have the opportunity to apply for up to A\$30,000 of New Shares free of any brokerage, commission and transaction costs. The SPP will be priced at the lower of the Placement Price and a 2% discount to the 5-day VWAP of Orica shares up to, and including, the closing date of the SPP.

New Shares issued under the SPP will rank equally with eligible Orica shares from their date of issue.

Full details of the SPP will be set out in the SPP Offer Booklet, which will be released to the ASX and made available to eligible shareholders in Australia and New Zealand on or around 10 August 2022.

KEY DATES FOR THE PLACEMENT AND SPP

Description	Date
Record date for SPP	7.00pm (AEST) 2 August 2022
Trading halt and announcement of the Acquisition and Equity Raising	3 August 2022
Placement bookbuild	3 August 2022
Trading halt lifted – trading resumes on the ASX	4 August 2022
Settlement of New Shares under the Placement	8 August 2022
Issue and commencement of trading of New Shares issued under the Placement	9 August 2022
SPP offer opens and SPP booklet is dispatched	10 August 2022
SPP offer closing date	5.00pm (AEST) 26 August 2022
Issue of New Shares under the SPP	2 September 2022
Despatch of holding statements and normal trading of New Shares issued under the SPP	5 September 2022

The above timetable is indicative only and subject to change. The commencement of trading and quotation of New Shares issued under the Placement and SPP Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, Orica reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice.

FY22 GUIDANCE

Orica's earnings outlook for the 2022 financial year remains unchanged from the 2022 half year results announcement.

Orica notes that continued inflationary pressures and higher energy costs, as well as supply chain dislocations, will remain an ongoing challenge in the 2023 financial year.

FURTHER INFORMATION

Further details are set out in the investor presentation released to the ASX today. The investor presentation contains important information including details about key risks and the international offer restrictions with respect to the Placement, which should be read together with this announcement.

ANALYST AND INVESTOR BRIEFING

Orica will conduct a conference call in relation to the announcement at 10:30am AEST. We recommend that participants dial in 5 to 10 minutes prior to the presentation using the teleconference details below:

Participants must pre-register for the call using the link below:

<https://s1.c-conf.com/diamondpass/10024153-4msk36.html>

Participants will receive a calendar invite, conference call details and a unique code which should be quoted when dialling into the call.

A replay of the conference call will also be available after the call until 5th August 2022 available using the teleconference details below:

Australia	1800 265 784
Australia Local	+61 7 3107 6325
New Zealand	0800 886 078
New Zealand Local (Auckland)	+64 9 929 3905
China	400 1209 216
France	0800 919 377
Germany	0800 181 0896
Hong Kong	800 930 639
Singapore	800 101 3223
South Africa	0800 995 604
UK	0800 031 4295
US / Canada	1855 883 1031

Replay Pin: 10024153

ADVISERS

Citigroup Global Markets Australia Pty Ltd is acting as the financial adviser to Orica on the Acquisition.

Gilbert + Tobin is acting as legal adviser to Orica in relation to the Acquisition and Equity Raising.

¹ CSIRO, *METS – A Roadmap for unlocking future growth opportunities for Australia* (2017)

² Acquisition price on a debt free, cash free basis, subject to completion adjustments including for movements in working capital

³ Any Earn-Out payment will only be paid if the earn-out executive remains employed by Orica for the entire duration of the Earn-Out period; unless granted good leaver status by Orica during the Earn-Out period

⁴ Based on September year end EBITDA figure (pre IFRS-16)

⁵ EPS before individually significant items and the amortisation of intangibles. The impact of purchase price accounting has not been finalised which will impact future amortisation charges

ANALYST CONTACT

Delphine Cassidy
Mobile: +61 419 163 467
Email: delphine.cassidy@orica.com

MEDIA CONTACT

Andrew Valler
Mobile: +61 437 829 211
Email: andrew.valler@orica.com

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 over 145 years, today our 13,000+ 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.

Find out more about Orica: www.orica.com

IMPORTANT NOTICES

This announcement should be read subject to the disclaimer in the investor presentation released by Orica to the ASX today (as if references in that disclaimer to "this presentation" were to "this announcement"). This announcement is not a financial product or investment advice, a recommendation to acquire Shares or financial, accounting, legal or tax advice. The information in this announcement does not contain all the information necessary to fully evaluate an investment in Orica. It should be read in conjunction with the other materials lodged with ASX in relation to the Acquisition and Equity Raising (including the investor presentation and the key risks set out therein), and Orica's other periodic and continuous disclosure announcements. This announcement has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the information in this announcement and in the investor presentation in relation to the Acquisition and Equity Raising having regard to their own objectives, financial and tax situation and needs, and should seek legal, tax and other professional advice. Orica is not licensed to provide financial product advice in respect of an investment in shares.

This announcement contains certain forward-looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Orica, its directors and management. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Orica's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are strongly cautioned not to place undue reliance on forward-looking statements, particularly given the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing impact of COVID-19 as well as the military conflict in Ukraine. None of Orica, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Orica as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Orica, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or

assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

This announcement has been prepared for release in Australia. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to persons acting for the account or benefit of persons in the United States, or in any jurisdiction in which such an offer would be illegal. The New Shares to be offered and sold in the Placement and issued under the SPP have not been, nor will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares to be offered and sold in the Placement may not be offered or sold, directly or indirectly, to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The New Shares to be offered and sold in the SPP may not be offered and sold, directly or indirectly, to any person in the United States or any person acting for the account or benefit of a person in the United States.

This announcement includes "forward looking statements" within the meaning of Section 27A of the U.S. Securities Act, Section 21E of the United States Securities Exchange Act of 1934 and the United States Private Securities Litigation Reform Act of 1995. Forward looking statements inherently involve known and unknown risks and uncertainties. Orica provides no assurance that the forward looking statements contained herein will prove accurate. No undue reliance should be placed on any forward looking statements.

For personal use only