

ASX ANNOUNCEMENT

20 DECEMBER 2023

ORICA EXPANDS DIGITAL SOLUTIONS PORTFOLIO WITH TERRA INSIGHTS ACQUISITION

KEY HIGHLIGHTS

- Orica to acquire 100 per cent of Terra Insights (Terra), a leading end-to-end sensors, software and data delivery technology platform for geotechnical, structural and geospatial monitoring in mining and infrastructure for an enterprise value of CAD\$505m¹
- Represents a complementary addition to Orica Digital Solutions – the combination of Terra with GroundProbe offers a compelling geotechnical monitoring proposition across the mining and civil infrastructure value chains
- The purchase price represents an implied 15.3x CY2023 pro-forma EBITDA of CAD\$33m²
- The acquisition price of CAD\$505m and associated transaction costs will be funded by Orica's existing cash and committed undrawn bank debt facilities
- Orica expects pro-forma gearing to remain below the low end of the previously stated range; no impact to Orica's credit ratings expected
- The acquisition is expected to be earnings per share (EPS) accretive in the first full year of ownership (FY2025)²
- RONA from the acquisition is expected to be in line with Orica's target range in the medium-term
- The acquisition is expected to be completed in 1H CY2024

Orica, a world-leading mining and infrastructure solutions provider, today announced that it has entered into a binding sale and purchase agreement with Vance Street Capital LLC (via VSC RST Holdco, L.P.) to acquire 100 per cent of Terra (the **Acquisition**) for CAD\$505m on a cash free, debt free Enterprise Value basis. Terra is a Canadian-based company that provides innovative sensors and data delivery technology for geotechnical, structural and geospatial monitoring in mining and infrastructure.

The Acquisition is expected to be completed in 1H CY2024, subject to regulatory approvals and other customary closing conditions.

The Acquisition will be entirely funded by existing cash and committed undrawn bank debt facilities, with no expected impact on Orica's credit ratings. Post funding, Orica's balance sheet remains strong with pro-forma gearing remaining below the low end of Orica's stated range.

Orica Managing Director and CEO Sanjeev Gandhi said: *"I am delighted to announce the acquisition of Terra today, a business that Orica has had a long-standing commercial relationship with for almost ten years".*

"Terra is highly complementary to Orica Digital Solutions and our GroundProbe business, adding additional products and capability across the mining and civil infrastructure value chains. The acquisition allows Orica to offer a more complete geotechnical offering to customers as well as adding an established stream of recurring software revenue."

"This acquisition strongly aligns with our Digital Solutions strategy and growth in mining and infrastructure. We are excited about the medium to long term opportunities this will create for Orica."

Mark Price, CEO of Terra said: “We are excited to partner with Orica for Terra Insight’s next chapter of growth. Given our strong working relationship with Orica for nearly a decade, this combination is a great next step to in the evolution of our end-to-end sensor and data delivery platform through working closely with Orica’s Digital Solutions and GroundProbe businesses. This is a level of collaboration that is global-minded and future-focused. Importantly, this transaction meaningfully enhances the solutions we can collectively provide to our valued customers, and expand geographically across the mining and civil infrastructure markets”.

ABOUT TERRA

Terra is an end-to-end sensors, software and data delivery technology platform for geotechnical, structural and geospatial monitoring of assets in mining and infrastructure.

Terra is a rapidly growing business that assembles and distributes real-time monitoring technologies (including sensors, InSAR technology and GPS/GNSS monitoring), connectivity solutions (including data loggers and gateways), and software to customers in 90+ countries.

Terra has an attractive margin profile and is expected to achieve double-digit EBITDA growth of c. 10 per cent p.a. from CY2021-CY2023³. Terra is vertically integrated and highly scalable with low capital expenditure requirements.

STRATEGIC RATIONALE

- **Builds on the success of GroundProbe and establishes a global leading geotechnical and structural monitoring business**
 - Terra offers a highly complementary offering of leading sensors and monitoring applications
 - Significantly expands Orica’s geotechnical and structural capabilities to monitor critical assets
 - Enables the deployment of GroundProbe’s deep domain expertise in geotechnical monitoring into the infrastructure and civil industries
- **Increases geographical exposure and future diversification of Orica’s revenue**
 - Terra has strong exposure to infrastructure and civil markets as well as safety offerings, expanding Orica’s growth beyond blasting
 - Strong presence in attractive North America and European markets, contributing >75 per cent of Terra’s group revenue⁴
- **Compelling growth opportunity leveraging combined global network and capabilities**
 - Existing and established commercial partnership between GroundProbe and Terra that has spanned nearly ten years
 - Access to a rich pool of talent, assets and capabilities to foster and accelerate technological innovation
- **Accelerates growth in Orica Digital Solutions**
 - Terra contributes an established stream of recurring, subscription-based software revenue
 - Strategic fit in Digital Solutions’ platform, strengthening measurement and monitoring capabilities across the mining and civil infrastructure value chains
 - Increases the proportion of group earnings from the high margin, high growth Digital Solutions business in future years⁵

ORICA’S FY2024 OUTLOOK

- Positive momentum from 2H FY2023 has continued in the first two months of FY2024; outlook for FY2024 EBIT from continuing operations remains unchanged (as announced at the FY2023 Results on 9 November 2023)
- Terra’s EBIT contribution in FY2024 expected to be largely offset by integration costs; increased net financing costs and incremental amortisation to be confirmed post transaction completion.

ADVISERS

J.P. Morgan Securities Australia Limited is acting as financial adviser and Gilbert+Tobin is acting as legal adviser to Orica on the Acquisition. Lazard is acting as financial advisor and O'Melveny & Meyers and Davies Ward Phillips and Vineberg are acting as legal advisors to Terra.

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- ¹ Subject to customary closing adjustments. Transaction value A\$561m (CAD\$505m hedged at 0.9000)
² Pre-purchase price allocation, includes run-rate net cost synergies and before transaction costs
³ Vendor pro-forma EBITDA growth
⁴ Based on Last Twelve Months (LTM) to August 2023 revenue
⁵ Based on pro-forma EBITDA estimates

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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.

Find out more about Orica: www.orica.com

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STRATEGIC EXPANSION OF DIGITAL SOLUTIONS – TERRA INSIGHTS

20 December 2023



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TRANSACTION HIGHLIGHTS

STRATEGIC EXPANSION OF DIGITAL SOLUTIONS – TERRA INSIGHTS

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- > Strategically aligned acquisition that builds on the success of GroundProbe and further expands Orica's growth beyond blasting
- > Complements and extends Orica Digital Solutions from a product, geographic and end market perspective
- > Addition of an established stream of recurring, subscription-based software revenue
- > Compelling growth opportunity leveraging combined global network and capabilities, augmented by GroundProbe's existing strong commercial relationship with Terra Insights (Terra)
- > Expected to be EPS accretive in Orica's first full year of ownership (FY2025)¹
- > Funded via existing cash and committed undrawn bank debt facilities, whilst maintaining a strong balance sheet
- > Clear integration strategy in place

1. Pre-purchase price allocation (PPA), includes run-rate net cost synergies and before transaction costs

TRANSACTION OVERVIEW

HIGHLY STRATEGIC AND COMPLEMENTARY ADDITION TO ORICA DIGITAL SOLUTIONS

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Transaction overview

- Binding agreement to acquire 100% of Terra Insights (Terra) for CAD\$505 million on a cash free, debt free Enterprise Value basis¹
- Implied acquisition multiple of 15.3x pro-forma EBITDA of CAD\$33 million²
- Expected to be EPS accretive in Orica's first full year of ownership (FY2025)²
- Funded via existing cash and committed undrawn bank debt facilities
 - Orica's balance sheet remains strong; pro-forma gearing remaining below the low end of our stated range
- Targeting completion in 1H CY2024, subject to regulatory approvals and other customary closing conditions

Terra's business overview

- A leading end-to-end sensors, software and data delivery technology platform for geotechnical, structural and geospatial monitoring in mining and infrastructure
- Rapidly growing with customers in 90+ countries
- A vertically integrated, scalable business with low capital intensity, attractive margin profile and an established stream of recurring, subscription-based software revenue
- Strong growth opportunities driven by government infrastructure spending, urbanisation and increasing focus on safety and decarbonisation

Strategic rationale

- > Builds on the success of GroundProbe and establishes a global leading geotechnical and structural monitoring business
- > Increases geographical exposure and future diversification of Orica's revenue
- > Compelling growth potential through leveraging combined global network and capabilities
- > Accelerates growth in Orica Digital Solutions

1. Subject to customary closing adjustments. Transaction value A\$561m (CAD\$505m hedged at 0.9000)

2. Pre-purchase price allocation (PPA), includes run-rate net cost synergies and before transaction costs

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TERRA INSIGHTS BUSINESS OVERVIEW AND STRATEGIC RATIONALE



TERRA AT A GLANCE

LEADING PROVIDER OF A COMPREHENSIVE SUITE OF CRITICAL GEOTECHNICAL, STRUCTURAL AND GEOSPATIAL MONITORING SOLUTIONS

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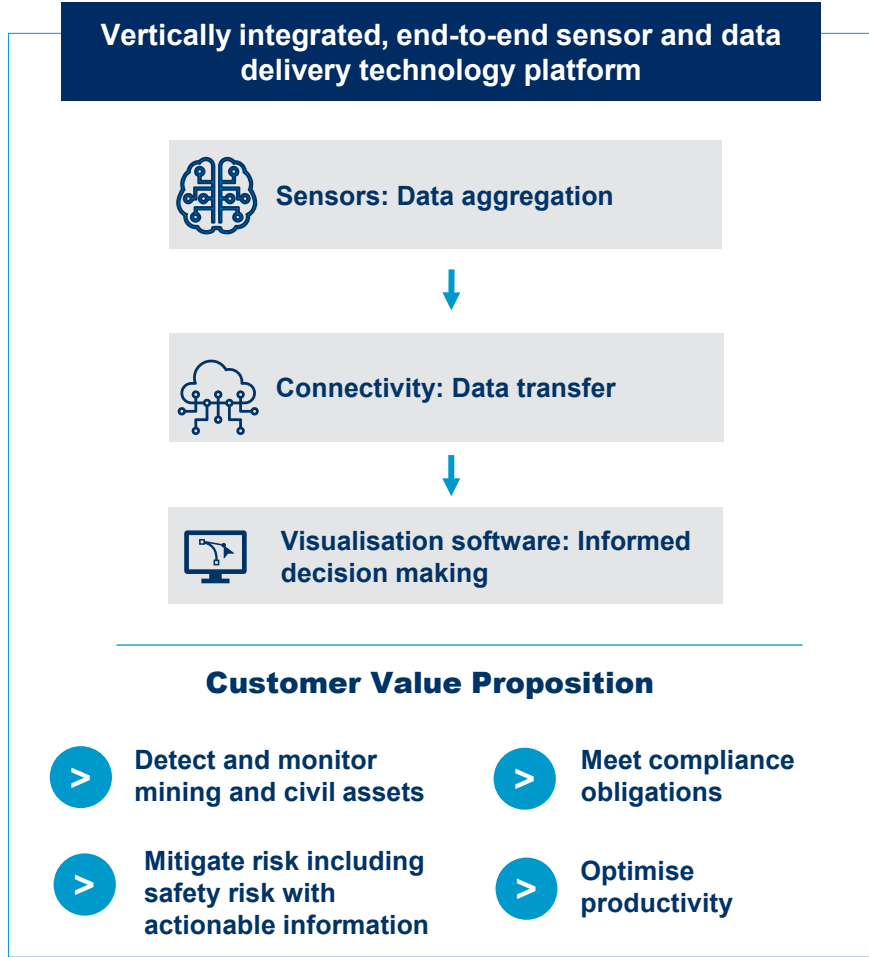
TERRA INSIGHTS

Application

Sensors

Core end markets

Visualisation platform












TERRA AT A GLANCE

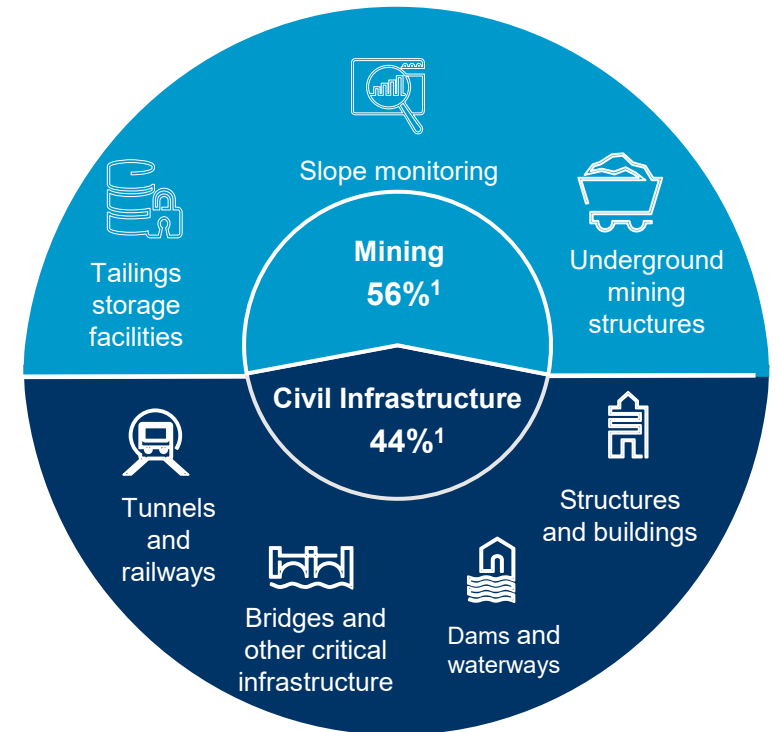
HIGHLY ATTRACTIVE AND COMPLEMENTARY BUSINESS PROFILE

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Business and financial highlights

 <p>Vertically integrated, end-to-end sensor and data delivery software platform</p>	 <p>Strong presence in North America and Europe; highly complementary to GroundProbe's footprint</p>	 <p>Double-digit EBITDA growth of c. 10% (CY2021-CY2023E CAGR)²</p>
 <p>Highly technical sensors with proprietary technology and functionality</p>	 <p>Blue chip, diverse customer base across mining and infrastructure markets in 90+ countries</p>	 <p>97% revenue from repeat customers with c. 20% of recurring software revenue³</p>
 <p>Exposed to strong and strategically attractive markets</p>	 <p>Comprehensive product suite with pipeline of new products and enhancements</p>	 <p>Low capital intensity and attractive margin profile</p>

End market sale mix and representative applications



1. Based on Last Twelve Months (LTM) to August 2023 revenue 2. Vendor pro-forma EBITDA growth 3. Repeat sales calculated as the % of revenue coming from customers that have previously purchased from the company. Recurring sales defined as contractual software revenue

COMPELLING MARKET OPPORTUNITY

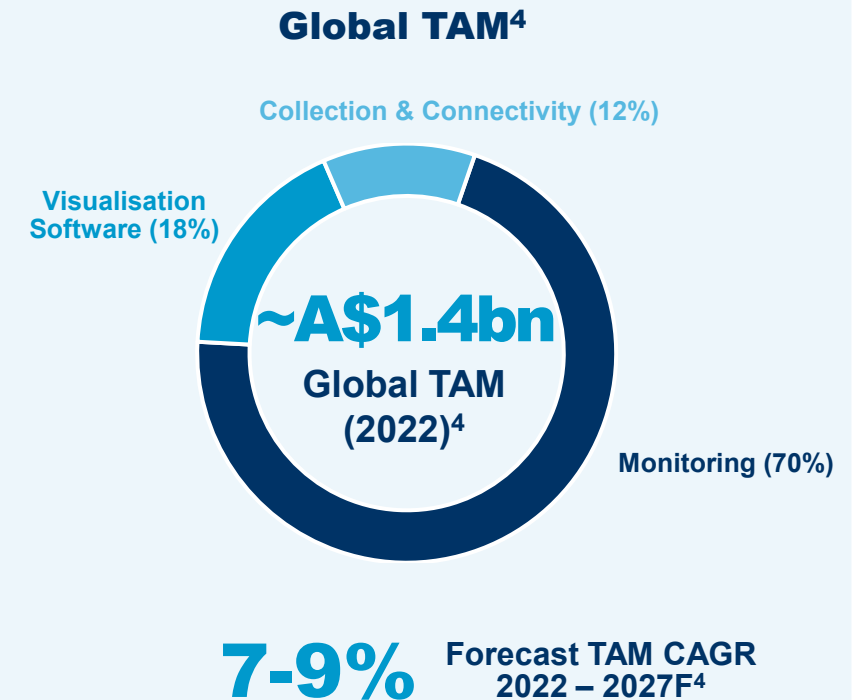
GROWING DEMAND DRIVEN BY ENERGY TRANSITION AND SUPPORTIVE REGULATORY ENVIRONMENT

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Solid long-term growth drivers

- > **Government stimulus, urbanisation and net zero drive demand growth across infrastructure and mining**
 - 300+ new mines required to meet 2035 battery materials demand¹
 - Large government stimulus in civil infrastructure, e.g. US\$550bn Federal investment²
- > **Increasing awareness from companies of geotechnical and structural risk management**
 - Prominent catastrophes and structural failures³ driving awareness from companies to proactively monitor and mitigate failure risks in aging infrastructure
- > **Further penetration of monitoring solutions**
 - Opportunities to grow as total addressable market (TAM) is not fully serviced
- > **Data collection and monitoring is becoming increasingly automated, particularly in mining**
 - Growing customer appetite for integrated solutions leveraging automation, data collection and analysis
- > **Opportunity to capture future growth in environmental monitoring**
 - Includes GHG emissions, noise, vibration dust etc. via Terra's data collection and visualisation software products

Rapidly growing demand



1. Benchmark Mineral Intelligence, 2022. 2. US Infrastructure Investment and Jobs Act, 2021. 3. Recent catastrophic failures include the Brumadinho Tailings Dam Failure in Brazil in 2019 and Morandi Bridge Failure in Italy in 2018. 4. Orica analysis. Total addressable market (TAM) based on 2022 revenue estimates

CONTINUED STRATEGY EXECUTION

TERRA ENHANCES AND ACCELERATES ORICA'S STRATEGY AND GROWTH BEYOND BLASTING

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OUR PURPOSE

Sustainably mobilise the earth's resources

OUR VISION

To be the world's leading mining and infrastructure solutions company

OUR STRATEGY

Deliver solutions and technology that drive productivity for our customers across the globe

HOW WE WILL WIN



Smart solutions

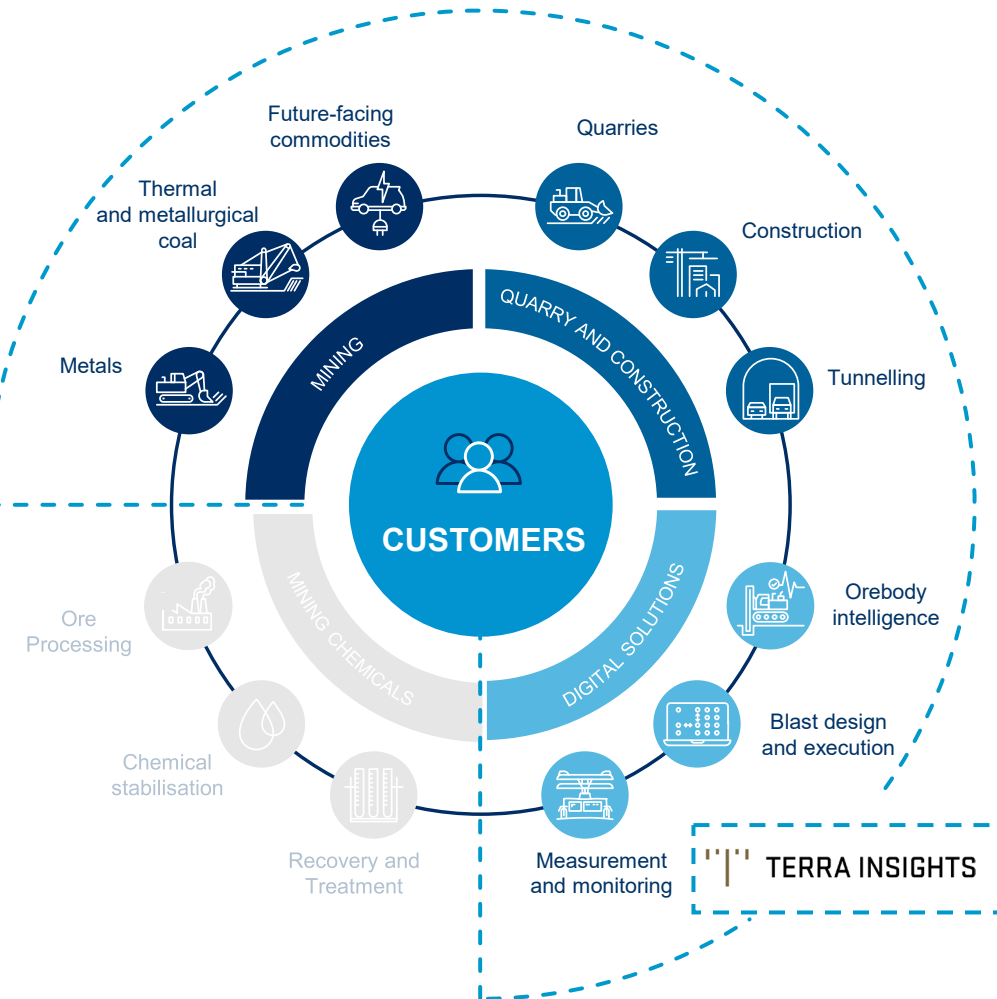


Optimised operations



Partnering for progress

WHERE WE WILL WIN



STRATEGIC RATIONALE





COMPELLING GROWTH OPPORTUNITY LEVERAGING COMBINED GLOBAL NETWORK AND CAPABILITIES

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Strong strategic rationale

- > **Builds on the success of GroundProbe and establishes a global leading geotechnical and structural monitoring business**
 - Terra offers a highly complementary offering of leading sensors and monitoring applications
 - Significantly expands Orica’s geotechnical and structural capabilities to monitor critical assets
 - Enables the deployment of GroundProbe’s deep domain expertise in geotechnical monitoring into the infrastructure and civil industries
- > **Increases geographical exposure and future diversification of Orica’s revenue**
 - Strong exposure to infrastructure and civil markets as well as safety offerings, expanding Orica’s growth beyond blasting
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- > **Compelling growth potential through leveraging combined global network and capabilities**
 - Existing and established commercial partnership between GroundProbe and Terra that has spanned c. 10 years
 - Access to a rich pool of talent, assets and capabilities to foster and accelerate technological innovation
- > **Accelerates growth in Orica Digital Solutions**
 - Terra contributes an established stream of recurring, subscription-based software revenue
 - Strategic fit in Orica Digital Solutions’ platform, strengthening measurement and monitoring capabilities across mining and civil infrastructure value chains
 - Increases the proportion of group earnings from the high margin, high growth Orica Digital Solutions business in future years²

Offering a leading geotechnical and structural monitoring proposition

		
Application	Radar monitoring and measurement of real-time wall, slope and ground movement, typically in safety critical events	Monitoring of deformation, displacement, tilt, vibration, water levels and pressure
Products	Radar, lidar, and software	Monitoring instrumentation, sensors, data loggers and software
Geographic strength	APAC, LATAM and Africa	North America and Europe
Core end markets	Mining	Mining and infrastructure
Visualisation platform	 Geotechnical monitoring focused platform	 Suite of visualisation software integrated into a single user interface

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FINANCIAL IMPACTS AND FY2024 OUTLOOK



FINANCIALLY ATTRACTIVE ACQUISITION

POSITIVE CONTRIBUTION TO GROWTH, EARNINGS AND RETURNS WITH BALANCE SHEET STRENGTH MAINTAINED

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Attractive financial profile and returns

- Terra's strong track record of EBITDA growth of c. 10% (CY2021-CY2023E CAGR)¹
- Scalable business with low capital intensity and an attractive margin profile
- Addition of recurring revenue stream of subscription-based software sales, currently c. 20% recurring revenue stream
- Expected to be EPS accretive in Orica's first full year of ownership (FY2025)²
- Increases the proportion of earnings from the high margin, high growth Orica Digital Solutions business in future years³
- Acquisition expected to deliver RONA in line with stated range in the medium term

Balance sheet strength maintained

- Funded via existing cash and committed undrawn bank facilities
- Orica's balance sheet remains strong with pro-forma gearing remaining below the low end of Orica's stated range
- Key credit metrics remain aligned with requirements for the maintenance of our credit rating

Orica's FY24 outlook

- Positive momentum from 2H FY2023 has continued in the first two months of FY2024; outlook for FY2024 EBIT from continuing operations remains unchanged (as announced at the FY2023 Results on 9 November 2023)
- Terra's EBIT contribution in FY2024 expected to be largely offset by integration costs; increased net financing costs and incremental amortisation to be confirmed post transaction completion

Well-positioned to continue our strategy execution and disciplined approach to growth opportunities

1. Vendor pro-forma EBITDA growth 2. Pre-purchase price allocation (PPA), includes run-rate net cost synergies and before transaction costs 3. Based on pro-forma EBITDA estimates

SUMMARY

STRATEGIC EXPANSION OF DIGITAL SOLUTIONS – TERRA INSIGHTS

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- > Strategically aligned acquisition that builds on the success of GroundProbe and further expands Orica's growth beyond blasting
- > Complements and extends Orica Digital Solutions from a product, geographic and end market perspective
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- > Compelling growth opportunity leveraging combined global network and capabilities, augmented by GroundProbe's existing strong commercial relationship with Terra
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- > Funded via existing cash and committed undrawn bank debt facilities, whilst maintaining a strong balance sheet
- > Clear integration strategy in place

1. Pre-purchase price allocation (PPA), includes run-rate net cost synergies and before transaction costs

GLOSSARY OF TERMS

Term	Definition
A\$	Australian dollar
AAS	Australian Accounting Standards
Acquisition	Orica's proposed acquisition of Terra Insights
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CAD	Canadian dollar
CY	Calendar year (December year end)
Decarbonisation	Removal or reduction of carbon dioxide output into the atmosphere
EBIT	Earnings before interest and tax
EBITDA	EBIT plus Depreciation and Amortisation expense. EBITDA refers to EBITDA before individually significant items unless otherwise stated
EPS	Earnings per share before individually significant items (a non-IFRS measure)
FY	Financial year (September year end)
Gearing %	Net debt / (net debt + total equity), where net debt excludes lease liabilities

Term	Definition
IFRS	International Financial Reporting Standard
Net debt	Total interest bearing liabilities less cash and cash equivalents, excluding lease liabilities
pcp	Prior corresponding period
R&D	Research & Development
RONA	Return on net 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
TAM	Total addressable market based on 2022 revenue estimates excluding China and Japan, representing the addressable market for geotechnical and structural monitoring which includes the vended market for collection devices, connectivity technologies, and visualisation software

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