BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ASX Appendix 4E

Financial year ended 31 July 2021
Results for announcement to the market

	31 July 2021	31 July 2020[1]	% Change
Revenues from continuing operations ($000's)	**890,313**	**949,926**	(6.28%)
Net profit after tax from continuing operations before significant items ($000's)	**285,234**	**146,289**	94.98%
Profit from ordinary activities before tax attributable to members ($000's)[2]	**323,934**	**378,427**	(14.40%)
Profit from ordinary activities after tax attributable to members ($000's)[2]	**239,163**	**298,078**	(19.76%)
Net profit for the period attributable to members ($000's)[2]	**239,163**	**298,078**	(19.76%)
Basic earnings per share (cents per share)	**158.3**	**198.8**	(20.40%)
Net tangible assets per share (dollars per share)[3]	**13.88**	**14.08**	(1.42%)
Final dividend declared – 100% franked (cents per share) (Record date: 3 November 2021)	**40.0**	**39.0**	2.56%

The Company has terminated the Dividend Reinvestment Plan (DRP) that was introduced in 2020, with effect from 26th March 2021. This DRP was a prudent but temporary measure, put in place to help preserve liquidity through a period of significant uncertainty around the global economic outlook. Accordingly, shareholders who have elected to participate in the DRP will not be receiving shares in respect of the forthcoming dividend or any future dividends.

- **Statutory NPAT** including significant items, down 20% to $239 million
- **Underlying NPAT from continuing operations** before significant items, up 95% to $285 million
- **Underlying EBIT from continuing operations** before significant items, up 86% to $383 million. EBITDA up 61% to $453 million
  - **Building Products Australia EBIT** up 36% to $44 million, EBITDA up 7% to $97 million
  - **Building Products North America EBIT** down 6% to US$6 million, EBITDA up 10% to US$20 million (AU$9 million EBIT, AU$26 million EBITDA)
  - **Property EBIT** up 95% to $253 million, net Property Trust assets up $184 million
  - **Investments EBIT** up 91% to $97 million, BKW share of WHSP market value up $1.235 billion during FY2021
- **Operating cashflow** up 89% to $140 million
- **Final dividend** of 40 cents fully franked, up 1 cent or 3% (Record date 3 November 2021, payment date 24 November 2021)
- **Total full-year dividend** of 61 cents fully franked, up 2 cents or 3%

For more detailed information please refer to attached annual report.
The report is based on accounts which have been audited. There was no dispute or qualification in relation to these accounts or report.

[1]Comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements. Refer to note 7.6 in the Financial Statements.

[2]Including discontinued operations in both periods.

[3]The net tangible assets calculation excludes right-of-use assets. Lease liabilities are included and reduce the net tangible assets per share.

Brickworks Limited
(ACN 000 028 526)

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Auditors

Ernst & Young

Bankers

National Australia Bank

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Five Year

Summary

	2017 $000	2018 $000	2019 $000	2020[1] $000	2021 $000	% Growth
Total revenue	**803,397**	**785,238**	**918,695**	**949,926**	**890,313**	**(6%)**
Earnings before interest and tax[2]						
Building Products Australia	69,943	78,554	57,138	32,596	44,384	36%
Building Products North America	-	-	6,180	10,061	8,525	(15%)
Property	90,588	93,979	157,806	129,437	252,679	95%
Investments	103,097	123,498	103,725	50,771	96,946	91%
Head office and other expenses	(12,432)	(13,664)	(15,026)	(16,849)	(19,417)	(15%)
Total EBIT	**251,196**	**282,367**	**309,823**	**206,016**	**383,117**	**86%**
Total EBITDA	**277,814**	**310,535**	**346,472**	**280,912**	**453,476**	**61%**
Finance costs	(12,436)	(14,456)	(23,883)	(26,243)	(18,735)	29%
Income tax	(38,949)	(42,269)	(51,712)	(33,484)	(79,148)	(136%)
Underlying net profit after tax[2]	**199,811**	**225,642**	**234,228**	**146,289**	**285,234**	**95%**
Significant items net of tax	(8,175)	(46,886)	(37,333)	168,297	(45,061)	NA
Discontinued operations net of tax (inc. sig items)	(5,426)	(3,314)	(42,253)	(16,508)	(1,010)	NA
Net profit after tax (inc. sig items, discontinued ops)	**186,210**	**175,442**	**154,642**	**298,078**	**239,163**	**(20%)**
Per share earnings and dividends						
Basic earnings per share (cents)	124.9	117.5	103.3	198.8	158.3	(20%)
Underlying earnings per share (cents)[2]	134.1	151.1	156.5	97.6	188.8	93%
Final dividend per share (cents)	34.0	36.0	38.0	39.0	40.0	3%
Total dividends per share (cents)	**51.0**	**54.0**	**57.0**	**59.0**	**61.0**	**3%**
Ratios						
Net tangible assets per share ($)	11.77	12.42	13.28	14.08	13.88	(1%)
Statutory return on shareholders' equity	9.5%	8.5%	7.1%	12.4%	9.6%	(22%)
Underlying return on shareholders' equity[2]	10.2%	10.9%	10.8%	6.1%	11.5%	89%
Interest cover ratio (underlying)	17.1	18.1	17.9	8.1	20.4	151%
Gearing (net debt to equity)	14.9%	14.7%	11.7%	18.9%	20.9%	11%

All revenue and earnings measures exclude significant items and discontinued operations unless otherwise stated

[1] Certain comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements following the IFRS Interpretations Committee agenda decision published in April 2021 (refer to Note 7.6 in the Financial Statements).
[2] This is an alternative measure of earnings that excludes significant items, which are separately disclosed in the consolidated financial statements.

Chairman's

Letter

On behalf of your Board of Directors, it gives me great pleasure to present Brickworks' Annual Report for the 2021 financial year. Despite the continued challenges presented by the COVID-19 pandemic, I am pleased to report that our diversified portfolio of attractive assets has again delivered a strong and resilient performance.

Resilience in challenging times

2021 was another unique year, dominated by the worldwide impact and response to the COVID-19 pandemic. As with all businesses, Brickworks has faced the challenges and uncertainties presented by the pandemic, with each of our divisions impacted in different ways.

The pandemic has accelerated the trend towards online shopping and this has increased demand for prime industrial land located close to transport hubs. This has had a positive impact on the value of our property assets.

Within building products, our North American operations were particularly hard-hit by the pandemic in the first half of the year, with many of our staff directly impacted. I would like to pass on my condolences to all those affected, particularly those staff who have lost loved ones.

With the rapid rollout of the vaccine program, easing of restrictions and government stimulus packages, conditions steadily improved across the United States during the second half.

The Australian operations experienced mixed conditions throughout 2021. Whilst government incentives supported demand for housing across the country, apartment construction was at the lowest level for many years. Extended lockdowns in Melbourne and shorter periods of disruption in other states, together with supply-chain issues across the industry, also presented significant challenges.

More recently, the emergence of the Delta strain of the virus has led to widespread lockdowns in our major capitals, and a range of restrictions on building activity. This has stifled the momentum that was building across the industry.

The latest outbreak underscores the significant uncertainty we continue to face. It is remarkable that 18 months since the onset of the pandemic, our two major cities are currently in lockdown and we have travel restrictions in place across virtually the entire country.

In the face of these immense challenges, I am proud of the resilient response from Brickworks management and staff. Our teams across Australia and North America have responded efficiently to changing regulations and government health orders, to ensure the compliant and safe operation of our facilities.

Record Underlying NPAT

I am pleased to report that the Company has delivered another strong financial result, despite the challenges presented by the pandemic. Brickworks reported a record underlying Net Profit After Tax (NPAT) of $285 million, up 95% on the prior year.

After including significant items and discontinued operations, the statutory NPAT was $239 million, down 20% from the record result achieved in the prior year, which included a large one-off profit in relation to our shareholding in WHSP.

Underlying earnings before interest, tax and depreciation (EBITDA) from continuing operations was $453 million, up 61% on the prior year, and after depreciation, EBIT was $383 million, up 86%.

We are proud to have achieved these results without receiving any government assistance or support payments in relation to the pandemic, even though many of our operations have been impacted.

Building our assets

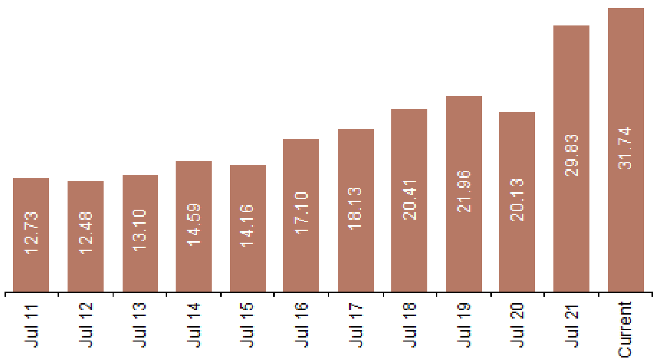
Brickworks' business model is also focussed on building a diversified portfolio of assets with increasing asset value. Therefore, I am particularly pleased to report an exceptional year of asset growth for our Company.

At the end of the financial year, Brickworks was backed by inferred net assets worth $4.5 billion[3], an increase of around $1.5 billion over the year. This includes our 39% stake in WHSP, net tangible assets within Building Products and our 50% share in the Property Trust, offset by net debt.

Since the end of the financial year, the market value of our stake in WHSP has increased by a further $0.3 billion, taking our inferred asset value to $4.8 billion[4].

On a per share basis, inferred net assets has increased by 149% over the past ten years, from $12.73 in 2011, to $31.74 today (as at 21 Sep 2021).

Brickworks Inferred Net Assets ($/share)



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[3] Inferred net assets comprise: Investments based on the market value of Brickworks' shareholding in WHSP (ASX: SOL) at 31 Jul 2021, Property based on Brickworks' 50% share of net property trust assets, Building Products based on net tangible assets, offset by net debt.
[4] As at the close of trade on 21 September 2021.

Dividends and Capital Management

The Directors have declared a fully franked final dividend of 40 cents per share, up 3% on the prior year. This brings total dividends for the year to 61 cents per share, up 2 cents or 3%.

We are proud of our long history of increasing dividends, which we have maintained or increased for over 45 years. We have been one of the few ASX200 companies who have increased dividends to our shareholders during the pandemic and have not needed to raise equity or receive government support payments.

This is a testament to our strong financial position, prudent capital management and our diversified business model. We know that many of our shareholders rely on this income stream, particularly during these difficult times.

Despite our significant investment program over the past few years, our borrowing level remains conservative, with gearing of 21% at the end of the year.

Board and Governance

Brickworks has a strong and stable Board that is committed to acting in the best interests of shareholders and ensuring that Brickworks is well-positioned for future growth.

The Board regularly reviews its capabilities and composition to ensure an optimal mix of skills, knowledge, and experience to safeguard the continued and long-term success of the Company.

The Board currently comprises seven directors, including four independent non-executive directors.

A period of further board transition is planned over the next few years, with Robert Webster having advised me that he will not seek re-election at the 2022 Annual General Meeting, when his current three-year term concludes.

Michael Millner’s term also concludes at the same time. To assist with an orderly transition process, Michael intends to offer himself for re-election in 2022, before retiring at the 2023 Annual General Meeting.

As part of our succession plan, it is the Company’s intention to engage external consultants to assist with the appointment of one or more new independent non-executive directors to replace Robert and Michael.

In Conclusion

Brickworks’ diversified portfolio of attractive assets and our robust balance sheet provides us with the resilience to overcome any short-term challenges such as the ongoing uncertainty in relation to COVID-19.

We believe the Company is well-positioned for further growth. In particular, we are investing to meet the growing demand for prime industrial property, and we will continue to support our North American business as it expands. We also have two major capital projects well underway in Building Products Australia, both of which will significantly improve our competitive position in the Sydney market.

Our investment in WHSP continues to deliver strong returns and asset growth. The recent merger of WHSP with Milton Corporation provides exciting new opportunities, with increased scale and liquidity.

The continued strong performance of the Company is a credit to our staff. On behalf of the Board, I would like to thank all our staff and our executive management team for their ongoing efforts and commitment.

I would also like to thank my fellow directors and our shareholders for your continued support.

Robert Millner
Chairman

Managing Director's

Overview

In a tumultuous year headlined by the widespread disruption caused by the COVID-19 pandemic, it gives me pleasure to report that 2021 has been another successful year for Brickworks. Not only has the Company delivered record underlying earnings, but we have also made significant progress on the implementation of a range of strategic initiatives to position the Company for long-term growth.

COVID-19 Response

The past 18 months have been unlike any other time in my more than twenty years as Managing Director of Brickworks. But I have never been prouder of our employees, who have responded without fuss to the many challenges they have faced.

The pandemic has fundamentally changed how we interact at work. Extended travel restrictions and lockdowns have reduced face-to-face meetings. To compensate we have increased our level of internal communication more than ever, utilising video technology to efficiently carry out daily management meetings and staff communications.

Many of our operations have been impacted by the pandemic, with a number of our building products facilities closed for various periods, as governments enforced intermittent restrictions on sales and manufacturing activities. In North America, the direct impact on our employees meant that some operations needed to be temporarily curtailed due to a lack of operational staff.

The operational and workforce challenges have, to some degree, been at odds with the exceptional results achieved this year, with the Company delivering record underlying earnings.

This is headlined by record Property earnings, driven by a significant uplift in the value of our industrial property assets.

After a subdued start to the year, we have experienced steadily increasing demand for our building products across Australia and the United States, with Government stimulus packages leading to a surge in detached house approvals in both countries.

Sustainability

Sustainability is at the heart of our purpose: to make beautiful products that last forever. Products that stand the test of time.

Our bricks are a sustainable product, made from clay and shale that is naturally abundant. They are guaranteed for 100 years, and many installed 100 years ago remain in service today. Their longevity also allows bricks to be recycled and re-used, unlike many competing building products.

In 2020 we developed our new sustainability strategy, "Build for Living: Towards 2025". This strategy focuses on the opportunity to make buildings and cities safe, resilient and sustainable.

It sets a clear pathway with 15 measurable targets and commitments across the pillars: Responsible Business, Environment, Our People and Community.

We are achieving pleasing progress across many aspects of sustainability. For example, across our Australian operations we have achieved a reduction in carbon emissions of 40% since 2006. This is supported by capital investments into modern, fuel-efficient production processes, as well as product redesign, use of recycled material and on-board fuels, and firing our kilns with green fuels such as landfill gas.

We are also proud to offer Australia's only fully certified carbon neutral brick range.

Brickworks is also active in the community and has a long-standing partnership with the Children's Cancer Institute, having made direct and indirect contributions of over $4 million since 2002.

Safety

At Brickworks, we believe there is no task that is so important we can't take the time to find a safe way to do it.

In 2021, we recorded just one injury across our Australian operations. This represents 0.4 lost time injuries per million hours worked, in line with last year's record low injury rate.

A sustained decrease in injuries across Australian operations has been achieved over the past decade, through the disciplined implementation of safety management systems and procedures, together with behavioural leadership and safety training programs.

These initiatives continue to be rolled out across our operations in North America where injury rates are significantly higher than in Australia. In North America there were 10 lost time injuries during the year, translating to 6.2 lost time injuries per million hours worked, up from 3.5 in the prior year. Encouragingly, the total recordable injury rate, a key lead indicator for lost time injuries, decreased to 21.1, from 24.3 last year.

Building Products Australia[5]

Building Products Australia recorded an EBITDA from continuing operations of $97 million in 2021. After including depreciation and amortisation, EBIT was $44 million, up 36% on the prior year.

FY2021 was a year of steady progress for Building Products Australia. Early in the financial year, demand was relatively subdued, due primarily to disruptions and uncertainty in the early stages of the pandemic.

As the year progressed, demand steadily improved, with building activity buoyed by the various government stimulus measures put in place across the country.

Whilst underlying demand was strong and broad-based across all states, sales momentum was stifled by the impact of intermittent lockdowns in our two largest markets, Sydney and Melbourne.

Performance in Austral Bricks Queensland was particularly strong, buoyed by robust growth in detached house building, market share growth, and strong operational performance of the Rochedale plant, following upgrade works completed over the past few years.

During the year, we accelerated several exciting initiatives focussed on the critical areas of new product development, capital projects, customer communications and staff training.

[5] All revenue and earnings measures exclude significant items and discontinued operations unless otherwise stated.

Our work in new product development led to our "B20" event in September 2020, the biggest product launch in the Company's history. This included the release of an exciting range of over 100 innovative new bricks, roof tiles and masonry products. These products have been well received by the market, and building on the success of this event, we are now preparing for a similar event later this year.

Our major investment program continues to progress. Pleasingly, the new Oakdale East masonry plant reached practical completion in July, and our team is currently working through the commissioning process. Meanwhile, construction of our brick facility at Horsley Park is also well underway.

Both of these projects have experienced significant interruptions over the past 18 months, particularly due to travel bans that have restricted the mobility of our engineering crews and overseas-based suppliers. However, our teams have shown persistence and initiative to overcome the unprecedented challenges and keep these projects moving forward.

Building Products North America

In local currency, Building Products North America delivered EBITDA of US$20 million, up 10% on the prior year and EBIT of US$6 million, down 6%. When converted to Australian dollars, EBITDA was relatively flat at $26 million and EBIT was down 15% to $9 million.

Operations in the United States were more significantly impacted by the pandemic compared to Australia, with sales activity across several states being restricted for various periods during the first half. In addition, our operations were directly impacted due to COVID-19 cases across our workforce and the significant challenges with maintaining safe working practices in the midst of the pandemic.

Market conditions steadily improved throughout the second half, albeit the recovery was most pronounced in the detached housing market. In contrast to Australia, our North American operations are more exposed to the non-residential market, and the recovery in this segment was more subdued.

In response to the buoyant detached housing activity, we have increased penetration into the southern residential market, including sales into Texas. This large market is well serviced by our low-cost Adel plant in Iowa, acquired in 2019 as part of the Sioux City Brick acquisition.

During July, I was fortunate to spend two weeks with our team in the United States, where I visited many of our facilities and customers.

Having only recently established our operations in North America, with three acquisitions since 2018, it was pleasing to see the strong sense of identity and unified culture across all of our operations.

I am extremely proud of our leadership team, who have navigated this newly consolidated business through the extreme challenges of the past 18 months, whilst also making strong progress on our numerous strategic initiatives.

In August, we were pleased to announce our further expansion, with the acquisition of IBC[6], the leading brick distributor in Illinois and Indiana. This will significantly increase the scale of our direct distribution network, increasing our store count from 10 to 27.

Importantly, sales volume through the IBC network will underpin production volume at our Midwest plants, which have ample capacity to accommodate additional sales growth.

We know the business well, having enjoyed a strong relationship with IBC since our entrance into the North American market 3 years ago.

We are pleased to welcome IBC's 225 staff to the Brickworks Group, and we look forward to building on the strong position they have established since their inception in 1981.

The acquisition will bring our total workforce in the United States to more than 1,000.

Property

Property delivered another year of strong asset growth and earnings in 2021. Brickworks share of net Property Trust assets increased by another $184 million over the past 12 months, to finish the year at $911 million.

Property also generated a record EBIT of $253 million, almost double the prior year.

Property Trust earnings were again the key driver of the result. All Property Trust assets were revalued during the year and this resulted in a strong revaluation profit of $149 million, representing Brickworks' 50% share of the overall valuation gain.

We have seen unprecedented demand for our industrial property facilities. The rapid growth in online shopping has increased the importance of well-located distribution hubs and sophisticated supply chain solutions. This was highlighted by a number of significant industrial property transactions in western Sydney over the past 6 months, with the pricing of these transactions underpinning the valuations of our high-quality portfolio.

Also within the Property Trust, development profits of $24 million were recorded on the completion of facilities at Oakdale South and Oakdale East. The Oakdale East development reached practical completion just prior to the end of the financial year. In addition to our new masonry plant, this precinct includes a new display, sales centre and office space for many of our Sydney based staff, as well as four other facilities to be tenanted by other customers.

During the year, a land sale profit of $52 million was recorded, primarily relating to the recognition of previously unrealised profits associated with the prior sale of Oakdale West, after lease agreements with a number of tenants became unconditional.

Investments

Brickworks holds a 39% stake in WHSP, and this investment is a core asset of Brickworks that has brought diversity and reliable earnings to the Company for more than 50 years.

Our investment in WHSP provides a cash flow stream via dividends that allows long term strategic decision making by sheltering the business during cyclical downturns. In total, cash dividends of $58 million were received during the year, up 3% on the prior year.

EBIT from Investments was up 91% to $97 million in 2021, with WHSP earnings benefitting from higher contributions from New Hope Corporation and Round Oak Minerals.

Group Outlook

The outlook varies across each of our divisions.

Within **Building Products Australia**, underlying demand across the country is strong, with a large backlog of detached house construction work in the pipeline. This follows the various state and federal incentives which prompted an unprecedented surge in approvals early in 2021.

In most states across the country, this healthy pipeline of work is translating to strong sales into the detached housing segment, and we expect this will continue for the remainder of the financial year. In some areas, sales volume is being limited by the availability of

[6] The acquisition comprised certain assets of Southfield Corporation, including Illinois Brick Company ("IBC").

trades, with bricklayers in Western Australia and roof tilers across all regions, in particular short supply.

In New South Wales, sales in the first 2 months of the financial year have been impacted by the latest outbreak of COVID-19 and the restrictions put in place to reduce the spread. In early August, daily brick sales were down by around 50%. Since then we have seen a steady improvement, with sales now back to around 90% of the level prior to the outbreak. To control inventory, our Punchbowl kiln and one of our two kilns at Plant 3, Horsley Park, were taken offline. In recent weeks, we have restarted the kiln at Plant 3, in response to the increasing sales.

In the short term significant uncertainty persists, with the potential for new restrictions remaining ever-present across all states. A case in point is the snap two-week shutdown of construction sites in Melbourne, as announced by the Victorian government in recent days.

However, with vaccination rates across the country now approaching government targets, we are hopeful that by the second half of the financial year, the prospect of any further restrictions will be behind us, and all states will experience a period of elevated activity.

Looking further ahead, the outlook is clouded by uncertainty around the timing and extent of a return to immigration. It is also clear that government stimulus has brought forward a large volume of work that has the potential to leave a void once the existing pipeline is exhausted.

The ongoing completion of major projects and upgrade works will support earnings over the medium and longer-term. This includes the new Austral Masonry facility at Oakdale East and the Horsley Park brick plant.

Additional capital investments are also under consideration in New South Wales, including an upgrade to increase capacity at Plant 1 (Horsley Park), and a dry press brick plant on our land at New Berrima, to replace the Bowral plant.

In the short term, mixed market conditions are expected to persist in **North America**. Like in Australia, there has been a strong increase in single-family residential approvals across the country. Offsetting this, the key non-residential building segment remains relatively subdued.

With extensive plant rationalisation activities undertaken to increase utilisation, and upgrades almost completed at Hanley and Sergeant Bluff to improve efficiency, significant manufacturing cost reductions are anticipated once production volumes normalise.

The integration of IBC has been progressing well since the acquisition in August, and performance has so far been in line with expectations.

Assuming there are no further major disruptions caused by the pandemic, we expect improved sales, manufacturing cost reductions and the additional contribution from IBC to deliver higher earnings from North America in the 2022 financial year.

Over the long term, North American operations are expected to deliver further earnings growth for many years to come, with Brickworks focussed on implementing our proven market strategy focussed on style and premium product positioning.

Turning to **Property**, activity within the Trust remains strong, with developments at Oakdale South, Rochedale and Oakdale West expected to drive growth in rent and asset value over the next few years.

The Oakdale West Estate is now 58% pre-committed, with several new tenants joining Amazon and Coles. Demand for remaining space is high and availability is becoming limited, particularly for facilities over 35,000m^2.

The completion of the new brick plant at the Horsley Park Plant 2 site in late 2022, will allow the release of additional land at Oakdale East, where Plant 3 is currently located.

This land is likely to be sold into the Trust, and will therefore allow further expansion of the Oakdale East estate to meet the growing demand from tenants.

As always, Property earnings will depend on the timing of development activity and land sale transactions, and the extent of any revaluations.

We are also excited by the outlook for our **investment in WHSP**, following the recent merger with Milton Corporation.

The effect of this merger will be that Brickworks ownership interest in WHSP will reduce to 26.1%. However, WHSP will become significantly larger, with net assets post the merger of over $9 billion.

The merger will provide WHSP with increased scale, diversification and liquidity to pursue additional investment opportunities, and we expect WHSP to continue to deliver superior long-term returns and consistent dividend growth well into the future.

Our People

The past 12 months has been another extremely challenging period for our employees in both Australia and North America. We have been forced to work remotely, with many of our staff impacted by lockdowns, and working from home for long periods.

Travel restrictions have meant that we have seen less of each other, even at a time when many have needed more support.

Whilst this had the potential to impact our culture, which is built on care, collaboration and teamwork, we have found new ways to stay connected. Whilst it might not always be the same, video technology has allowed us to communicate regularly and maintain personal connections across our operations.

In these difficult times, we are fortunate to have a strong group of leaders, and a positive and committed workforce. Including our new IBC employees, we now have 2,225 employees, and it is their energy and dedication that will continue to drive our success.

I would also like to take this opportunity to thank the Board of Directors and the executive team who have provided steadfast support and guidance as we navigate these unprecedented times.

Lindsay Partridge AM
Managing Director

Financial

Overview

- **Statutory NPAT** including significant items, down 20% to $239 million
- **Underlying NPAT from continuing operations** before significant items, up 95% to $285 million
- **Underlying EBIT from continuing operations** before significant items, up 86% to $383 million. EBITDA up 61% to $453 million
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- **Operating cashflow** up 89% to $140 million
- **Final dividend** of 40 cents fully franked, up 1 cent or 3% (Record date 3 November 2021, payment date 24 November 2021)
- **Total full-year dividend** of 61 cents fully franked, up 2 cents or 3%

Earnings[7]

Brickworks posted a statutory Net Profit After Tax (**NPAT**) from continuing operations of $239 million for the year ended 31 July 2021, down 20% on the prior year.

Last year's Statutory result included a significant one-off profit in relation to our shareholding in WHSP, triggered by the merger of its associate TPG with Vodafone.

After excluding the impact of significant items and discontinued operations, **Underlying NPAT** in financial year 2021 was up 95% to $285 million.

Underlying earnings before interest, tax and depreciation (**EBITDA**) from continuing operations was $453 million, up 61% on the prior year. After depreciation and amortisation, **EBIT** was $383 million, up 86%.

On revenue of $687 million, **Building Products Australia** EBIT was $44 million, up 36% on the prior year (EBITDA was $97 million, up 7%). The higher earnings were due to a broad-based reduction in operating costs that supported improved margins across all business units. In addition, there was a steady increase in building activity during the year, translating to growing sales volume and a strong second half EBIT of $28 million.

In New South Wales, this sales momentum came to an abrupt halt in the last two weeks of the year, with a new COVID-19 outbreak resulting in the state government imposing a temporary pause on construction activity in greater Sydney.

Building Products North America contributed an EBIT of US$6 million (AU$9 million), down 6% on the prior year. EBITDA was up 10% to US$20 million (AU$26 million). Building activity in Glen-Gery's key non-residential markets was significantly lower, especially in the first half, with many major projects being delayed or withdrawn due to disruptions and uncertainty caused by the pandemic. The lower market activity in key markets resulted in reduced like-for-like sales volume and lower plant utilisation across the network, increasing unit production costs.

Like in Australia, conditions improved in the second half in response to government stimulus and pent-up housing demand.

Property EBIT was a record $253 million, driven by another strong performance from the 50/50 joint venture property trust with the Goodman Group ("Property Trust"). Brickworks share of the net asset value within the Property Trust increased by $184 million during the year, and now stands at $911 million. The increasing value of the Property Trust assets reflects a wider structural change across the economy, as companies modernise their supply chains in response to consumer preferences, such as online shopping.

Investments EBIT was up 91% to $97 million, primarily due to higher contributions from New Hope Corporation and Round Oak Minerals to WHSP earnings. The market value of Brickworks 39.4% shareholding in WHSP increased by $1.235 billion during the year and stood at $3.079 billion at 31 July 2021.

Total **borrowing costs** were down 29% to $19 million, with underlying **interest cover** finishing the year at a conservative 20 times.

Underlying **income tax** from continuing operations was $79 million, up from $33 million in the prior year, due to the higher earnings from the combined Building Products and Property Groups.

Significant items reduced NPAT from continuing operations by $45 million for the period. This comprised:

- Costs of $11 million in relation to WHSP significant items.
- An $18 million cost arising from the net impact of the income tax expense in respect of the equity accounted WHSP profit, offset by the impact of fully franked WHSP dividend income, adjusted for the movements in the franking account and the circular dividend impact.
- Restructuring costs of $13 million (net of tax), including ERP implementation costs, the relocation of the Austral Masonry plant in Sydney and the post-upgrade commissioning of the Austral Bricks plant in Cardup (Perth). In North America, costs were incurred in relation to the closure of several retail outlets and the staged decommissioning of production at the York plant.

[7] All revenue and earnings measures exclude significant items and discontinued operations unless otherwise stated.

- COVID-19 related costs of $3 million (net of tax), reflecting the unabsorbed fixed costs in relation to manufacturing plant slowdowns as a result of COVID-19 absenteeism in North America, and incremental COVID-19 costs incurred across the Group.
- Acquisition costs of $3 million (net of tax) during FY2021, primarily in relation to the purchase of certain assets of Southfield Corporation ("IBC"), completed in August 2021.
- A tax benefit of $4 million, in relation to US acquisition costs incurred in prior years, previously considered non-deductible.
- Other costs of $1 million (net of tax).

Significant Items ($m)	Gross	Tax	Net
Significant items relating to WHSP	(11)	-	**(11)**
Income tax from the carrying value of WHSP	-	(18)	**(18)**
Restructuring activities	(18)	5	**(13)**
COVID-19 costs	(5)	2	**(3)**
Acquisition costs incurred in FY2021	(4)	1	**(3)**
Acquisition costs incurred in prior years	0	4	**4**
Other costs	(2)	1	**(1)**
Total (Continuing Operations)	**(39)**	**(6)**	**(45)**

Cash Flow

Total **cash flow from operating activities** was $140 million, up 89% from $74 million in the prior year, which was adversely impacted by $54 million in tax on the December 2018 sale of 7.9 million WHSP shares.

Capital expenditure was $117 million during the year, with the Company midway through a significant investment program across a range of major projects. Project spend included deployment of a new enterprise resource planning (ERP) system across Australia, a new masonry plant at Oakdale East in New South Wales, a new brick plant at Horsley Park in New South Wales and a major upgrade to the Hanley brick plant in Pennsylvania.

Balance Sheet

During the year total shareholders' equity was up $77 million to $2.480 billion.

Net tangible assets ('NTA') per share was $13.88 at 31 July 2021, down from $14.08 at 31 July 2020. The decline was due to a decrease in the market value of WHSP's listed investments, and the recognition of lease liabilities in relation to a number of significant new long-term leases (with the corresponding right-of-use assets excluded from the NTA calculation in line with financial reporting guidelines).

Total interest-bearing debt was $658 million at 31 July 2021. After including cash on hand, **net debt** at the end of the year was $519 million, an increase of $64 million for the 12-month period.

Gearing (net debt to equity) was 21% at 31 July 2021, up from 19% at 31 July 2020.

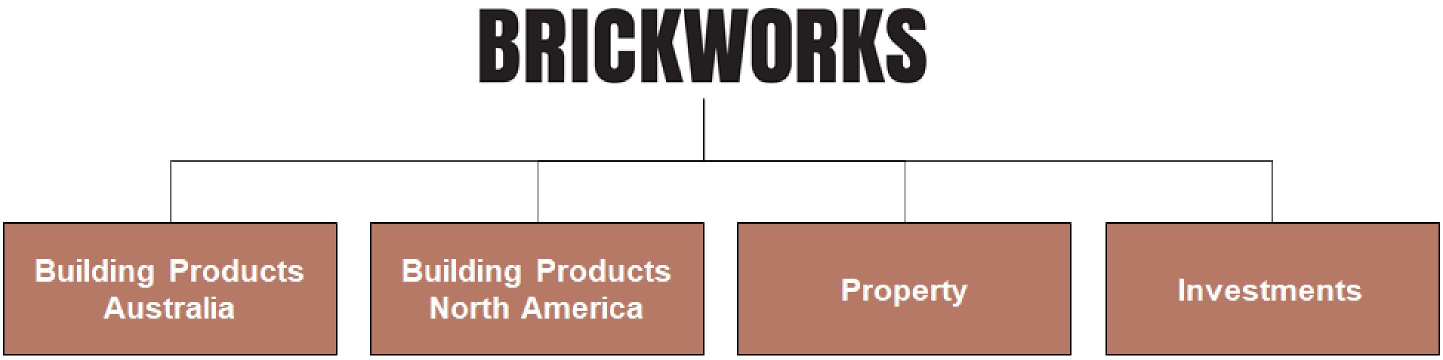
Net **working capital** was $352 million at 31 July 2021, including finished goods inventory of $226 million, up $8 million on the prior year.

Dividends

Directors declared a fully franked final **dividend** of 40 cents per share for the year ended 31 July 2021, up 3% from 39 cents. Together with the interim dividend of 21 cents per share, this brings the total dividends paid for the year to 61 cents per share, up 2 cents or 3% on the prior year.

Group

Structure



Brickworks has a diversified corporate structure that has delivered stability of earnings over the long term. There are four divisions within the Brickworks Group structure:

- Building Products Australia;
- Building Products North America;
- Property; and
- Investments.

Building Products Australia

Building Products Australia is a leading manufacturer and distributor of building products across all Australian states. Since 2002, the Building Products Group has grown from a two-state brick manufacturer, in New South Wales and Queensland, to a diversified national building products business.

In total, Building Products Australia comprises 28 manufacturing sites and more than 45 design centres and design studios across the country. This is complemented by an extensive reseller network that includes over 100 additional displays.

The portfolio includes:

- **Austral Bricks:** Australia’s largest clay brick manufacturer with significant market positions in every state
- **Bristile Roofing:** A leading roof tile manufacturer, offering supply and install of locally produced concrete and imported terracotta tiles
- **Concrete Products:** Recently been formed as a separate division within Brickworks, bringing together Austral Masonry, Austral Precast and a 33% interest in the Southern Cross Cement joint venture

Building Products North America

Building Products North America was established upon the acquisition of Glen-Gery in November 2018. This was followed by further bolt-on acquisitions of Sioux City Brick in August 2019 and Redland Brick assets in February 2020.

Brickworks North America now has a leading position in the Midwest, Northeast and Mid-Atlantic states, and has a strong focus on architectural and premium products.

It has 10 brick plants and one manufactured stone plant. Following the recent acquisition of IBC, it has 27 company-operated distribution outlets and a vast reseller network.

Property

The Property division was established to maximise the value of land that is surplus to the Building Products business. Operational land that becomes surplus to the business needs is transferred to the Property division where it is assessed for optimum land use. In some cases, land is rezoned to residential and sold. Alternatively, the land is rezoned industrial and transferred into the Property Trust for development.

The Joint Venture Industrial Property Trust is a 50/50 partnership between Brickworks and Goodman Industrial Trust.

The Property Trust was established in 2005, for the specific purpose of capturing the initial valuation uplift from re-zoning and then benefitting from the long-term value appreciation and the stable, growing annuity-style income stream derived from the developed assets.

Given the prime location of Brickworks land assets, the value creation opportunity through rezoning, development, and ongoing capital gains was foreseen at the inception of the Trust and was a key strategic rationale for its creation.

Over the past decade, it has grown significantly and now has a total asset value of $2.7 billion. After including debt, Brickworks 50% share of the Property Trust has an equity value of $911 million.

In addition to the Property Trust, the Company holds around 3,600 hectares of operational land and 330 hectares of development land in Australia, and 3,200 hectares of operational land in the United States.

Investments

Investments consists primarily of a 39.4% interest in Washington H. Soul Pattinson, an ASX listed company (ASX: SOL) with a market capitalisation of $7.814 billion as at 31 July 2021 (market value of Brickworks share $3.079 billion).

WHSP is a diversified investment house with a portfolio encompassing many industries including its traditional field of pharmaceuticals, as well as mining, building materials, property investment, telecommunications, financial services and other equity investments.

This strategic investment in WHSP dates back to 1969 and delivers a stable dividend stream that provides Brickworks with security to weather periods of weaker building products demand.

The investment has also delivered strong long-term returns to shareholders.

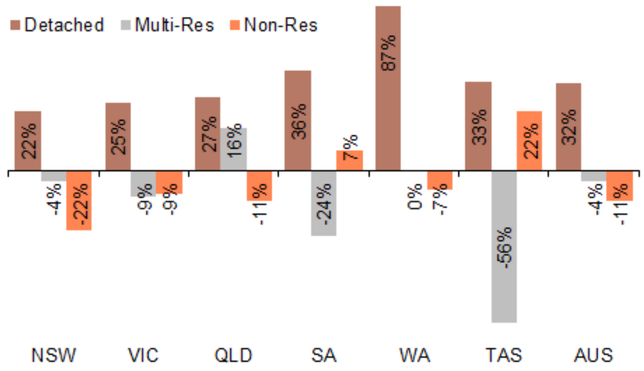
Post year end, WHSP completed a merger with Milton Corporation (ASX: MLT), resulting in Brickworks shareholding reducing to 26.1% of the larger entity.

Building Products

Australia

Market Conditions

Change in Commencements (FY2021 vs FY2020)[8]



Building activity in Australia was mixed during the 12 months to June 2021. Despite the impacts of the pandemic, detached housing activity was very strong, with a 32% increase in commencements compared to the prior year. By contrast, multi-residential and non-residential building activity decreased 4% and 11% respectively.

The pandemic has resulted in increased consumer demand for lower density living, and this is resulting in a shift towards detached housing from multi-residential alternatives. This is favourable for Austral Bricks and Bristile Roofing, due to the relatively high usage of bricks and roof tiles in detached houses. However, the full impact of the increased detached housing activity was not felt during the year. Usage of bricks and roof tiles on-site typically lags a housing commencement by 3-6 months, however this has extended during the current upturn. Supply chain delays have been caused due to a range of factors such as the sudden surge in demand following government incentives introduced in 2020, shortages of some building products such as timber, and site constraints in some areas due to COVID-19 related restrictions.

Detached housing commencements increased across all states, with total starts of 135,100 for the twelve months to June 2021. Western Australia was the standout, with an 87% increase vs the prior year, albeit this comes off a 30-year low point for activity in that state.

Annualised multi-residential commencements across the country were 66,900 at June 2021, the lowest level since 2012. All states other than Queensland were down on the prior year.

The increased consumer preference for lower density housing has also resulted in a surge in regional demand. Detached house approvals in regional areas across the country increased by 51% for the 12 months to June 2021, compared to the prior year.

Non-residential building was lower across all major states during the year, with private investment in offices, accommodation and retail all scaled back in response to the pandemic.

Overview of FY2021 Result

Year Ended July ($ million)	2020	2021	Change
Revenue	684	687	1%
EBITDA	91	97	7%
EBIT	**33**	**44**	**36%**
EBITDA margin	13%	14%	7%
EBIT margin	5%	6%	35%

Revenue from continuing operations for the year ended 31 July 2021 was up marginally to $687 million. An increase in revenue in Austral Bricks was offset by lower revenue in Concrete Products and Bristile Roofing.

EBIT from continuing operations was $44 million, up 36% on the prior year, and **EBITDA** was $97 million.

EBIT of $28 million was achieved in the second half, significantly higher than the first half. Early in the financial year, demand was relatively subdued, due in part to disruptions and uncertainty caused by the pandemic. However, demand steadily increased over the period, as consumer confidence recovered and building activity was buoyed by the various government stimulus measures put in place across the country.

This momentum came to an abrupt halt in New South Wales late in the financial year, with the State Government announcing a two-week pause of all construction work in greater Sydney, in response to a new outbreak of COVID-19. The significantly reduced sales volume across our largest and most profitable market had an estimated $3 million adverse impact on earnings in July.

[8] Source: BIS Oxford Economics Australian Building Forecasts, June 2021. Figures shown are for the 12 months ended in June.

Austral Bricks

Austral Bricks' earnings increased 8% for the twelve months ended 31 July 2021, with sales revenue up 5% to $417 million.

The increased earnings were primarily due to a strong performance in Queensland, where a significant uptick in building activity, market share growth and lower manufacturing costs all contributed to the improved result.

Prior to the restrictions imposed in Sydney at the end of the financial year, all east coast kilns were operating at capacity, with one kiln at Plant 3, Horsley Park in New South Wales having been restarted in February to alleviate supply pressures across the East Coast. In August (post financial year-end), in response to the new restrictions in New South Wales, kilns at Punchbowl and Horsley Park Plant 3 were taken off-line.

The sharp recovery in housing activity in Western Australia has resulted in a strong increase in demand. This has necessitated a ramp-up in production during the second half, amidst tight industry supply.

The acquisition of Midland brick assets by BGC, approved by the ACCC in December, provides improved clarity in relation to the competitive environment, after many years of corporate restructuring and industry uncertainty.

Building works have recommenced at Horsley Park for a new $130 million face brick plant at Plant 2, following a temporary pause during July and August in relation to COVID-19 restrictions. This facility, with a capacity of 130 million bricks per annum, will be the most advanced brick plant in the world, and is expected to be completed by the end of the 2022 calendar year.

During the year, development approval was secured for the construction of a new 50 million brick capacity dry press brick plant on Brickworks owned land at New Berrima. With a budget of circa $70 million, this plant will replace the current Bowral plant, which has been in operation for almost a century. The new plant will deliver significant cost savings and environmental benefits, through utilising on-site clay reserves, and a modern fuel-efficient kiln.

Concrete Products

Concrete Products has recently been formed as a separate business unit within Building Products Australia, bringing together the established Austral Masonry and Austral Precast operations, and Brickworks' 33% share of the Southern Cross Cement joint venture.

Concrete Products earnings improved on the prior year, despite a 9% decline in revenue to $159 million for the twelve months to 31 July 2021.

The decrease in revenue is primarily due to the exit from precast operations in Western Australia and a reduced operation in Queensland. In addition, sales in New South Wales were lower, as a result of the sharp decline in multi-residential and commercial building in Sydney.

Austral Precast earnings improved, despite the lower revenue, driven by manufacturing efficiency and lower overhead costs.

Austral Precast continues to focus on a range of product development initiatives such as "Double Wall", a cost-effective product that offers significant advantages over alternative systems such as lightweight permanent formwork solutions. Sales of this product increased significantly over the year and continues to gain market acceptance in a range of applications.

In December operations ceased at the **Austral Masonry** plant at Prospect in Sydney, to be replaced by a new facility on Property Trust land at Oakdale East.

This new plant reached practical completion in July, with the commissioning program now well underway. The new facility will be one of the most advanced masonry plants in the world. Whilst there has been some disruption and increased costs during the transition phase, the new plant will deliver lower costs and a broader product range, placing the business in a very strong competitive position in this key market.

The disruptions caused by the plant transition in New South Wales resulted in a decreased contribution from masonry operations in New South Wales during the year. However, performance across other key states improved, with particularly strong demand in North Queensland.

Improved margins were driven by cost reduction initiatives, productivity improvement programs and the continued growth of premium paving and retaining wall products. The business continues to pursue diversification from traditional grey block products, and the appeal of this broader market offer has improved the competitive position within the home building, trade and retail segment.

In its first full year of operation, **Southern Cross Cement** has successfully provided quality, cost-effective cement to Austral Masonry and Bristile Roofing operations in Brisbane, as well as to other Joint Venture shareholders.

Operational performance has been pleasing, albeit a sharp increase in shipping rates had an adverse impact on performance during the second half.

Bristile Roofing

Bristile Roofing earnings were significantly higher than the prior year, despite a slight decrease in revenue to $111 million. This includes sales from the Fyshwick roof tile batten mill, operating as "Capital Battens".

Roof tile sales volume across the country was relatively steady, with an increase in Queensland, offset by small declines across other states. In Queensland, major hail storms in October, November and March provided a boost to sales volumes.

The business has implemented a refocussed and simplified business strategy, with an emphasis on the core roof tile range. A reduction in unit manufacturing costs and prior year restructuring initiatives resulted in improved margins during the year. In addition, improved product quality from both the Wacol and Dandenong production plants has gained positive market feedback.

During the second half, as sales volume increased, supply chain issues emerged, with trade shortages across the country and a shortage of timber trusses becoming an increasing issue for tile and metal roof installations.

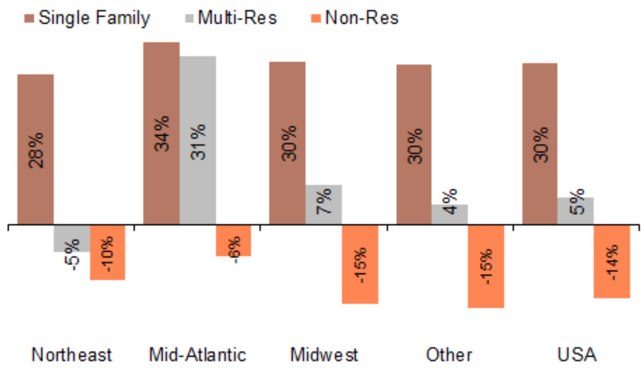
Capital Battens recorded increased revenue and earnings, with the mill operating at capacity for the entire year.

Building Products

North America

Market Conditions

Change in Commencements (FY2021 vs FY2020)[9]



The COVID-19 pandemic has had a significant impact on building activity across the United States, with wide-ranging implications across building segments and regions.

Building activity, particularly in the non-residential segment, was heavily impacted in the first half of the financial year, with many major projects delayed or cancelled by state authorities due to financing concerns. In addition, approvals for new projects slowed significantly in the lead-up to the US presidential election in November.

Throughout the second half, there was a steady improvement in activity in all segments and regions, in response to government stimulus programs and a general re-opening of the economy in response to the vaccine roll-out.

Across the country, the total value of building activity commenced for the 12 months to June 2021 was up 5% compared to the prior year. A 30% increase in single-family residential commencements and a 5% increase in multi-residential commencements was offset by a 14% reduction in non-residential activity.

Glen-Gery's primary exposure is the non-residential building segment in the Northeast, Mid-Atlantic and Midwest regions. Activity in these markets was down 10%, 6% and 15% respectively.

By contrast, the single-family home segment, which accounts for 38% of Glen-Gery volume, was up 28% in the Northeast, 34% in the Mid-Atlantic and 30% in the Midwest.

Overview of FY2021 Result

Year Ended July ($ million)[10]	2020	2021	Change
Revenue ($US)	155	152	(2%)
EBITDA ($US)	18	20	10%
EBIT ($US)	**7**	**6**	**(6%)**
Revenue ($AU)	230	202	(12%)
EBITDA ($AU)	27	26	(1%)
EBIT ($AU)	**10**	**9**	**(15%)**
EBITDA margin	12%	13%	13%
EBIT margin	4%	4%	-

Building Products North America revenue was US$152 million (AU$202 million) for the twelve months to 31 July 2021, 2% below the prior year. EBITDA for the year was up 10% to US$20 million (AU$26 million) and EBIT was down 6% to US$6 million (AU$9 million).

The revenue and earnings delivered in financial year 2021 were significantly impacted by the pandemic, and do not accurately reflect the rapid growth phase currently underway and the significant achievements of the North American business over the past 12 months.

The decrease in sales primarily reflect the lower level of building activity in Glen-Gery's core markets, partially offset by the full year impact of the acquisition of Redland Brick assets in February 2020.

In response to the pandemic, various local and state government restrictions were intermittently imposed during the first half, including limitations on trades at building sites in key regions such as New York, New Jersey, Massachusetts and Pennsylvania. The reduced building activity was compounded further by severe winter weather conditions.

Following the winter low in February, sales increased month on month through until June, as the vaccination program rapidly increased and the economy re-opened. However, sales momentum was adversely impacted in July, with the summer holiday period causing construction activity to slow in many areas.

Earnings were impacted by lower plant utilisation and the workforce challenges associated with maintaining safe working practices in the midst of the pandemic. This challenge was most pronounced in the first half, with more than half of all staff being unable to work for various periods. As such, operations at many plants were disrupted by staffing issues.

In July, a fire at the Lawrenceville grinding plant resulted in reduced production and increased costs.

Despite the challenging year, the business has made strong progress on a range of key strategic priorities.

[9] Source: Dodge Analytics USA Building Starts Forecast – June 2021. Figures shown are for the 12 months ended in June.

[10] An average exchange rate for each half year period is used to convert from US$ to AU$. The conversion rates used are: 1H21 US$0.73; 2H21 US$0.77; 1H20 US$0.68; 2H20 US$0.66

Significant rationalisation of manufacturing plants and retail outlets has been accelerated through the pandemic. The number of operating brick plants has been reduced from 16 to 10, resulting in the average age of the kiln fleet being halved, and all but one kiln being fully automated. This process has involved the transfer of almost 200 products to new plants and required a significant effort from technical staff across the business.

This smaller network of more efficient, modern plants also offers production flexibility, with three facilities having mothballed kilns with additional capacity. This production flexibility has long been an important competitive advantage in our Australian operations and is critical to meet market cycles and fluctuations in demand.

The rationalisation process resulted in the release of surplus land, with sales of these properties contributing US$5 million in EBIT during financial year 2021.

The plant rationalisation activities have also allowed for a more focussed capital spending program. Upgrade works are now almost complete at the Hanley plant in Pennsylvania, to deliver improved product quality and plant efficiency. Modifications to the clay preparation area were successfully commissioned in November 2020, and this was followed by work on the extruder and the setting line during the second half. Elsewhere, new kiln cars have been installed at Sergeant Bluff in Iowa.

Upgrades are planned at Lawrenceville in Virginia, during the next 12 months.

In August 2020, a new design studio in central Philadelphia was officially opened, and this was followed in May 2021, by a new supply centre in Des Moines. Additional studios in New York City and Baltimore are scheduled to open in the coming months. These studios and design centres will further enhance Glen-Gery's strong reputation for premium products and competitive position in the high-value architectural segment.

Acquisition of Assets from Southfield Co.

On 2 August, just following the end of the financial year, Brickworks completed the acquisition of certain assets of Southfield Corporation, including Illinois Brick Company ("IBC").

IBC was established in 1981 and has expanded over the past 4 decades through organic growth and acquisitions. It is the largest independently owned and operated brick distributor in the U.S., with 17 showrooms and distribution yards, all located in Illinois and Indiana. Glen-Gery previously lacked a direct distribution presence in these key Midwest states, with both having a strong heritage of brick construction.

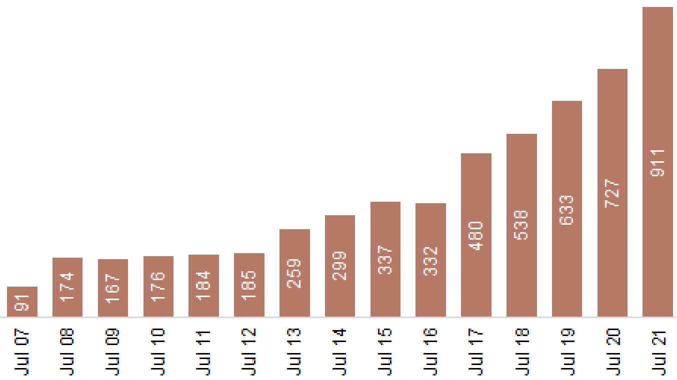
In addition to sales of around 70 million bricks per annum, IBC offers a range of complementary building materials and supplies such as stone, masonry, construction materials and tools. These additional products make up around 50% of total IBC sales.

The additional brick sales volume will underpin production volume and increase utilisation at Glen-Gery's Midwest plants, including Marseilles in Illinois, Adel and Sergeant Bluff in Iowa, Caledonia and Iberia in Ohio, and the manufactured stone plant in Kentucky.

Property

Overview of FY2021

Brickworks Net Property Trust Assets ($million)



FY2021 was another great year for Property, with record earnings, continued strong growth in the value of the Property Trust, and unprecedented customer demand for industrial property, resulting in lease pre-commitments ending the year at record levels.

Continued capitalisation rate compression over many years has crystallised the value that the Property Trust was specifically established to capture. Since its inception over a decade ago, Brickworks net asset value has increased at 18% per annum, generating significant value for shareholders.

During FY2021, net property trust assets rose a further $184 million to finish the year at $911 million.

Year Ended July ($million)	2020	2021	Change
Net Trust Income	30	31	3%
Revaluation of properties	53	149	181%
Development Profit	25	24	(4%)
Property Trust	**108**	**204**	**89%**
Land Sales	26	52	100%
Property Admin and Other	(4)	(4)	-
Total	**129**	**253**	**95%**

Record Property EBIT of $253 million for the 2021 financial year was up 95% on the prior year.

The Property Trust delivered an EBIT contribution of $204 million, up 89% on the prior period.

Net trust income was up 3% to $31 million for the year. This reflects the rental contribution from one new facility at Oakdale South and rent increases across the balance of the portfolio.

Property Trust assets were revalued during the first half, resulting in an average 25-basis point compression across the portfolio. Subsequent to this revaluation process, there were a number of significant industrial property transactions in western Sydney. Given the number of sales and the steep movement in transaction pricing, a further independent revaluation of Property Trust assets was completed during the second half. This process resulted in further compression of capitalisation rates by circa 60 to 65 basis points across the portfolio, resulting in an overall revaluation profit of $149 million for the year.

This revaluation gain continues strong demand and sustained growth in the value of the Property Trust over a number of years. The COVID-19 pandemic has only fuelled this growth, by accelerating industry trends towards online shopping and increasing the importance of well-located distribution hubs and sophisticated supply chain solutions.

Property Trust earnings were also boosted by a $24 million development profit, following the practical completion of new facilities at Oakdale East in July.

Property sales contributed a $52 million profit during the year, primarily relating to the recognition of a portion of the previously unrealised profits associated with the prior sale of Oakdale West into the Property Trust. This follows a reclassification of all the precincts within the Estate to “investment property”, following the Coles and Amazon lease arrangements becoming unconditional and additional pre-lease commitments being secured.

Property administration expenses totalled $4 million, in line with the prior year. These expenses include holding costs, such as rates and taxes on properties awaiting development.

Property Trust Asset Value

As at 31 July 2021, the total value of leased assets held within the Property Trust was $1.982 billion. The annualised gross rent generated from the Property Trust is $89 million, and the average capitalisation rate is 4.2%. There are currently no vacancies in the portfolio.

Leased Facilities	Asset Value ($m)	Gross Lettable Area ($000m^2$)	Gross Rental ($m p.a.)	WALE[11] (yrs)	Cap. Rate
M7 Hub	191	64	8	2.6	4.3%
Interlink	509	192	26	2.5	4.2%
Oak Central	711	245	31	4.6	4.1%
Oak South	327	111	13	7.5	4.0%
Rochedale	244	96	11	10.3	4.3%
Total	**1,982**	**709**	**89**	**4.9**	**4.2%**

The Property Trust also holds a further $686 million in land and infrastructure that is currently under development. This increased significantly over the year due to development works at Oakdale East (Stage 1) and the Amazon facility at Oakdale West.

Including the development land, the total value of assets held within the Property Trust was $2.668 billion at the end of the year.

Borrowings of $845 million are held within the Property Trust, giving a total net asset value of $1.822 billion. Brickworks’ 50% share of net asset value was $911 million, up $184 million during the year.

The total return on leased assets was 27% for the year, including a rental return of 5% and a revaluation return of 22%.

[11] Weighted average lease expiry by income.

Year Ended July ($million)	2020	2021	Change
Leased properties	1,663	1,982	19%
Land to be developed	397	686	73%
Total Property Trust assets	**2,060**	**2,668**	**30%**
Borrowings	(606)	(845)	39%
Net Property Trust assets	**1,455**	**1,822**	**25%**
Brickworks 50% share	**727**	**911**	**25%**
Rental return leased assets[12]	6%	5%	(17%)
Reval. return leased assets[13]	10%	22%	120%
Total return on leased assets	16%	27%	69%
Gearing on leased assets[14]	36%	32%	(11%)

Property Trust – Development Pipeline

The continuing strong demand for industrial land reflects structural changes across the economy, as companies modernise their supply chains in response to consumer preferences, such as online shopping.

The Property Trust is ideally placed to take advantage of these trends, with well-located prime industrial land on large lot sizes. Current development activity at Oakdale in New South Wales and Rochedale in Queensland will drive growth in rent and asset value over both the short and medium-term.

In total, there is 284,100m^2 of pre-committed gross lettable area ("GLA") across the various Property Trust Estates. The completion of these facilities over the next two years will result in gross rent within the Property Trust increasing by around $51 million, representing an uplift of almost 60% from the current level.

The rental income per GLA achieved for these new developments is significantly greater than the current leased portfolio. This reflects the evolution towards more sophisticated and specialised facilities, incorporating features such as robotics, automation and multi-storey warehousing. The development of these advanced facilities has become a critical competitive advantage for many businesses in the new economy and will continue to support the increasing value of the Property Trust's prime industrial land.

In addition to the pre-committed facilities, a further 227,900m^2 of GLA remains available for development within the Trust and will provide further opportunity for growth in the years ahead.

At Oakdale South, construction is well underway on a 25,100m^2 GLA pre-committed facility ("Site 1C"), with completion expected in October 2021. Amber Tiles and Yusen will each occupy approximately half of this facility. Construction will soon commence on the final lot within this Estate, consisting of a 12,900m^2 GLA three-unit development and a 27,595m^2 GLA facility, with completion expected in the first quarter of the 2023 financial year.

At Oakdale West, the construction of the state-of-the-art Amazon facility is well advanced. In total, this facility has a total floor area of 190,000m^2, across multiple levels, on a GLA of 53,500m^2. This facility is due for practical completion in December 2021.

Major infrastructure works, including a roadway and bridge to access the estate, were completed during the 2021 financial year. These infrastructure works allowed the construction of the Coles distribution warehouse to commence in January. The Coles facility has a GLA of 66,000m^2, with construction expected to take around 18 months.

In the last six months, several new tenants have pre-committed to facilities at Oakdale West. This includes a 35,500m^2 GLA facility for Woolworths and an 11,000m^2 GLA warehouse for Xylem. Including these new developments, the committed GLA for Oakdale West is now 200,900m^2, representing 58% of the available building area. Demand for the remaining 180,000m^2 of GLA is strong.

At Rochedale, three pre-commitments have now been secured for the remaining 30,200m^2 of GLA available at this Estate. This comprises a 10,600m^2 facility for Woolworths, a 16,800m^2 facility for CHEP and a 2,800m^2 facility for Franklyn. All developments at Rochedale, including these facilities, are expected to reach practical completion during the 2022 financial year.

Operational and Development Land

Outside of the Trust, Brickworks retains other significant parcels of surplus land, suitable for development in the future. The largest site held for development is at Craigieburn in Victoria. Brickworks is currently reviewing the option of an industrial development on this land, given recent strong land growth in the Melbourne industrial market.

In addition, operational land is utilised in the day to day activities of Building Products Australia and North America. The total area of operational land is around 3,600 hectares in Australia and 3,200 hectares in North America.

[12] Based on Net Trust Income, divided by Brickworks share of leased properties less associated borrowings.

[13] As above, but using revaluation profit.

[14] Borrowings on leased assets / total leased assets.

Investments

The EBIT from total investments (including interest income) was up 91% to $97 million in the year ended 31 July 2021.

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

Brickworks holds 94.3 million WHSP shares, equivalent to a 39.4% interest in the Company (as at 31 July 2021). This shareholding in WHSP is an important source of earnings and cash flow diversification for the Company and has been a key contributor to Brickworks' success for more than four decades.

WHSP holds a significant investment portfolio in a number of listed companies including Brickworks, TPG Telecom, New Hope Corporation and Australian Pharmaceutical Industries.

Over more than five decades, WHSP has delivered an uninterrupted dividend stream that reflects the earnings from WHSP's diversified investments. This dividend helps to balance the cyclical earnings from Brickworks' Building Products and Property divisions.

The market value of Brickworks shareholding in WHSP was $3.079 billion at 31 July 2021, up $1.235 billion from $1.844 billion at 31 July 2020.

WHSP has delivered outstanding returns over the long term, with a 20-year return of 13.4% per annum to 31 July 2021 being 4.7% ahead of the All Ordinaries Accumulation Index.

Brickworks' investment in WHSP returned an underlying contribution of $97 million for the year ended 31 July 2021, up 92% from $50 million in the prior year. The increase was driven by higher earnings from New Hope Corporation and Round Oak Minerals.

During the year cash dividends of $58 million were received, up 3% on the prior year.

Merger with Milton Corporation

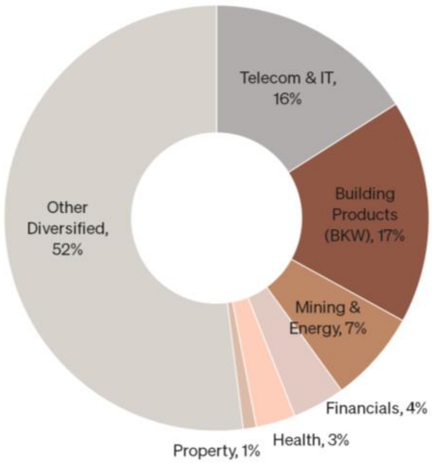
In June 2021, WHSP announced a proposed merger with Milton Corporation (ASX: MLT). After receiving MLT shareholder approval in September, this merger became effective on 21 September 2021.

The merger creates a larger and more diversified investment house, with end-market exposure as shown in the chart below. Total net asset value will increase to over $9 billion (up from around $6 billion prior to the merger).

Importantly, the merger will provide WHSP with increased liquidity to pursue new investment opportunities, with a continued focus on long-term market outperformance and growth in dividends.

Due to the addition of new MLT shareholders to the WHSP register, Brickworks share in WHSP will reduce to 26.1%.

The merger will trigger a one-off non-cash profit for Brickworks, due to the deemed disposal of WHSP shares. This profit is expected to be in the range $375-425 million (after-tax).



Health

and Safety

There is no task that we undertake that is so important that we can't take the time to find a safe way to do it.

Strategy

Brickworks is committed to minimising the risks to health and safety of its employees, contractors and the general public. Continual improvement in health and safety is a key requirement and underpinned by Brickworks Health and Safety Management System. The system clearly defines roles, responsibilities, accountabilities and targets and is aligned to ISO 45001.

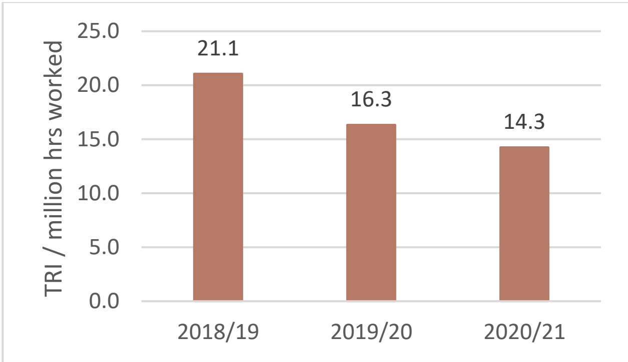
The welfare of people on Brickworks sites continues to be paramount during the COVID-19 pandemic. Brickworks was prepared in 2014 to deal with biological threats, with systems and equipment in place. Response to the COVID-19 threat was swift and effective and remains a major focus.

Our 2025 strategy target is for continued reductions in injury rates.

Performance (Group)

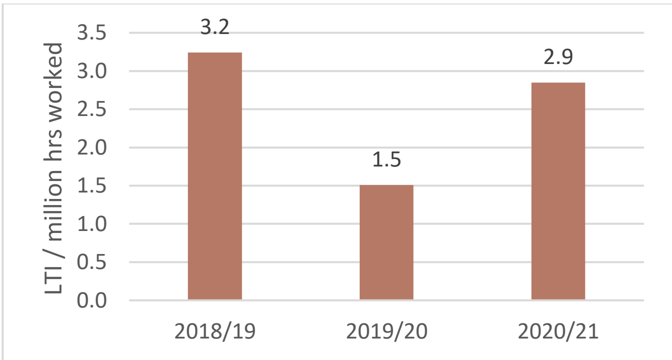
Brickworks consolidated total recordable injury rate has improved year on year since the acquisition of the North American operation in December 2018.

Total Recordable Injury Frequency Rate (Brickworks)



Brickworks consolidated lost time injury rate increased over the last year, attributable to declined performance of the North American operations. A roadmap for improvement is described in further detail below.

Lost Time Injury Frequency Rate (Brickworks)



Performance (Australia)

Australia's safety performance continues to improve, with the lost time injury frequency rate remaining in line with the previous year's results at 0.4, and the total recordable injury frequency rate for FY2021 at 9.3, a 21% decrease from FY2020.

Brickworks is moving its health and safety focus to the 'Presence of Safety', using lead indicators to drive health and safety outcomes. Our framework uses lead indicators, targets and management accountability to improve organisational safety practices, which has resulted in lower recordable injury rates.

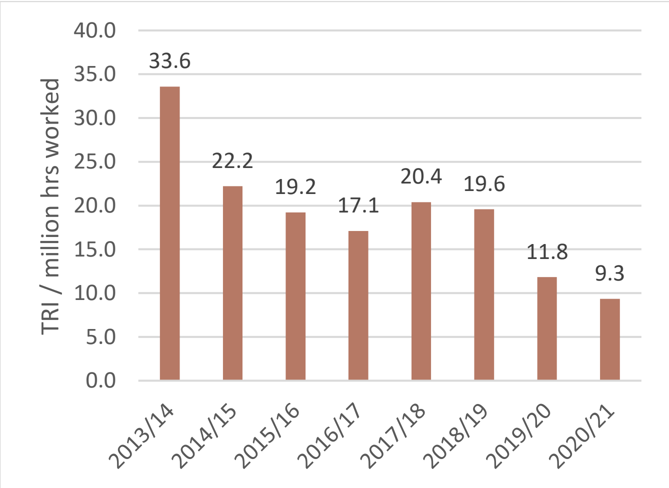
Respirable Dust and Silica

Brickworks has implemented strict controls against the risk of respirable dusts and fibres. Worker health monitoring is compliant with government regulations. A rigorous program of static and worker exposure monitoring is ongoing at all Brickworks sites, conducted by two qualified in-house occupational hygienists. The occupational hygienists have developed a core competency, with a focus on respirable dust, fibre and noise programs. The focus on silica dust controls includes the purchase of specialised respirator fit testing equipment to ensure effective worker respiratory protection.

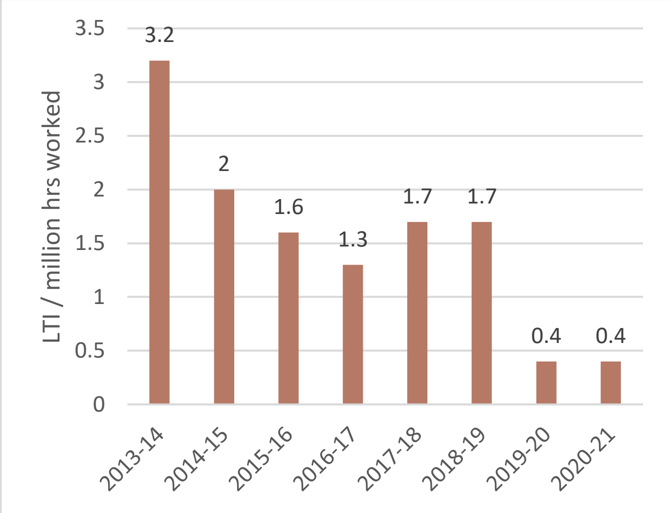
Key Highlights FY2021

- No employee or contractor fatalities recorded FY2021
- Continued reduction in employee recordable injuries FY2021
- Brickworks prepared for biological threats since 2014
- Computerisation of health and safety management systems
- Brickworks core competence – Silica and hygiene management

Total Recordable Injury Frequency Rate (Australia)



Lost Time Injury Frequency Rate (Australia)



WHS Cloud Based Software

The Brickworks Safety, Health and Environmental Management System (SHEMS) has been proven effective in identifying and reducing risks, injuries and incidents in the workplace.

However, the system's implementation and application remained isolated at a plant level. Paper forms were confined to filing cabinets or scanned copies on local computers, making it difficult to manage health and safety performance.

The SHEMS system has been digitised to three-dimensional online modules, using a cloud based WHS software platform that increases functionality, such as attaching pictures, assigning actions, creating email notifications, and ensuring all required form fields are completed.

Centralised, online information allows knowledge sharing of health and safety management issues between plants in Australia and North America. The online dataset can be manipulated into detailed reports, accessed by senior managers on any smart device. As the dataset grows, any identified shortcomings of the system are reduced, ensuring a continuous improvement cycle.

This transparency has improved safety management, by providing the analytical tools that assist managers to reduce risks and improve the welfare of employees and others at Brickworks.

Safety Award

The safety team at Austral Masonry won Brickworks' 2021 Safety Award for their dust free alternative to sweeping, reducing workers' exposure to silica. The team trialed a vacuum unit at the Hemmant site in Queensland. The unit is a fully enclosed pressurised cabin, supplied with HEPA filtered air, and a skirting system around the front brushes to better contain dust, compared to traditional sweepers. The unit produced good results inside the factory shed and out in the yard. The unit is a great alternative to sweeping as it protects workers from respirable dust and reduces fugitive dust emissions.

Performance (North America)

While the total recordable injury frequency rate for FY2021 was 21.1, a decrease from the previous year, the lost time injury frequency rate increased to 6.2.

Improvement in health and safety is a key requirement and Brickworks is focusing on integrating the success of the Australian health and safety management system into the North American business.

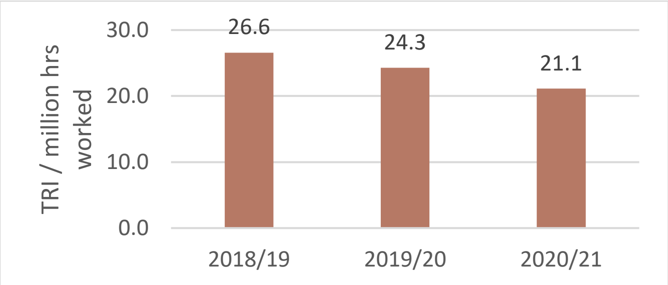
A clear safety roadmap has been established to rollout the management system, which is aligned to ISO 45001, and clearly defines roles, responsibilities, accountabilities and targets. The safety roadmap will support reduced injury rates. A team of people are focused on the integration, and progress is reported monthly to the Brickworks Board of Directors. To support the rollout the North American safety team has been expanded to include three new members. To further embed a strong culture of safety, the Health and Safety Director made personal site visits to emphasise safety controls and behaviours.

Significant progress was achieved on the safety roadmap during FY2021. Rollout of key elements of the Health and Safety Management System was implemented, including the implementation of the Safety Committee program, Incident Reporting, Investigation and Record-keeping Program and a Fit-For-Work Physiotherapy injury management program.

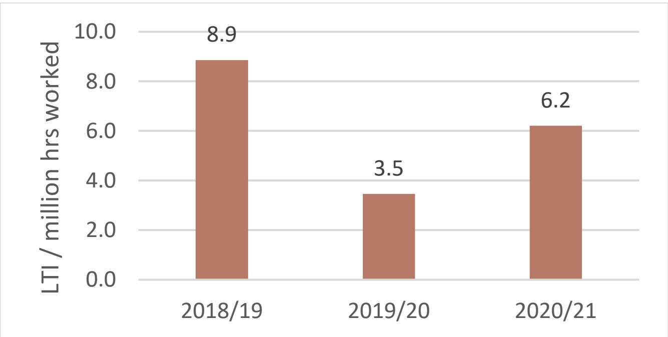
The team also successfully migrated worksite inspections to the Donesafe online software module and an audit and assessment program was launched to assess compliance with the Occupational Health and Safety Act (OHSA) requirements.

Behavioural safety training for employees and managers is being investigated for implementation in FY2022. ‘Safety blitz’ events were completed to conduct annual compliance training and celebrate positive safety behaviours.

Total Recordable Injury Frequency Rate (North America)



Lost Time Injury Frequency Rate (North America)



Key Highlights

- No employee or contractor fatalities recorded FY2021
- Continued focus on harmonising Brickworks Australia’s successful Health and Safety management systems into North America to reduce injury rates
- Clear safety roadmap and management accountability and targets
- Significant progress was achieved on the safety roadmap during FY2021
- Scoping management and employee behavioral safety training
- Launched audit and assessment program

Respirable Dust and Silica

A third-party contractor was engaged to conduct silica monitoring for all plant locations and provide recommendations to reduce silica exposure.

OSHA Voluntary Protection Program

The OSHA VPP (Voluntary Protection Program) recertification took place in July 2021 at the Mid-Atlantic Plant in Pennsylvania (US). The recertification was conducted by two OSHA Compliance Specialists and one Special Government Employee (SGE) and included employee and leadership interviews, plant-wide inspections, employee presentations, and an in-depth review of documentation. There were no 90-day action items identified.

Overview of

Sustainability

The built environment is the fabric of our cities and our lives and Brickworks' products form part of this ever-changing fabric. Brickworks products are integrated into thousands of homes, apartments, commercial buildings, landscapes and infrastructure projects built each year.

Build for Living: Towards 2025, Brickworks Sustainability Strategy

Brickworks' sustainability strategy, "Build for Living: Towards 2025", recognises the substantial environmental and social impacts of the built environment, and the role its products play in creating sustainable developments. Brickworks understands its responsibilities, and the impact and influence it has on the environment, customers, employees, communities, and shareholders.

The sustainability strategy focuses on the opportunity to make buildings and cities safe, resilient and sustainable. Design that incorporates sustainability brings greater energy and resource efficiency over the operational lifetime of a building.

The sustainability strategy sets a clear pathway from the prior year, with measurable commitments, to ensure Brickworks continues to have a positive environmental and social impact, with strong governance and a culture of care for the community.

At the heart of the strategy is Brickworks' sustainability framework, with three pillars: Responsible Business, Environment and Our People and Community. Within these pillars, Brickworks focuses on three core objectives to deliver positive outcomes for stakeholders:

- Responsible Business: Leading Building Design - Safe, Resilient, Sustainable
- Environment: Sustainable Manufacturing
- Our People and Community: Diversity and Strong Culture of Care for Community.

Under these objectives, Brickworks is committed to delivering on 15 targets by 2025 with the baseline year of FY2019, except where otherwise noted. Build for Living: Towards 2025 can be downloaded from Brickworks website www.brickworks.com.au

Sustainability Reporting

Brickworks understands its long-term responsibilities, and the impact and influence the business has on the environment, customers, employees, communities and shareholders. Brickworks takes great pride in manufacturing building products in a sustainable way, creating sustainable developments and beautiful products that last forever. Sustainability and innovation is integrated into product design to create greater energy and resource efficiency over the operational lifetime of a building.

Brickworks 2021 Sustainability Report provides a chance to cover these issues in depth, informed by international standards such as the Global Reporting Initiative.

The Sustainability Report for the year ended 31 July 2021 shares Brickworks sustainability journey with an overview of the progress against targets and case studies. The Sustainability Report can be found at www.brickworks.com.au

Towards 2025

Significant annual progress against our 2025 targets

Target	Our Progress	Status
Thermal Design We will provide leading research on passive solar thermal design, enabling reduced lifetime energy use.	Release of new thermal research: Best Building Products for higher NatHERs Ratings.	✓✓
Life Cycle Education We will support design tools, guidance, and information to incorporate life cycle thinking into building design.	Provided 42 continuous professional development sessions, educating 2,085 attendees.	✓✓
Sustainable Products By 2025 we will double our volume of products sold in Australia that hold leading sustainable qualities.	21% increase in Carbon Neutral brick sales against previous year, launched second Climate Active offering.	✓✓
Supply Chain Continuing to reduce supply chain risks.	Modern Slavery Roadmap completed.	✓✓
Governance Business Ethics and Whistle-blower Programs.	Governance programs formalised. Continued training.	✓✓✓
Safety Continue reductions in injury rates.	Injury rates reduced by 21% in Australia and clear safety roadmap for U.S. business.	✓✓
Engagement Existing target of 100 community engagement activities annually.	120 community engagement activities, exceeding our target of 100.	✓✓✓
Community Support Supporting charities like the Children's Cancer Institute.	$196,028 collected for Children's Cancer institute in 2020. CCI Engagement Plan developed for COVID safe charity events.	✓
Diversity and Inclusion Stretch target: 35% female senior executives. Develop and implement a Diversity and Inclusion Strategy.	28.1% female senior executive in Australia, development of our Diversity and Inclusion Strategy.	✓✓
Carbon Invest in the transition to the hydrogen fuel economy.	Launched Hydrogen Feasibility Project with Murdoch University.	✓✓
Water Reduce potable water use in water stressed areas.	8% less mains water usage in Australia v FY2020.	✓✓
Rehabilitation Drive progressive rehabilitation.	25,527m^2 land rehabilitated in Australia.	✓✓✓
Circular Economy Year on year increase in recycled material use.	61% increase in recycled material use, 12.5% recycled content in raw materials in Australia.	✓✓✓
Emission Control Over $2 million investment in emission abatement.	$3.25M invested in emission abatement.	✓✓✓
Energy Efficiency Stretch target: 10% increase in gas efficiency at Austral Bricks plant by 2030.	Total gas efficiency at Austral Bricks plant has improved by 3.5% and natural gas efficiency has improved by 7.4% since 2018.	✓✓

***Key:** ✓✓✓ Achieved ✓✓ Materially Progressed ✓ Progressed

Environment

Brickworks is committed to managing our operations in an environmentally sustainable manner, whilst considering economic and social influences.

Compliance[15]

Brickworks treats all non-compliance instances with the utmost importance. Details of incidents, notices and complaints are raised at the weekly General Manager's meeting, attended by the Managing Director. Each non-compliance incident is investigated and tracked to ensure corrective actions are undertaken within deadlines.

	FY2021		FY2020	
	Aust.	U.S.	Aust.	U.S.
Prosecutions	0	0	0	0
Penalty Notices	0	2	0	0
Reportable Incidents	12	1	26	4
Total Incidents	35	1	47	4

Brickworks Compliance Statistics

Incident reporting procedures and training are a central part of the EMS, raising awareness and identifying corrective and preventative actions. Seven of the 12 Australian reportable incidents related to water discharge at Austral Bricks sites. To address these incidents, Automatic Treatment Basins are being installed at German Church and Ford Road Quarries, Qld, and Horsley Park Quarry, NSW.

The North American business received two penalty notices during FY2021. Pittsburgh Plant Quarry received a penalty notice for water discharge exceeding the aluminium limit in March 2020. A water sample was mistakenly submitted as a dry weather discharge, with aluminium analysed to be slightly over the limit. A wet weather discharge does not require aluminium to be analysed. The incident was administrative in nature and thus designated as low significance by the State Regulator who issued a $1,000 (USD) penalty notice in December 2020. A second penalty notice was issued in June 2021 for a Hanley Plant Quarry water discharge that exceeded the manganese permitted limit. Corrective actions were immediately instituted under guidance from the Pennsylvania State Agency and the penalty was reduced from $2,600 to $1,500 (USD). The FY2022 target remains at zero environmental fines and continued risk reduction.

EMISSION CONTROL
Over $2 million investment in emission abatement

The Air Environmental Program will continue identifying investments in leading environmental initiatives. During FY2019-FY2020, over $2.7M (AUD) was invested in emissions abatement scrubber equipment installed at Horsley Park Plant 23. Future investments in environmental initiatives, as part of the Air Environmental Program, will be considered in relation to capital expenditure, technical projects and stakeholder collaboration.

$2.9M (AUD) was spent on Hydrogen Fluoride pollution control equipment for air emissions in Plant 22 in FY2021. This investment is expected to deliver reductions in emissions at the source. An additional $149,000 (AUD) was spent on pollution control equipment for air emissions in Australia during FY2021. By 2026, over $2M (AUD) additional investment in emissions abatement is scheduled.

$1.0M (USD) has been approved to begin upgrades on the Glen-Gery Pittsburgh Plant kiln pollution control equipment in FY2022. The proposed upgrades are intended to improve the general condition, reliability, and overall operation of the existing pollution control device. The proposed upgrades are currently scheduled to begin mid 2Q FY2022.

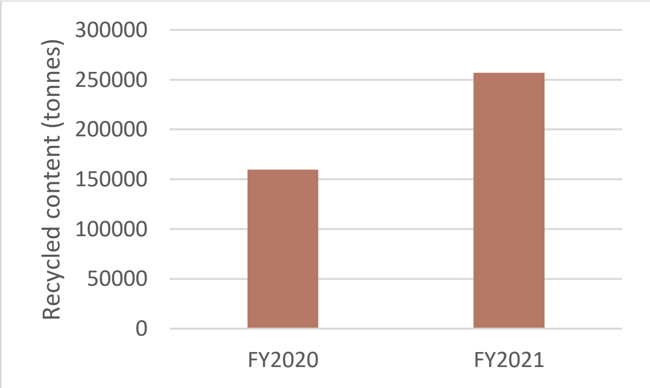
Resources and Waste

Brickworks is progressing towards a circular economy by closing the loop, thus minimising production waste and reusing and recovering resources in the value chain. Opportunities for the reuse of waste are a key focus area for the brick and concrete businesses to decrease material costs, increase resource efficiency and drive a circular economy. Brickworks' 2025 target is for a year-on-year increase in recycled material use.

CIRCULAR ECONOMY
Year on year increase in recycled material use

Measured recycled content of Australian building products was 61% higher than the previous year. A total of 256,940 tonnes of recycled material was used in place of raw materials, such as clay and cement. This is approximately 12.5% of Australian building products total production by weight. A further 13,159 tonnes of sawdust was used in place of natural gas.

Recycled content of Building Products Australia



Water

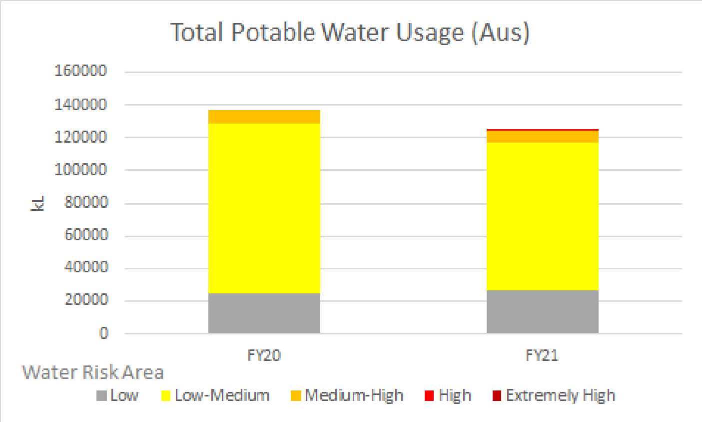
Brickworks' 2025 target is to reduce potable water usage in water stressed areas.

WATER
Reduced potable water use in water stressed areas

Water resource management is most important in water stressed areas. During FY2021, 126 ML of potable mains water use was

11 Reported environmental fines and penalties include those received and paid during the reporting year (ending 31 July). Penalties received regarding property notices are excluded.

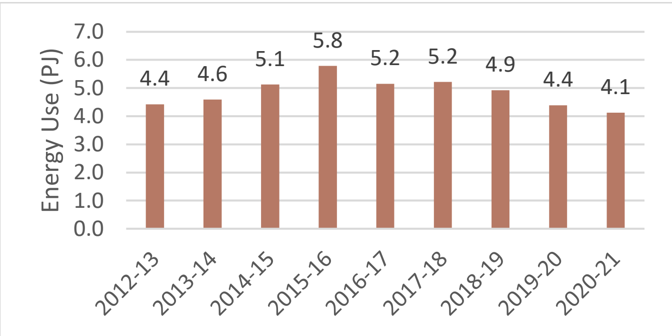
recorded at sites in Australia, an 8% decrease compared to the previous year. This decrease includes a 9% reduction in potable water usage in our medium-high risk sites.



Energy

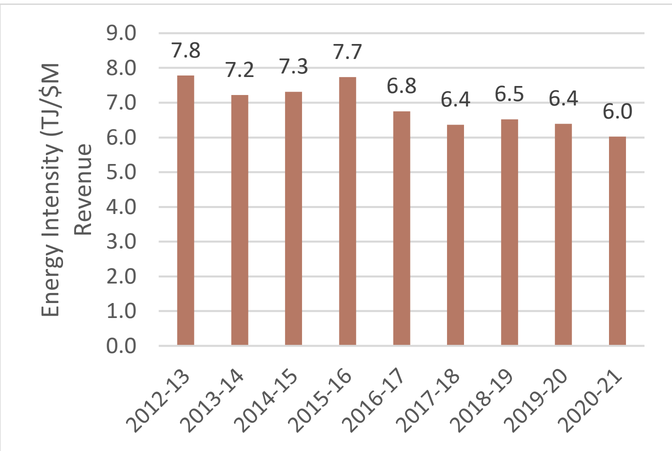
In FY2021, Brickworks Building Products Australia's (BBP) total energy usage was 4.1PJ, a 6% reduction from 4.4PJ the previous year.

BBP Australia Total Energy Consumption (PJ)[16]



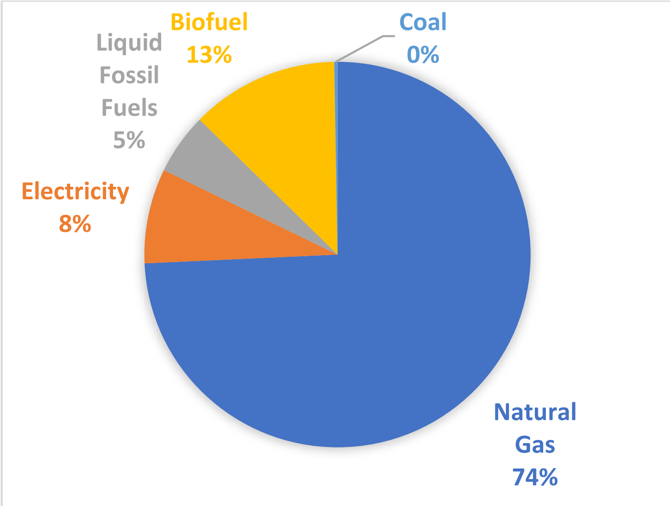
Energy intensity (energy consumption vs revenue) was 6TJ per million dollars of revenue across BBP Australia, a 6.3% decrease, reflecting fluctuations in revenue between FY20 and FY2021.

BBP Australia Energy Intensity (TJ/$M Revenue)



The majority (74%, 3.1 PJ) of the company's Australian energy requirements comes from natural gas, largely used at Austral Bricks' manufacturing facilities. Gas efficiency is measured at a factory level and results are reported to the Managing Director weekly.

BBP Australia FY2021 Energy Mix



In FY2021, alternative biofuels made up 13% of Brickworks' Australian energy mix, down from 14% in FY2020. Biofuel sources include landfill gas and sawdust. Austral Bricks Horsley Park Plant 1 and 3 both continue to substitute natural gas with landfill gas, sourced from neighbouring landfills. Sawdust is the primary fuel used to fire the kiln at Austral Bricks Longford, TAS, and is acquired from various Tasmanian sawmills.

Investing in Energy Efficiency Towards 2030

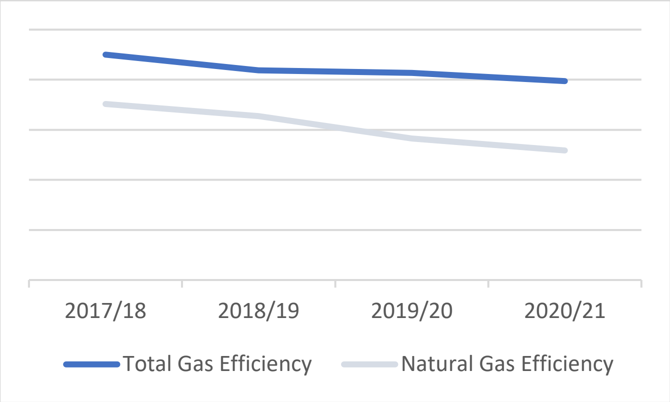
Since its inception, Brickworks Building Products has invested in the latest kiln, equipment and manufacturing technologies to improve productivity, product quality and energy efficiency.

FY2018 marked the start of a strategic 10-year investment vision to drive energy efficiency across Australia. By 2030, major plant upgrades are expected to improve total gas efficiency across Austral Bricks Australia by stretch target 10%, based on FY2018 levels.

During FY2019, the Austral Bricks Horsley Park Plant 2 kiln was shut down in preparation for an upgrade to a state of the art brick manufacturing facility. Plant 2 is expected to commence commissioning in FY2023. The graph below depicts Austral Bricks Gas efficiency trend. Total Gas efficiency (including landfill gas at Horsley Park and sawdust at Longford) has improved by 3.5% since FY2018. Natural gas efficiency has improved by 7.4% since FY2018.

2 Total energy consumption is for Australian operations only. Energy consumption associated with recently acquired North American operations will continue to be monitored and reported, if material to the group.

Austral Bricks Gas Efficiency (GJ/'000 Standard Brick Equivalent)

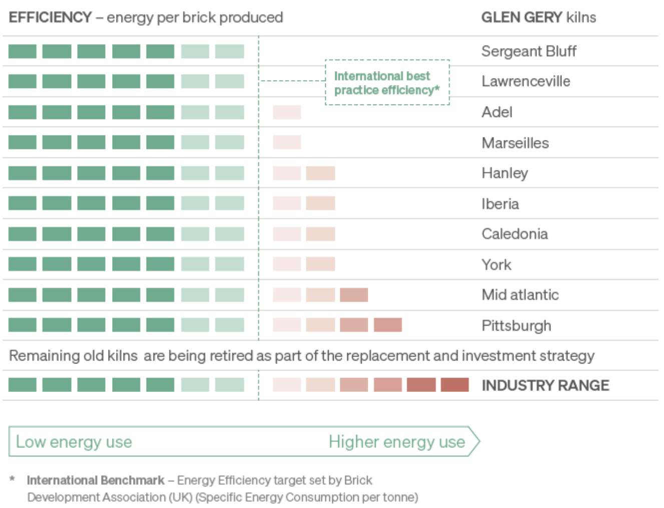


Brickworks is planning for investments into the latest manufacturing technologies in the North American business. Upgrades will provide improvements in productivity, product quality and energy efficiency. Improvements in kiln gas efficiency across North America will be tracked and reported annually.

Renewable Energy and Biogas

Brickworks has long-since used biogas and sawdust for renewable energy generation. The Alternative Fuels Program saw Brickworks Australia achieve 13% energy use composition of biofuels in FY2021.

Brickworks Building Products – North American Natural Gas and Electricity Usage

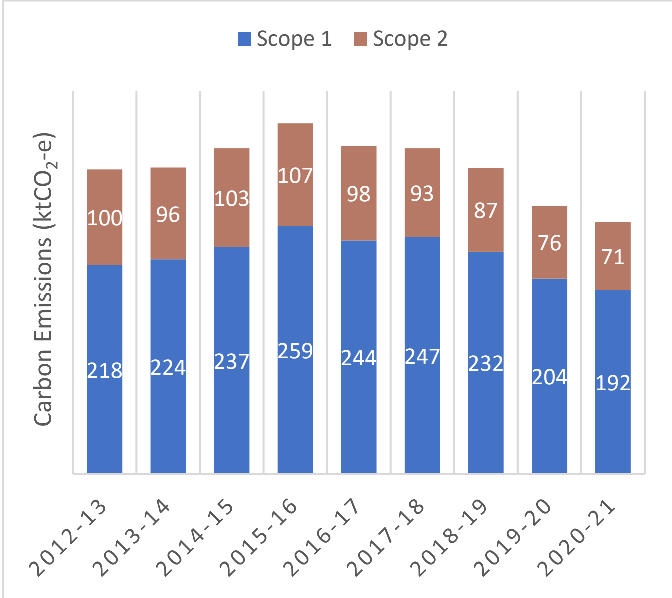


During FY2021, 10 clay brick factories owned by Brickworks were in operation in North America, all fuelled by natural gas. Consumption of natural gas in Brickworks Building Products North American business was 1.7PJ in FY2021, up from the 1.5PJ used in FY2020. Electricity usage in FY21 was 51GWh. In FY2022, Brickworks will collect and report on North American total energy use.

Carbon (Australia)

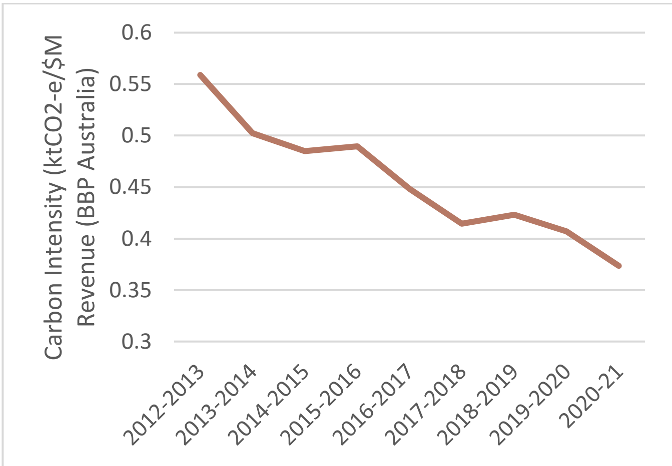
Australian greenhouse gas emissions are reported and audited for the Australian National Greenhouse and Energy Reporting Scheme (NGERS). Scope 1 and Scope 2 carbon emissions are determined using the methodology and factors outlined within NGERS. Reported carbon emissions include those associated with Brickworks Building Products Australian operations only, for the reporting period 1 July 2020 to 30 June 2021. In FY2021, emissions were 192,117 tCO2-e (Scope 1) and 70,827 tCO2-e (Scope 2), a 6% decrease on the previous year.

BBP Australia Total Carbon Emissions



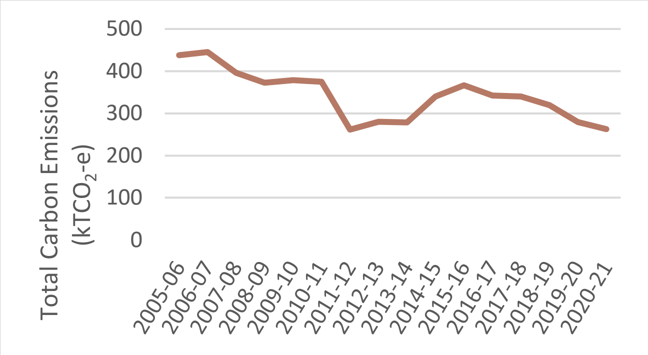
Carbon intensity is 6.3% lower than the previous year, attributable to improvements in gas efficiency.

BBP Australia Carbon Intensity ($ktCO_2$-e/$M Revenue)



Carbon emissions have followed a general downward trend, with a 39.9% decrease compared to the base year 2005/06 (Scope 1 and 2). The decrease is attributed to efficiencies gained from alternate fuels, manufacturing consolidation, equipment upgrades and operational improvements. Brickworks will explore further carbon management strategies, greenhouse gas metrics and setting targets during FY2022 as part of the Taskforce on Climate-related Financial Disclosures (TCFD) review.

BBP Australia Carbon Emissions Since 2005 (ktCO$_2$.e)



National Greenhouse and Energy Reporting Data

Carbon (North America)

Alongside Brickworks goal to report carbon informed by the GRI Standards, a carbon emissions inventory for North America will be built by FY2022, to enable a full estimate of carbon emissions. Although Brickworks' North American operations are not required to report carbon emissions to the U.S. regulator, this information will supplement ongoing carbon reporting for the Brickworks group.

Natural gas followed by electricity are the predominant energy and carbon emissions sources for the North American operations. Carbon emissions from natural gas and electricity consumption were 109 ktCO$_2$-e during FY2021.

Hydrogen

Hydrogen is expected to play a key role in the decarbonisation of sectors, such as the replacement of natural gas. Renewable hydrogen, produced through electrolysis from water using renewable electricity, can provide industry with emission-free energy. As a large gas user, this fuel may help Brickworks to meet its greenhouse gas emissions reduction targets.

Brickworks is investing in the transition to a hydrogen fuel economy through desktop and lab-scale trials, in partnership with Murdoch University. The purpose of this investment is to understand the use of hydrogen in the manufacturing of clay bricks.

Launch of Hydrogen Feasibility Study

Brickworks kicked off its Hydrogen Feasibility Project in December 2020, inviting representatives from Murdoch University's Environmental Engineering Team and ATCO to a site tour of Austral Bricks Cardup, WA.

Image: Factory tour of Cardup with representatives from Murdoch University, ATCO, Austral Bricks and Brickworks.

CARBON
Invest in the transition to the hydrogen fuel economy

Understanding Carbon Risks and Opportunities

Brickworks is aligning its greenhouse gas reduction strategy with the recognised standard of the Task Force on Climate-related Financial Disclosures (**TCFD**) recommendations, including risk management disclosures, metrics and targets. The TCFD recommendations provide a disclosure framework supported by investors and regulators. During FY20, a plan was finalised to meet the recommendations on the TCFD and approved by the Brickworks Board and Audit and Risk Committee.

We are incrementally adopting the TCFD recommendations, such as undertaking climate scenario analysis, identifying risks and responses. Climate scenario analysis utilises three scenarios to ensure portfolio stress testing aligns with the TCFD guidelines.

During FY2021, our approach to a low carbon future was set out in a Low Emission Technology Statement. This technology statement and strategy is underpinned by the overarching target to implement energy efficiency opportunities through a global kiln replacement strategy and exploration of opportunities to further increase low carbon fuels and renewable electricity.

During FY2021, the Brickworks Sustainable Home Guide was prepared, setting out a pathway to creating a sustainable home using Brickworks sustainable products. The Brickworks Sustainable Home Guide follows principles for sustainable home design, based on leading standards such as Green Star Homes and LEED for Homes by U.S. Green Building Council.

Brickworks Low Emission Technology Statement and Sustainable Home Guide are available for download from www.brickworks.com.au

Rehabilitation

Progressive rehabilitation is a key strategy for minimising environmental risk, end-of-life closure costs and achieving increased efficiency by reducing double handling of rehabilitation materials.

Progressive rehabilitation of 25,527m^2 was completed at sites across Australia during FY2021. Progressive rehabilitation is driven across the business by adding available land reviews to annual rehabilitation planning.

REHABILITATION
Drive progressive rehabilitation

Community Engagement

Brickworks has developed community engagement plans at relevant sites, identifying the socio-political context, community concerns and expectations and when and how to engage. In FY2021, we completed 120 community activities, exceeding our target of 100 events. Engagement activities included stakeholder meetings, site visits, investigating and resolving complaints, donations and other forms of support for community members and projects. These events help us strengthen and maintain community relationships.

ENGAGEMENT
100 Community activities each year

Community

Brickworks is committed to social responsibility in our communities, and we aim to make a valued contribution to our communities.

Children's Cancer Institute

Brickworks is a long-standing partner with the Children's Cancer Institute (CCI), the only independent medical research institute in Australia dedicated to research into the causes, cure and prevention of childhood cancer.

Brickworks became partner of CCI in 2002 with the first pledge made towards the CCI Capital Appeal of $70,000. To date, Brickworks' total partner value exceeds $4 million dollars, comprising of direct and indirect sources of revenue, including corporate and staff donations, state fundraising, sponsorships and supporting CCI events.

The reporting period for the CCI partnership is the 2020 calendar year and the team at Brickworks raised $196,028, helping CCI move closer to achieving the vision of curing all children with cancer.

Staff Donations

The ongoing company support for CCI's work has been supplemented with staff donations, primarily through the Casual Friday program. In return for a payroll donation of $2 per week, staff are issued with a 'Care for Cancer Kids' shirt to wear with their casual clothes on Fridays. 2020 saw the Brickworks staff contribute an amazing $58,448 through the Casual Friday program.

Brickworks staff offer their time and efforts to drive a range of fundraising activities for CCI, including the Diamond Ball and Build for a Cure initiative. Fundraising efforts were significantly impacted, with most events cancelled due to COVID-19 restrictions. The Brickworks Charity Committee implemented the 2021 CCI Engagement Plan to enable suitable fundraising activities to occur to during the COVID-19 pandemic.

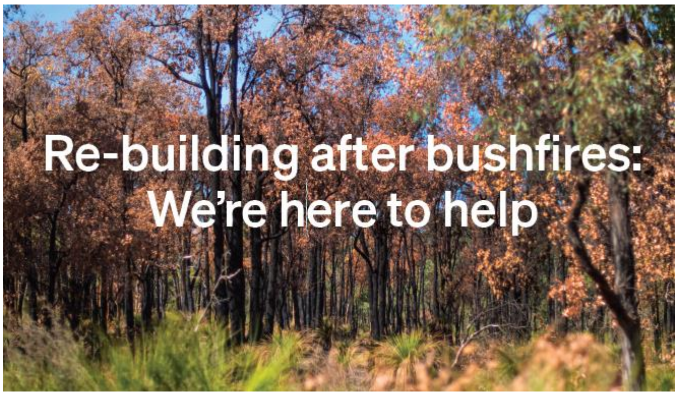
Australian Bushfire Support Campaign

Supporting Bushfire Victims

The Wooroloo Bushfire started on 1 February 2021 while Perth, WA was under a COVID-19 lockdown. The devastating fire destroyed 86 homes and displaced hundreds of local residents.

For the second year, Brickworks Building Products offered to help bushfire victims rebuild their homes. For any home built with Austral Bricks, Brickworks' Building Products will replace all bricks, free of charge, including delivery. For homes constructed from other building materials, Brickworks will assist in the re-build, with 50% off all materials in the Brickworks Building Products portfolio. This initiative is available to bushfire victims for two years. For Terms and Conditions see our website www.brickworks.com.au/bushfire-relief

During FY2021, 73,320 bricks worth $61,517 were donated to nine households affected by bushfire.



Our

People

COVID-19 Response

Brickworks has monitored the coronavirus disease (**COVID-19**) since January 2020, acting with caution and following stringent health advice. Brickworks implemented a COVID-19 business continuity plan to minimise the chance of COVID-19 spreading throughout the business. A set of regularly updated COVID-19 Guidelines are published on the Brickworks website, for both customers and employees.

The health and wellbeing of employees and customers is of the upmost importance to the company. Brickworks has been prepared since 2014, with fully equipped biological kits in place at all operational sites. The following initiatives are in place in Australia throughout the duration of the pandemic:

- A national central store was established for COVID-19 personal protective equipment (PPE) supplies, ensuring a constant supply across Brickworks
- National doctor network with Occupational Physician adviser to Brickworks
- Deep cleaning between shifts
- Activity register of pandemic related absences and single point of triage
- Temperature testing all people (including customers) at all sites
- Unwell workers, contractors and customers with fevers are not permitted on-site
- Brickworks hygiene program
- Sanitation caddies and PPE provided at all workstations
- Limitation of company travel
- Providing alternative arrangements to ensure that employees are not travelling to and from work using public transport
- Regular communications to all staff through emails, providing the latest health advice with a focus on mental health and personal wellbeing
- Leaders are empowered to have regular check ins with their teams, checking on wellbeing and connectiveness
- IT infrastructure and an upgrade to video communications enabling a quick transition for staff to work from home
- Compliance with Government Guidelines
- Regular General Manager COVID-19 meetings
- Daily World Health Organisation (WHO) situation reports
- Information training assigned to all Brickworks personnel through the E-Learning platform
- Innovation communications throughout Brickworks networking best practice initiatives being implemented
- Training reports to ensure assigned training is completed
- Physical separation of work teams
- Individual flexibility to help staff who have caring responsibilities, especially during home schooling
- Networking with the Manufacturing Australia group of companies to share learnings and best practice.

Remote working in response to COVID-19 has been effective across the business. A survey was sent to employees following the remote working experience, with positive feedback. Business planning and scenario modelling tools have been developed to support decision making.

COVID-19 has changed the way that Brickworks does business; accelerating digital sales and marketing, offering contact-free sample deliveries, virtual colour consultations, and the business does not currently accept cash payments.

Further COVID-19 Response Australia

During FY2021, implementation of COVID-19 responses continued to develop to ensure the continued health and well-being of employees and customers.

Recognising the important role of vaccinations, Brickworks implemented Vaccination Leave provisions, to allow employees time for obtaining vaccinations. Rapid Antigen Testing was trialled and implemented at NSW facilities during the NSW Government lockdown period from July 2021, providing an additional level of screening and identification.

During FY2021, there were no positive COVID-19 cases on Australian Brickworks sites.

Further COVID-19 Response North America

In North America, COVID-19 has affected staff, with 606 staff absences recording 122 positive employee COVID-19 cases. The government ordered temporary shutdowns to five facilities at the start of the pandemic, resulting in 400 employees laid off and 150 employees working from home. Policies, procedures and guidelines are in place to minimise the spread of COVID-19 and the impact on the business.

Image: Rapid Antigen Testing Horsley Park, NSW

Our Workplace Australia and US

Key Employment Data	Australia	US
Total Workforce	1160	801
Total female breakdown	23% (up from 21% in FY2020)**	20% (up from 17% in FY2020)
Female Senior Executives	28% (up from 27% in FY2020)**	23% (up from 15% in FY2020
Average age of employees	43.4	45.5
Employees aged 50 and over	32.8%	43.3%
Average length of service	9.4 years	11.7 years

Workplace Profile	Aus. Total**	Aus. Female*,**	US Total	US Female*
Management	21%	24%	19%	25%
Professionals	7%	34%	4%	32%
Tech/Trades	17%	5%	2%	11%
Administration	14%	80%	11%	73%
Sales	8%	43%	3%	17%
Operators/ Labourers	34%	1%	61%	8%

*Note: Female % is a fraction of each profile type.

** from WGEA data 2021

Culture and Engagement

Brickworks recognises that sustaining a strong culture, driven by the diversity of our people, is critical to our long-term success. During FY2021, we continued our focus on the integration of the 'WE ARE BRICKWORKS' Values and Behaviours. These values and behaviours drive organisational unity and focus, by providing a simple way for employees to understand what the organisation stands for, and how success is achieved at Brickworks.

Brickworks values are firmly embedded in our practices, such as recruitment, onboarding, performance management, promotion and talent development.

Employee Retention

The strong commitment and positive engagement of our employees remains a key focus through our employee value proposition and multiple benefits offered to permanent employees, including paid parental leave, support for further education and employee share schemes.

Employee Turnover	Aus. FY2020	Aus. FY2021*	North America FY2020	North America FY2021*
Voluntary	13%	13%	19%	32%
Total	27%	17%	30%	42%

Brickworks Australia FY2021 employee voluntary turnover (resignations and retirement) was 13.06%, with a total turnover of 17.33%, an improvement of 10% on the previous year. The voluntary turnover in North America is primarily a result of the increasingly competitive job market in the United States during the recovery from the COVID-19 pandemic. Turnover is reviewed on a regular basis, along with exit interviews and pulse surveys to help us understand focus areas that will improve employee retention and engagement.

Brickworks North America employee voluntary turnover was 32% with a total turnover of 42%, 12% higher than the previous year. The increase in voluntary turnover is a result of the worker shortage crisis in the United States. During the recovery from the COVID-19 pandemic, the demand for labour exceeded the supply; especially within physical labor positions. 80% of the voluntary turnover occurred in the general labor plant positions. Brickworks North America has reviewed opportunities for automation to reduce manual labour requirements, and revised pay practices to incentivise productivity to remain competitive in the labour market. The benefits of working at Brickworks North America are described within the website https://www.glengery.com/careers.

Talent Pipelines

At Brickworks, we aim to provide an employee experience that aids staff growth and development. Brickworks is committed to investing in the talent of our people, through formalised graduate, apprentice, cadetships, mentoring and succession planning programs.

Following the success of the Australian Graduate Program, North America launched its Graduate Program, The Brew Crew, designed to encourage company awareness, support professional and personal skill development, and promote organisational engagement. The first cohort are 10 emerging professionals, under the age of 25, who will be provided networking, mentoring, and learning opportunities focused on the business and their careers.

Brickworks has continued to develop its talent pipeline entry points by launching the Cadet Program. This is a structured pathway which provides foundational level industry experience for those undertaking their undergraduate degree. Those who are identified as having leadership potential can apply to the Graduate Program upon completion of their studies.

Brickworks has embedded Mentoring Programs since 2018 and FY2021 saw the successful launch of an internally managed program. The program allows participants to develop mentoring skills and continues Brickworks commitment to developing a culture of mentorship and growth.

Driving a Learning Culture

Brickworks is committed to creating a strong Learning Culture. All managers and employees are encouraged to undertake two hours of learning every week and further their professional development by accessing a learning allowance. Structured development programs are made accessible to meet business and individual learning requirements. During FY2021, Brickworks conducted a pilot program that provided learners with direct access to online training, encouraging employees to develop at their own pace, with targeted learning to suit their individual needs.

Diversity and Inclusion

Brickworks is committed to creating a diverse and inclusive culture, where all employees are treated with dignity and respect, valued for their contributions and diverse backgrounds, experiences and perspectives. By valuing diversity and inclusion, Brickworks will:

- Deliver improved customer service, business performance and strengthen corporate reputation
- Gain competitive advantage by understanding and reflecting customers and local communities
- Engage employees by providing an open, fair and diverse work environment.

Brickworks is committed to ensuring equal opportunities, eliminating all forms of discrimination, harassment, bullying and victimisation in the workplace. A revised Diversity and Equal Opportunity Policy was launched in FY2021 with a stronger focus on sexual harassment. Training and education was provided on the revised policy, along with Bystander Training for Executives, to be rolled out across the business in FY2022. The board is notified of complaints and non-compliances against the policy including incidence of sexist behaviour. In FY2021 the Diversity Council, led by the Managing Director, conducted a baseline Inclusion and Diversity survey, which has informed the Brickworks Diversity and Inclusion Strategy. The Strategy consists of 6 pillars:

1. Create a more gender-balanced workforce at all levels
2. Engage and empower everyone in the business
3. Increase opportunities for flexible working
4. Increase leader accountability for diversity and inclusion
5. Improve leader capability to address inappropriate behaviours and encourage psychological safety
6. Support hiring and retention of under-represented groups.

Women in International Assignments

The North American business promoted Lara Robertson to Vice President Design and Distributor Sales in August 2020. Lara joined the North American business from Brickworks Australia in August 2019 as Director, Design and Business Development. Lara has added oversight of the distributor sales teams, supporting more than 700 customers nationwide and driving sales by leveraging the Glen-Gery design and business development efforts.

In August 2021, Anna Lewin-Tzannes will join Glen-Gery as New York Design Studio Manager from Brickworks Australia. Anna will work closely with the Business Development and Sales teams to drive the specification and sale of Brickworks products from the global flagship Design Studio on Fifth Avenue. Anna will be responsible for ensuring the New York Design Studio is a world-class event destination and hub for the design industry.

Assignments abroad provide employees with the opportunity to develop their knowledge of the brick industry around the globe, increase cultural literacy and broaden perspectives.

Collective Bargaining Agreements

A total of 77% of wages employees in Australia are covered by a collective bargaining agreement and 48% of agreements are union based. There has been a shift over the last few years of employees seeking non-union agreements with the Company.

Brickworks North America has 4 non-union plants and 7 union plants. During FY2021, one collective bargaining agreement was successfully negotiated and executed at the Hanley Plant.

There are 465 labour employees in the North American plants. Of those, 72% are union based employees covered by collective bargaining agreements. The remaining employees are not covered by any type of agreement.

Brickworks Equal Opportunity Policy prevents unlawful discrimination, including a person’s industrial activity, union membership and political beliefs. Brickworks supports and advocates for Freedom of Association.

Percentage of Employees *,** Covered by Collective Bargaining Agreements

	Australia*	North America**
Collective Bargaining Agreement	77%	72%
No Agreement	23%	28%

* Wages Employees Australia
** Labour Employees North America

Composition of Collective Bargaining Agreements

Union Based	48%	100%
Non-Union Based	52%	0%

Compliance

A number of Fairwork conciliations have resulted in settlements, with no fines or non-monetary sanctions received in FY2021.

Board of

Directors

Robert D. Millner FAICD

Chairman | Director since 1997 (24 years)

Mr. R. Millner is the non-executive Chairman of the Board. He first joined the Board in 1997 and was appointed Chairman in 1999.

Mr Millner brings to the Board broad corporate, investment, portfolio and asset management experience gained across diverse sectors including telecommunications, mining, manufacturing, health, finance, energy, industrial and property investment in Australia and overseas.

He is an accomplished company director with an extensive understanding of governance and compliance, reporting, media and investor relations.

He is a member of the Remuneration Committee and the Nomination Committee.

Mr Millner holds directorships in the following listed companies:

- Washington H. Soul Pattinson and Co. Ltd
- New Hope Corporation Ltd
- TPG Telecom Ltd
- BKI Investment Company Ltd
- Milton Corporation Limited
- Tuas Limited

During the last 3 years, he also held a listed company directorship with Australian Pharmaceutical Industries Ltd (resigning July 2020).

Michael J. Millner MAICD

Deputy Chairman | Director since 1998 (23 years)

Mr. M. Millner is a non-executive Director who was appointed to the Board in 1998.

As an experienced company director, Mr Millner has considerable investment, portfolio and asset management experience across the building products, manufacturing, agricultural and property sectors in Australia and overseas.

He is President of the Royal Agricultural Society of NSW and a Director of the Royal Agricultural Society of NSW (RAS) Foundation.

Mr Millner is the Deputy Chairman of the Board, and a member of the Remuneration Committee and the Nomination Committee.

Mr Millner has no current listed company directorships. During the last 3 years, he also held a listed company directorship with Ruralco Holdings Ltd (resigning in 2019).

Lindsay R. Partridge AM BSc. Hons.Ceramic Eng; FAICD; Dip.CD

Managing Director | Since 2000 (21 years), joined the Company in 1985

Mr Partridge was appointed Managing Director in 2000.

He is a qualified ceramic engineer and has extensive commercial, manufacturing, marketing, technical and operational experience including numerous senior management positions he has held in the building products manufacturing sector in Australia and the USA.

Since his appointment as Managing Director Brickworks has grown significantly in terms of size and profitability and successfully expanded into industrial property development.

He is an experienced company director with substantial expertise in governance, human resources, compliance reporting, media, investor relations and mergers and acquisitions.

He was awarded the Member of the Order of Australia in 2012 for services to the Building and Construction Industry, particularly in the areas of industry training and career development. and in 2018 was awarded the esteemed “Sir Phillip Lynch Award”, by the Housing Industry Association in recognition of his immense contribution to the Housing Industry.

The Hon. Robert J. Webster MAICD

Non-executive Director | Director since 2001 (20 years)

Mr Webster was appointed to the Board in 2001 and is a non-executive Director.

As a former senior client partner and head of Asia Pacific Board Services at Korn Ferry Mr Webster has particular skills in human resources, recruitment and executive remuneration.

He also brings valuable experience to the Board in government planning, energy and housing having served as Minister for Planning, Minister for Energy, and Minister for Housing in New South Wales.

As an experienced company director and public-sector leader his skills include Board leadership, governance, risk management and compliance.

He is Chair of the Nomination Committee, a member of the Remuneration Committee, the Audit and Risk Committee and the Independent Board Committee.

Mr Webster has no other listed company directorships and has held no other listed company directorships in the last three years.

Deborah R. Page AM B.Ec, FCA, FAICD

Non-executive Director | Director since 1 July 2014 (7 years)

Mrs Page was appointed to the Board in July 2014.

She has extensive financial expertise, having been a partner at Touche Ross/KPMG Peat Marwick, and a senior executive with the Lend Lease Group, Allen Allen and Hemsley and the Commonwealth Bank.

She has specific experience in corporate finance, accounting, audit, mergers & acquisitions, capital markets, insurance and joint venture arrangements.

Mrs Page also has extensive experience as a company director gained across ASX Listed, private, public sector and regulated entities including in the telecommunications, utilities, insurance, technology, renewables, funds management and infrastructure sectors.

As an experienced director and Audit and Risk Committee Chair her skills also include Board leadership, governance, risk management and compliance.

Mrs Page is the Lead Independent Director and Chair of the Independent Board Committee, Chair of the Audit and Risk Committee, and a member of the Remuneration Committee and the Nomination Committee.

Mrs Page is a member of Chief Executive Women.

Mrs Page holds directorships in the following listed companies:

- Pendal Group Limited
- Service Stream Limited
- Growthpoint Properties Australia Limited

During the last three years, she also held a listed company directorship with GBST Holdings Limited (resigning in 2019).

Malcolm P. Bundey B.Bus (Accounting), GAICD

Non-executive Director | Director since 1 October 2019 (2 years)

Mr Bundey was appointed to the Board in October 2019.

Mr Bundey has valuable experience as a CEO & Managing Director with particular expertise in managing complex global manufacturing operations including as CEO of Pact Group, CEO of Evergreen Packaging, CEO of Graham Packaging and CEO of Closure Systems International.

These companies each operated multi-location and geographical plants across a wide range of regulatory jurisdictions including Australia and the USA.

Mr Bundey also has extensive financial experience having been a CFO at Goodman Fielder and a partner at Deloitte.

He has in depth knowledge of the health, safety and environment risks associated with manufacturing operations and expertise in mergers and acquisitions and asset management.

He is Chair of the Remuneration Committee, a member of the Nomination Committee, the Audit and Risk Committee and the Independent Board Committee.

Mr Bundey has no current listed company directorships. During the last three years, he was an executive director of Pact Group Holdings Ltd (resigning from the board in September 2018).

Robyn N. Stubbs B.Bus, M.Sc., GAICD

Non-executive Director | Director since 1 January 2020 (1.5 years)

Ms Stubbs was appointed to the Board on 1 January 2020.

She has valuable operational experience in property leasing, sales and marketing, strategy and new product development having spent more than 25 years in senior sales and marketing roles in the media and property sectors.

Most recently Ms Stubbs was General Manager of Retail Leasing at Stockland and prior to this she held property management, sales and marketing roles at Lend Lease, Fairfax, Network Ten and Unilever.

Ms Stubbs' skills also include mergers and acquisitions, capital markets, governance, risk management and compliance.

She is a member of the Remuneration Committee, the Nomination Committee, the Audit & Risk Committee and the Independent Board Committee.

Ms Stubbs holds a listed directorship in Aventus Group. During the last 3 years she also held a listed company directorship with InvoCare Limited (resigning in February 2021).

Executive

Management

Lindsay R. Partridge AM BSc. Hons.Ceramic Eng; FAICD; Dip.CD

Managing Director | Since 2000 (21 years), joined the Company

Refer to Board of Directors, page 31.

Robert Bakewell B.Comm; CA

Chief Financial Officer

Mr Bakewell was appointed Chief Financial Officer in June 2016. He is a chartered accountant with more than 36 years finance and commercial experience in listed Australian and international companies including significant experience in mergers and acquisitions, restructuring, balance sheet and capital management. He is responsible for all financial operations of the business including group accounting and taxation, treasury, banking and finance and investor relations.

Megan Kublins BS (Arch), B Arch

Executive General Manager – Property & Development

Ms Kublins was appointed General Manager Property in November 2001 and became Executive General Manager Property in 2006. She has over 24 years' experience in the property industry gained in public and private organisations in the capacity of both landowner and developer. She manages all of Brickworks property assets, including over 3,500 hectares of land. Her primary focus is to identify value creation opportunities within this portfolio. She is responsible for the growth and management of the Goodman/Brickworks JV, which was established and grown under her direction. Megan has completed the Stanford Executive Program.

Susan Leppinus B.Ec; Llb; Grad Dip App Fin

Company Secretary and General Counsel

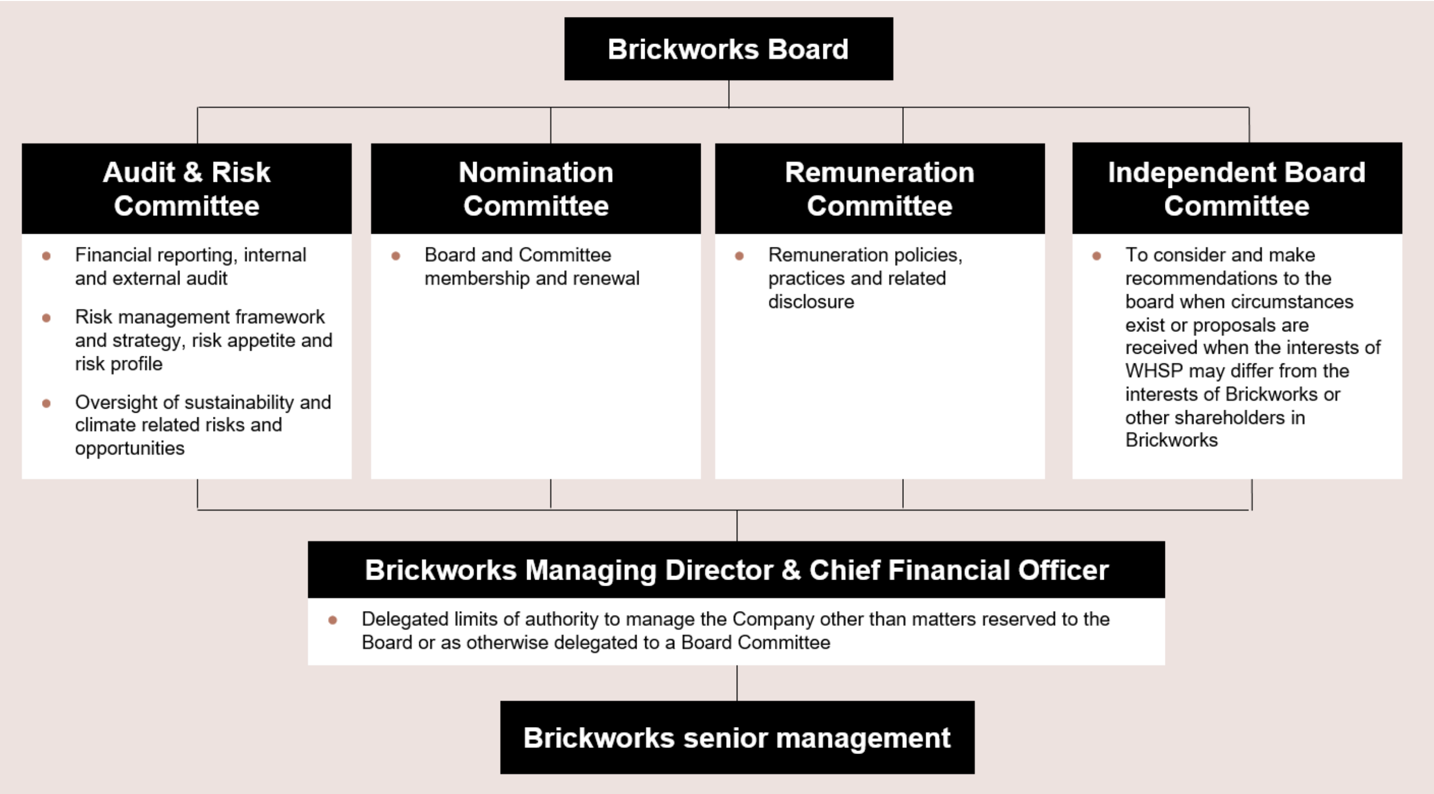
Ms Leppinus was appointed Company Secretary and General Counsel in April 2015. She is admitted to practice in NSW and has over 16 years' experience as a company secretary and general counsel. She has worked closely with boards and senior management in ASX 200 companies, and has significant experience in mergers and acquisitions, contract negotiation, corporate governance, corporate and commercial law. She is responsible for the legal governance and company secretarial functions of the Group, including liaising with the ASX, ASIC and other regulatory bodies.

Corporate Governance

The Brickworks Limited (Company) Board is committed to developing and maintaining good corporate governance and recognises that this is best achieved through its people and their actions. The Company's long-term future is best served by ensuring that its employees have the highest levels of honesty and integrity and that these employees are retained and developed through fair remuneration. It is also critical to the success of the Company that an appropriate culture is nurtured and developed, starting from the Board itself.

Brickworks full Corporate Governance Statement which provides detailed information about governance at Brickworks' is available on Brickworks' website at www.brickworks.com.au

Brickworks Governance Framework



Management and oversight

The Board

The Brickworks Board is responsible for the leadership, oversight, development strategy and long-term success of the Group. The Board works with management to consider specific issues relevant to the overall conduct of our businesses – including strategy, safety, sustainability, annual budget and major acquisitions and disposals.

There is one executive and six non-executive Directors on the Brickworks Board, 29% of which are women. The independence of non-executive Directors is considered annually and the Board has determined that four non-executive Directors are independent. We ensure the Board has the appropriate blend of skills, knowledge and experience, from a wide range of industries, backgrounds, necessary to lead the Group. In 2021, there were 10 full meetings of the Board.

Board Committees

The Board has established four permanent Committees to assist in the execution of its responsibilities. The current permanent Committees are the Audit & Risk Committee, the Nomination Committee, the Remuneration Committee and the Independent Board Committee. The role of these Committees is to provide strategic direction, oversight and assurance on the specific objectives set for each Committee. The Chairman of each Committee reports to the Board on its deliberations and minutes of Committee meetings are circulated to all Directors.

Committee Chairs also attend the Annual General Meeting to answer questions from shareholders. Current membership and terms of reference of each Committee are available on our website.

Board renewal, development and evaluation

Our Directors are committed to ensuring the Board is diverse and appropriately balanced in terms of business experience, knowledge, skills and gender.

All newly appointed Directors receive extensive briefing materials and the Chairman agrees an individually-tailored and comprehensive induction programme.

A review of Board effectiveness is carried out on an annual basis. This review takes into account the operation and performance of the Board and its Committees, and the effectiveness of Board communications.

Compliance

We have procedures in place to ensure compliance with our obligations under the applicable rules and regulations, including those issued by the Australian Securities Exchange.

Ethical and responsible decision making

- The Board aims to ensure the Company continually builds an honest and ethical culture.
- Brickworks has an established code of conduct which centres on the Company and all Directors, senior management and employees conducting themselves with integrity in all business dealings. It also has Board policies and conducts training of employees in relation to these policies.
- Consistent with our commitment to act fairly, with honesty and integrity Brickworks has a Whistleblower Policy and has implemented Behonest@Brickworks an anonymous whistleblower service delivered by Deloittte.
- The Company also has an Anti-Bribery and Corruption Policy, Political Donations Policy, Securities Trading Policy and Modern Slavery Policy.

Timely and balanced disclosure

- Brickworks is committed to keeping its shareholders informed about the Company's activities.
- The Company aims to provide relevant information to shareholders in a timely manner which is supported by its Continuous Disclosure Policy.

Safeguard integrity in financial reporting

- Brickworks process for verifying the integrity of periodic corporate reports not subject to audit or review by an external auditor is as follows:
  - reports are prepared by, or under the supervision of, subject-matter experts;
  - reports are reviewed for material accuracy; and
  - information in a report that relates to financial projections, statements as to future financial performance or changes to the policy or strategy of the Company (taken as a whole) must be approved by the Board.
- The Board through the Audit and Risk Committee:
  - monitors Company performance; and
  - ensures the proper external reporting of financial information.

Recognise and manage risk

- To ensure robust and effective risk management systems are in place and operating effectively, the Board through the Audit and Risk Committee:
  - determines the risk profile for the Company;
  - ensures that business initiatives are consistent with its risk appetite;
  - reviews the controls and systems in place to continually mitigate risk;
  - monitors the results of a risk based internal audit program, and timely remediation of issues identified; and
  - oversees reporting and compliance requirements.
- Risk management is a priority for the Board and senior management.

Remunerate fairly and responsibly

- The Board through the Remuneration Committee ensures that remuneration policies and practices are consistent with strategic goals.
- The Company's remuneration policy is to:
  - equitably reward executives with a mix of fixed remuneration, short term and long-term incentives aimed at attracting and retaining executives who will create value for shareholders; and
  - ensure appropriate succession planning is in place.
- Non-executive directors receive no incentive payments and there are no retirement benefits in place. Contributions to the retirement allowance plan for non-executive Directors were discontinued on 30 June 2003. Under legacy arrangements, non-executive Directors appointed prior to 30 June 2003 were entitled to receive benefits upon their retirement from office. These benefits were frozen with effect from 30 June 2003, and are not indexed. Since 30 June 2003 no new Directors have been entitled to join this plan.

Directors'

Report

The Directors of Brickworks Limited present their report and the financial report of Brickworks Limited and its controlled entities (referred to as the Brickworks Group or the Group) for the financial year ended 31 July 2021.

Directors

The names of the Directors in office at any time during or since the end of the year are:

- **Robert D. Millner** FAICD (Chairman)
- **Michael J. Millner** MAICD (Deputy Chairman)
- **Lindsay R. Partridge** AM BSc. Hons. Ceramic Eng; FAICD; Dip. CD (Managing Director)
- **Deborah R. Page** AM B.Ec, FCA, FAICD
- **The Hon. Robert J. Webster** MAICD
- **Malcolm P. Bundey** B.Bus (Accounting), GAICD
- **Robyn N. Stubbs** B.Bus, M.Sc., GAICD
- **Brendan P. Crotty** LS; DQIT; Dip. Bus Admin (retired from the Board 24 November 2020)

Each Director's experience and special responsibilities are set out on pages 31 to 32 of this Annual Report.

Details for each Director's directorships of other listed companies held at any time in the three years before the end of the financial year and the period of which such directorships are held are:

Robert D. Millner

Washington H. Soul Pattinson and Co. Ltd	since 1984
New Hope Corporation Ltd	since 1995
TPG Telecom Ltd	since 2000
BKI Investment Company Ltd	since 2003
Milton Corporation Limited	since 1998
Tuas Limited	since 2020
Australian Pharmaceutical Industries Ltd	Appointed 2000 Resigned 2020

Michael J. Millner

Ruralco Holdings Ltd	Appointed 2007 Resigned 2019

Deborah R. Page AM

GBST Holdings Ltd	Appointed 2016 Resigned 2019
Pendal Group Ltd	since 2014
Service Stream Ltd	since 2010
Growthpoint Properties Australia Ltd	Appointed 2021

Malcolm P. Bundey

Pact Group Holdings Ltd	Appointed 2015 Resigned 2018

Robyn N. Stubbs

Aventus Group	since 2015
Invocare Limited	Appointed 2017 Resigned 2021

Company Secretary

Susan L. Leppinus B.Ec; Llb; Grad Dip App Fin

Principal activities

The Brickworks Group manufactures a diverse range of building products throughout Australia and North America, engages in development and investment activities to realise surplus manufacturing property, and participates in diversified investments as an equity holder.

Consolidated result of operations

The consolidated net profit for the year ended 31 July 2021 of the Brickworks Group after income tax expense, amounted to $239,163,000 compared with $298,078,000 for the previous year.

Dividends

The Directors recommend that the following final dividend be declared:

Ordinary shareholders – 40 cents per share (fully franked)

The record date for the final ordinary dividend will be 3 November 2021, with payment being made on 24 November 2021.

Dividends paid during the financial year ended 31 July 2021 were:

(a) Final ordinary dividend of 39 cents per share (fully franked) paid on 25 November 2020 (2019: 38 cents).

(b) Interim ordinary dividend of 21 cents per share (fully franked) paid on 28 April 2021 (2020: 20 cents).

Review and results of operations

A review of Brickworks Group operations and the results for the year is set out on pages 2 to 17 and forms part of the Directors' Report.

State of affairs

There were no significant changes in the state of affairs of the Brickworks Group during the year, other than those events referred to in the Review of Operations and Financial Performance and the Financial Statements.

After balance date events

On 2 August 2021 Brickworks entered into a binding agreement to acquire certain assets of Southfield Corporation, including Illinois Brick Company ("IBC") for US$47.8 million (AU$64.8 million). IBC is the largest independently owned and operated brick distributor in the United States of America.

On 21 September 2021 Washington H Soul Pattinson (WHSP) completed an acquisition of 100% of the share capital in Milton Corporation Limited ("Milton"). The existing Milton shareholders (other than WHSP) will be issued new WHSP shares in exchange for their Milton shares. The number of shares to be issued was determined on 2 September 2021.

Following the issue of new WHSP shares, the Group will own 26.1% of issued ordinary shares of WHSP, compared to 39.40% at 31 July 2021.On completion of the Milton/WHSP transaction, the change in ownership stake is expected to result in a non-cash gain on deemed disposal for the Brickworks Group during the financial year ending 31 July 2022. This gain will be determined with reference to the equity accounted value of the Group's investment in WHSP as of completion date and the market value of newly issued WHSP shares, net of deferred income tax expense. Based on a preliminary assessment reflecting the WHSP share price as of completion date it is expected this gain will be in the range of $375-425 million (after tax).

No other matter or circumstance has arisen since the end of the financial year that has significantly affected the current financial year, or may significantly affect in subsequent financial years:

- the operations of the Brickworks Group;
- the results of those operations; or
- the state of affairs of the Brickworks Group.

Likely developments and expected results of operations

The Review of Operations gives an indication of likely developments and the expected results of operations in subsequent financial years.

COVID-19

Brickworks has been monitoring Coronavirus disease (COVID-19) since January 2020 and has treated the situation with the utmost caution, following the most stringent health advice. We implemented a COVID-19 business continuity plan to minimise the chance of COVID-19 spreading throughout the business and published a set of regularly updated COVID-19 Guidelines on the Brickworks website – for customers and employees.

Further information regarding the Company's response to COVID-19 and the health and safety of its employees is outlined on pages 4 and 28 of this Annual Report.

Sustainability

We continue to improve our sustainability performance, delivering a positive impact for our stakeholders. This year the Brickworks Board approved the Sustainability Strategy "Build for Living: Towards 2025". The strategy sets a clear pathway, with measurable commitments, to promote positive environmental and social impacts, with strong governance and a culture of care for our community. The strategy is available on our website www.brickworks.com.au.

The 2021 Sustainability Report available at www.brickworks.com.au provides detailed information about environmental, social and governance performance over the last financial year. The report includes our US operations and is informed by the Global Reporting Initiative (GRI) core standards.

During FY2020, Brickworks finalised a plan to meet the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with an ambition to publish a TCFD response document by FY2022.

Through this process, long term carbon management strategies are being explored. During FY21, our approach to a low carbon future was set out in a Low Emission Technology Statement. This technology statement and strategy is underpinned by the overarching target to implement energy efficiency opportunities through a global kiln replacement strategy and exploration of opportunities to further increase low carbon fuels and renewable electricity.

During FY21 the Brickworks Sustainable Home Guide was prepared, setting out a pathway to creating a sustainable home with Brickworks products. The Brickworks Sustainable Home Guide follows principles for sustainable home design as based on leading standards such as Green Star Homes and LEED for Homes by U.S. Green Building Council.

Environmental performance

The Group is subject to various state and federal environmental regulations in Australia and the United States. Many sites also operate under additional requirements issued by local government.

There is significant environmental regulation requiring compliance of Brickworks' building products manufacturing and associated mining and quarry activities with legislation that often differs across and within each state. Due to the scale and diversity of the operation there is a risk of non-compliances occurring. To manage these risks, Brickworks continually improves management systems, compliance registers and procedures, in addition to the continuation of training, audit and assurance programs. Annual returns, performance statements and reports were completed where required for each licence stating the level of compliance with site operating conditions.

The Board places a high priority on environmental issues and is satisfied that adequate systems are in place for the management of Brickworks’ compliance with applicable environmental regulations under the laws of the Commonwealth, States and Territories of Australia, and that plans are in place for the development and implementation of equivalent systems to manage compliance with the corresponding regulations under the laws of the United States.

Brickworks is not aware of any pending prosecutions relating to environmental issues.

The Directors are not aware of any material non-compliance with environmental regulations pertaining to the operations or activities during the period covered by this Report which would materially affect the business as a whole.

Further information regarding Brickworks approach to environmental performance, compliance and approach to environmental management and sustainability is set out on pages 21 to 26**.**

Risk Management

The Board of Brickworks has adopted a Risk Management framework that identifies Risk Tolerance and Risk Appetite for the Group and then considers how each identified risk is placed within that framework.

That framework involves assessment of the likelihood of an event occurring, the potential impact of each event and the controls and processes in place to continually mitigate each risk.

The significant risks that may impact the achievement of the Group’s business strategies and financial prospects are:

Building Products

The achievement of business objectives in the Building Products Group may be impacted by the following significant risks:

Risk	Mitigation
Energy Supply– reliability and cost of gas and electricity	Energy requirements are managed through retail energy agreements. For the east coast operations, Santos supplies gas under a long-term agreement, and the energy division manages the day to day wholesale market risks. Insurance coverage mitigates the risk of interruption to electricity and gas supply.
Serious Safety Incidents	The Group has a strong safety culture and notwithstanding a well-developed WHS system (refer further “***Health and Safety***”) the Group continues to focus on safety improvements especially in response to COVID-19 and more generally in the expanding US business where health and safety programs are being aligned with the Australian operations. Mental health has emerged as an area of concern with Covid-19 lockdowns and Brickworks Australia now has 12 percent of total employees qualified in Mental Health First Aid. This number will build to 15 percent in FY2022 creating a support capability within the business.
Environmental incident	The Group has a strong commitment to environmental protection and a comprehensive environmental compliance system. The group continues to focus on implementing equivalent systems in the expanding US business (refer further “***Environmental***”).
Products – alternative products and product failure	The Group has a strong focus on research, development and quality control. The Group monitors market trends and has strategies to diversify its range of building products and its marketing approach.
Shift in housing trend	The Australian Building Products business has greatest exposure to the detached housing market. Over the past 2 decades there has been a trend towards multi-residential construction. The group has diversified its product suite to increase its exposure to multi-residential construction (through precast and masonry operations). The Covid-19 pandemic has reversed this trend, with strong growth in detached housing accelerating over the past 18 months as consumers preference for lower density living has increased. Exposure in the United States is significantly more diversified, with approximately 50% of sales to the commercial and multi-residential market.
New competitor	Whilst barriers to entry are significant the Group monitors its Australian and US markets for both domestic manufacturing and import competitors and has adopted a customer relationship and quality model, supported by investment in research and development.
Production capacity	In both its Australian and US operations, the Group manages production capacity by adroit management of its manufacturing base to correlate production to cyclical market conditions as they occur. Production capacity is underpinned by a long-term strategy of plant upgrades moving to more efficient plants. In this way the Group is able to meet customer demand at the top of the cycle and pare back capacity to demand levels as the market cycles.
Business Interruption – plant failure or underutilisation and raw material supply	There are multiple facilities throughout Australia that can transport products between locations as and when required and also multiple plants in the US with no single plant so large as to represent an existential threat to the whole operation. The major facilities have rolling risk reviews and reporting by outside parties. The business also maintains significant insurance policies to manage the physical loss of assets and any loss of income from an insurable interruption. Raw materials are generally secured through ownership of raw material reserves and maintaining prudent raw material stockpiles.
Asbestos and other respirable dust risk	An asbestos management plan is in place. Building cladding is regularly removed and replaced with non-asbestos based materials. Where any friable asbestos is found, either within a plant or during rehabilitation, it is immediately quarantined and removed by qualified reputable contractors, using the most diligent safety standards. Respirable crystalline Silica is deemed carcinogenic and a crystalline silica management plan is in place. Inhalable and respirable dust exposure measurements are occurring at all operational sites with a health monitoring program.

Risk	Mitigation
Market Risk - deteriorating market conditions	The Group is investing in geographic expansion into new markets in the US and product diversification, cost control and continuous improvement of business. In the Australian market there is a risk that demand has been brought forward due to COVID-19 related government stimulus, and that as these stimulus packages wind up, building activity will slump. This risk is exacerbated by the potential for reduced immigration in the medium term. The Group is closely monitoring economic indicators.
Failure to execute US bricks strategy effectively	A growth strategy in the United States, including four major acquisitions over the past 3 years, is currently being implemented. Performance to date is lagging the initial investment business case, due primarily to COVID-19 related restrictions that have impacted operations and sales over the past 18 months. However, underlying progress against the strategy is well advanced, with plant rationalisation activities largely complete and significant investments made in plant upgrades and sales and marketing initiatives.

Property

The achievement of business objectives in Land and Development may be impacted by the following significant risks:

Risk	Mitigation
Market Risk	The industrial property cycle may deteriorate, resulting in softening capitalisation rates and lack of growth. The Group manages the risk by monitoring the key economic drivers, employing property professionals who understand the property cycle and undertaking development in joint venture with Goodman Group.
Serious Safety Incidents	The Group has a strong safety culture and a well-developed WHS system (refer further "***Health and Safety***").
Property Trust Financing	The joint property trusts maintain facilities with multiple lenders with various tenors between 5-10 years. In addition, gearing is maintained at prudent levels through the property cycles.
Rezoning Risk	The Group takes a long-term approach to achieving the highest and best use for each property. The rezoning process for a property usually commences prior to finalisation of its existing use.

Group

The achievement of business objectives in the Group activities may be impacted by the following significant risks:

Risk	Mitigation
Financing Risk	The Group maintains conservative gearing levels in recognition of the industry's cyclical nature. Senior debt facilities are maintained with financial lenders with whom an open and transparent relationship is maintained. Multi-currency facilities (AUD and USD) are maintained over various tenors ranging from 2 to 7 years.

Risk	Mitigation
Cyber Security Risk	The Group has assessed its main cyber security threat as phishing to obtain sensitive company or private information or a virus attack which compromises the system. Investment in technology has increased and risk controls include the use of a VPN and antivirus software to safeguard against incoming viruses from personal computers. Preventative measures include regular system penetration tests and employee training with new leading-edge end-point protection software and firewall protection in place. A disaster recovery plan is in place across the organisation.
COVID-19	The Group daily monitors and conforms with Government Covid-19 regulations and has well developed, responsive Covid-19 safety plans at each site for both staff and customer safety which include mandatory temperate testing and QR Coding. With the exception of the last two weeks of the FY2021 financial year in New South Wales, the construction industry in both the US and Australia has been designated an authorised industry sectors by Government and so has not been impacted as materially as other industries. Nevertheless, some site closures have occurred in response to local government lockdowns as required. The Group continues to monitor COVID-19 economic impacts and to provide ongoing support for staff wellbeing including allowing time off for those getting vaccinations.
Climate related risk	Brickworks is aligning its greenhouse gas reduction strategy with the recognised standard of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, including risk management disclosures, metrics and targets. Potential risks have been preliminarily identified as consumer trends towards low embodied carbon building products; physical impacts on manufacturing operations; impacts on energy cost and availability and a price on carbon. In FY2022, we expect to make a public TCFD Statement. The Group has established a gas efficiency target and an alternate fuels program that considers emerging energy sources such as hydrogen and the Sustainable Products program includes the development of products that hold leading sustainable qualities including expanded carbon neutral offerings. These strategic responses are outlined in in a Low Emission Technology Statement and Sustainable Home Guide.

Investments

The achievement of business objectives in Investment activities may be impacted by the following significant risks:

Risk	Mitigation
Market Risk	The Group's investment in WHSP is subject to market movements and the underlying performance of WHSP. The WHSP investment is diversified across industries other than those in which the balance of Brickworks specialises, which provides a stable stream of dividends over the long term. The WHSP group may have significant exposure to the Coal and Telecommunications Markets.

Meetings of Directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director are set out below. All directors were eligible to attend all director and committee meetings held.

	Directors' Meeting	Audit & Risk Committee	Remuneration Committee	Nomination Committee	Independent Board Committee
Number of Meetings held:	10	3	2	2	6
Number attended:					
R D Millner	10	N/A	2	2	N/A
M J Millner	9	N/A	1	1	N/A
L R Partridge	10	N/A	N/A	N/A	6
D R Page	10	3	2	2	6
R J Webster	9	3	2	2	5
M P Bundey	10	3	2	2	6
R N Stubbs	10	3	2	2	6
B P Crotty (August to November 2020 only)	4	1	1	1	3

Directors Interests

As at 31 July 2021, Directors had the following relevant interests in Brickworks shares:

	Ordinary Shares
R D Millner	4,817,967
M J Millner	4,787,141
L R Partridge	215,096
D R Page	17,400
R J Webster	15,922
M P Bundey	1,020
R N Stubbs	1,000

As at 31 July 2021, there were no contracts entered into by Brickworks or a related body corporate to which any Director is party, or under which any Director is entitled to benefit nor were there any contracts which confer any right for any Director to call for or deliver shares in, debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

Chairman of the Remuneration Committee Letter

On behalf of the Board of Directors, I am pleased to provide you with the FY 2021 Remuneration Report for which we are seeking your approval at the upcoming annual general meeting.

Our people and management of COVID-19

The safety of our people is always our primary concern and is a key measure of performance at Brickworks. Pleasingly our total recordable injury frequency rate per million hours worked (**TRIFR**) reduced to 9.3% at 31 July 2021 from 11.8% at 31 July 2020 as we continue to target a reduction of injury rates year on year.

The COVID-19 pandemic has created significant uncertainty and has tested Brickworks' businesses, its people and culture. It is pleasing to note that the Company's performance has remained strong throughout this challenging period. Our staff have dealt professionally with the risks, impacts and challenges of this unprecedented pandemic for the safety of our employees and in a manner that has meant limited disruption to our workplaces.

Brickworks has not accessed the JobKeeper program in any part of its organisation during FY2021.

Operational and Financial Performance

Brickworks had another year of strong performance in FY 2021 delivering on several key growth initiatives to support future shareholder value growth. This performance was a direct result of the considerable efforts of our entire Brickworks team, led by our senior executives.

Operational

Operationally the company achieved a number of key strategic objectives this year including:

- construction of a $75m Masonry plant;
- making good progress on the construction of a new $130m face brick plant at Horsley Park
- completing upgrades to the face brick plant at Cardup WA
- significant plant capital improvement and rationalisation program transitioning from 16 to 10 manufacturing plants in the USA.
- opening our new design studios in Philadelphia with studios in New York city and Baltimore scheduled to open in the coming months.
- acquisition post year end of Illinois Brick Company the largest independent brick distributor in the USA (acquired on 2 August 2021).

Financial

Despite the significant headwinds caused by the global pandemic the Group has finished with a record year of outperformance.

- The annual EBIT from continuing operations (before significant items) generated by Building Products Australia has significantly increased from $32.6 million in FY2020 to $44.4 million in FY2021
- The annual EBIT (before significant items) generated by the Property division has significantly increased from $129.4 million in FY2020 to $252.7 million in FY2021.
- The annual EBIT (before significant items) generated by Building Products North America has decreased from $10.1 million in FY2020 to $8.5 million in FY2021. This reflected a 5.9% decrease in local currency terms and AUD/USD exchange rate movements compared to the prior financial year.
- The Return on NTA for the Building Products Australia, Building Products North America and Property divisions demonstrates an increase from FY2020 to FY2021 from 13.3% to 21.1%
- Statutory Group NPAT (after significant items) in FY2021 amounted to $239.2 million compared to $298.1 million in FY2020. The prior year NPAT included the Group's share of significant one-off transactions of associate amounting to $169.1 million primarily driven by a significant one-off item relating to the TPG/Vodafone merger completed in the prior year. Profit contributions from the associate company are outside the control of management and are excluded from the profit measure applied to determine executive incentive benefits.

Capital Management

- The Group operating cash flow for the year ended 31 July 2021 was $139.8 million which translated into a fully achieved maximum STI target and was significantly higher compared to $74.1 million in the prior financial year.
- Brickworks has preserved its strong balance sheet position and conservative debt metrics as it has grown the Property Division and expanded into Building Products North America whilst at the same time continuing to grow the dividends paid to shareholders. At 31 July 2021 Brickworks maintained a significant level of headroom in respect of its three key balance sheet and debt covenant metrics: Gearing Ratio as calculated in line with debt agreements at 16.2%, Leverage Ratio at 2.46x and Interest Cover at 11.08x. During the financial year ended 31 July 2021 Brickworks increased its dividend from 59.0 to 61.0 cents per share (2.56% increase).

For more detail on the Company's operational and performance, please refer to the operational and financial results within the Directors' report.

Remuneration Outcomes in FY2021

We continue to ensure that remuneration outcomes reflect the performance of the Group and are aligned to shareholder's experience over short and long-term timeframes. The key remuneration outcomes for the 2021 financial year included:

Executive fixed remuneration

The CEO and CFO fixed remuneration remained unchanged for FY2021.

Executive Incentives

- Short Term Incentives (**STI**): Recognising the Company's strong operational, strategic M&A and financial performance and leadership during a challenging 2021, the Board awarded 100% of the maximum annual STI opportunity to the Managing Director, Mr Lindsay Partridge and the Chief Financial Officer, Mr Robert Bakewell, noting that financial and non-financial metrics set at the beginning of the year to trigger this, were met. The Executive General Manager, Property and Development, Mrs Megan Kublins achieved 110% of the target annual STI opportunity. With the STI cash incentive capped at 50% of total fixed remuneration the remaining amount of $3,806 relating to this overperformance was added to the long-term incentive share allocation subject to vesting over the LTI's plan vesting period.
- Long term incentives **(Current Executive Rights LTI Plan):** In FY2021 after approval from shareholders the Board awarded an LTI of 40% of fixed remuneration to the Managing Director and CFO to be tested against absolute and relative TSR measures between 1 August 2020 to 31 July 2023;
- The Executive Rights Plan was introduced in 2019 and the first full allocation to the MD and CFO under this plan occurred in FY2020 following shareholder approval, and will be eligible for testing on 31 July 2022.
- Long term incentives (**Historical LTI Plan**): Independent assessment of the historical performance of share allocations made to the MD and CFO between 2015 and 2018 which were eligible for testing at 31 July 2021 established the following:
  - The Absolute TSR Performance (for testing of historical allocations) was 28.05%. Relative TSR Performance (for testing of historical allocations) was at 164.8% of S&P ASX 200 Franking Credit Adjusted Total Return Index (XJOAI Franked).
  - This performance has resulted in 100% of the historical LTI awards tested on 31 July 2021 vesting.

Board and Committee Fees

There was no change to the NED or Chair base fee or committee fees for FY2021.

Remuneration Changes Implemented in FY2021

STI - Setting the Target for Profit Performance

In setting the target for profit performance the Board introduced consideration of prior year's performance.

Where the budget is greater than the previous year, then 80% of last year's performance becomes the base profit and the budget becomes the target profit.

Where the budget is less than the previous year, 80% of budget profit becomes the base profit and the prior year becomes the target profit.

By using both last year's profit results and budget profit in tandem, the outcome of the bonus paid is properly referenced by the prior year. When the profit increases, the STI for profit performance aligns with improved performance and when the profit is lower than the prior year, any bonus paid will be below the prior year.

STI- Profit Performance Assumptions

As with previous years the performance of Building Products and Property is used to calculate financial targets (and WHSP is excluded).

However, from FY2021, Property Profit will include net property trust income, trust development profit, the sale of trust assets and Brickworks land sales (less Brickworks property administration and other costs). It does not include property revaluations which are unrealised and outside the control of management. A property revaluation gain of $148.9 million was recognised in FY2021. All property revaluation gains were excluded from the profit measures used to determine the FY2021 incentive amounts payable.

Remuneration in FY2022

Retention of executives and highly skilled staff and pay for performance continues to be a high priority for the Brickworks Board.

Brickworks is a diversified Building Products, Investments and Property company today. Over the past three years Brickworks' senior executives have successfully transitioned the Building Products operation from a domestic based organisation to its next phase of growth into an international building products group with significant operations in the US.

In light of the evolving nature and international diversification of the business and changing market trends in recent years, the Board undertook a review of the remuneration framework. The new framework for FY2022 is aligned with the Group's strategy and is designed to align the key initiatives required for the development of a sustainable manufacturing profile across multiple jurisdictions with executive remuneration.

The enhanced framework, recognises that the development and implementation of a sustainable manufacturing profile across the Group's international portfolio requires a long-term horizon, driven by short and medium-term project planning and execution.

Benchmarking undertaken during the year by independent consultants indicates that the STI and LTI opportunity for the MD and CFO is significantly below market with standard market practice being for the STI and LTI to each equal to 100% of fixed remuneration. Recognising this, the Board intends to review these opportunities for the MD and CFO in the FY2022 as outlined below.

MD and CFO

Having considered the Group's Strategy, focus on value creation and shareholder returns, and the benchmarking undertaken by independent consultants during the year for the MD's remuneration (outlined in more detail on page 50), the Board has resolved to make no change to the fixed remuneration for the MD and CFO but rather to increase the at risk component of their remuneration as follows[1]:

Remuneration Structure	MD FY2022	MD FY2021	CFO FY2022	CFO FY2021
Total Fixed Remuneration (TFR) (including car allowance and superannuation and other non-monetary benefits)	$1,571,319 **(no change, except for increase in superannuation guarantee levy of $1,873)**	$1,569,446	$820,854 **(no change, except for increase in superannuation guarantee levy of $1,873)**	$818,981
Short Term Incentive	75% of TFR at target 90% of TFR at maximum	60% of TFR at target 72% of TFR at maximum	60% of TFR at target 72% of TFR at maximum (no change)	60% of TFR at target 72% of TFR at maximum
Long Term Incentive (subject to the relative and absolute TSR performance measures being met over three years with the FY2022 LTI grant for the MD to be put to shareholders for approval at the 2021 AGM).	75% of TFR	40% of TFR	60% of TFR	40% of TFR

Other Executives

For other executives salary increases of up to 3.5% (inclusive of the 0.5% increase in the superannuation guarantee levy) will apply for FY2022.

Non-Executive Director Fees

Having considered the Group's Strategy and a benchmarking exercise undertaken by independent consultants during the year for non-executive director fees the Board has resolved to increase non-executive director fees by 3.5% (inclusive of the 0.5% increase in the superannuation guarantee levy) in FY2022. This represents a total increase in non-executive director fees of $35,434 compared to the fees paid to current directors in FY2021. The current shareholder approved non-executive director fee pool is $1.3m. With the proposed FY2022 3.5% increase total non-executive director fees for current directors for FY2022 will be $1,059,323, well within the Shareholder approved fee pool of $1.3 million.

The Board remains committed to a remuneration framework that supports the Company's strategic objectives, effectively aligns performance and rewards and motivates key executives.

We value your support and continue to regularly engage with shareholders and proxy advisors on remuneration matters.

I invite you to review the full report and thank you for your ongoing support.

Malcolm Bundey
Remuneration Committee Chair

[1] Total FY22 fixed remuneration for the MD/CFO includes an impact of increased superannuation guarantee levy of $1,873 p.a.

Remuneration

Report

The Remuneration Report has been audited in accordance with s300A of the Corporations Act 2001

1. Overview

1.1. Executive Summary

The Brickworks Board of Directors is committed to ensuring that its remuneration framework is focussed on driving a performance culture that is closely aligned to the achievement of the Company's strategy and business objectives as well as the retention of key members of the senior management team.

The Remuneration Report received overwhelming support from shareholders at the 2020 AGM with 95.62% of votes in favour of the Remuneration Report.

During FY2021 Brickworks reviewed the reports of proxy advisors and engaged with major shareholders and proxy advisors in relation to remuneration matters. Positive improvements noted by proxy advisors in 2020 included the deferral of the MD's and CFO's 50% of STI payments into equity for one year.

The Board will continue to review executive remuneration to ensure that it continues to align with Brickworks strategy, motivate management, reflect market best practice and support the delivery of sustainable long-term returns to shareholders. As part of the review process we will continue to engage with major shareholders and proxy advisors.

1.2. Details of Key Management Personnel (KMP)

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that entity during the full financial year.

Directors

The following persons were directors of Brickworks Ltd during the full financial year:

Mr R. Millner	Non-executive Chair
Mr M. Millner	Non-executive Deputy Chair
Mr L. Partridge	Executive Director (Managing Director)
Mrs D. Page	Non-executive Director
The Hon. R. Webster	Non-executive Director
Mr M. Bundey	Non-executive Director
Mrs R. Stubbs	Non-executive Director

Executives

Mr R. Bakewell	Chief Financial Officer
Ms M. Kublins	Executive General Manager – Property & Development

1.3. Remuneration Policy

Brickworks remuneration governance framework is set out below. While the Board retains ultimate responsibility, Brickworks' remuneration policy is implemented through the Remuneration Committee.

Total executive remuneration		
Fixed	**At risk**	
Fixed remuneration	**Short term incentive**	**Long term incentive**
Fixed remuneration having regard to the market for jobs of comparable size and responsibility	BKW's executives participate in an STI plan The STI is weighted 75% to relevant business unit financial metrics and 25% to individual performance metrics Refer to 2.5 for further details	For the MD and CFO, the LTI is assessed over three years and linked to: • Relative total shareholder return • Absolute total shareholder return For the other executives KMP grants are made following an assessment of prior year performance Refer to 2.7 for further details
• Base salary • Superannuation • Other benefits such as maintained motor vehicles • Other eligible salary sacrifice benefits	• 100% cash • For the MD and CFO 50% deferred into equity for 1 year	• For the MD and CFO, equity with performance assessed over three years • For other executives 20% of an LTI grant vests annually on 31 July over five years

1.4. Remuneration Committee

The Board has an established Remuneration Committee which operates under the delegated authority of the Board of Directors. The Remuneration Committee charter is included on the Brickworks website (www.brickworks.com.au). All non-executive Directors of Brickworks are members of the Remuneration Committee and the membership of the Remuneration Committee is as follows:

Mr M Bundey	Non-executive Committee Chair
Mr M Millner	Non-executive Director
Mr R Millner	Non-executive Director
Mrs D Page	Non-executive Director
The Hon. R Webster	Non-executive Director
Mrs R Stubbs	Non-executive Director

The Committee is chaired by Malcolm Bundey an independent non-executive director. The Committee is authorised by the Board to obtain external professional advice, and to secure the attendance of advisers with relevant experience and expertise if it considers this necessary.

1.5. Use of remuneration consultants

Where the Remuneration Committee will benefit from external advice, it will engage directly with a remuneration consultant, who reports directly to the Committee. In selecting a suitable consultant, the Committee considers potential conflicts of interest and requires independence from the Group's KMP as part of their terms of engagement.

- During the financial year, the Remuneration Committee appointed Aon as the remuneration adviser to provide information regarding remuneration benchmarking for the MD and Non-Executive Director Fees.
- The consideration paid for the remuneration benchmarking for executives provided by Aon was $6,500.
- Remuneration information was provided to the Remuneration Committee as an input into decision making only. The Remuneration Committee considered the information in conjunction with other factors in making its remuneration determinations.
- The Committee is satisfied the advice received from Aon is free from undue influence from the executives to whom the remuneration information applies, as Aon were engaged by, and reported to, the Chairman of the Remuneration Committee.
- During the year no remuneration recommendations, as defined by the Corporations Act, were provided.

1.6. Board Policies for determining remuneration

Remuneration strategy and guiding principles

The guiding remuneration principles in Brickworks remuneration structure include:

- alignment between executive remuneration outcomes and shareholder outcomes;
- driving performance by linking remuneration outcomes to clearly specified targets; and
- reflecting market practice by benchmarking remuneration outcomes against relevant peer companies.

There are 3 main parts to the Brickworks business model:

1. the Building Products Group (Australia and North America) - Austral Bricks, Austral Masonry, Bristile Roofing, Austral Precast and Glen-Gery;
2. the Property Group - exists to maximise the value of surplus land created by the Building Products business, and
3. Investments - represent 39.4% interest in Washington H. Soul Pattinson and has provided a stabilizer to the cyclical nature of the Building Products earnings stream.

Brickworks uses key performance indicators across the Building Products and Property businesses to ensure that its executives:

- ensure that the health and safety of employees has the highest priority;
- improve profit, cash flows, production and operational efficiencies;
- rationalise non-performing assets; and
- retain key employees who have developed specialist skills and expertise in the industries in which the Group operates.

Retention of executives and highly skilled staff continues to be a high priority for the Remuneration Committee.

In our building products division it requires at least 5 to 10 years to become totally familiar with the complexities associated with the manufacture of clay and concrete building products. The necessary skills that have been developed internally to deal with these challenges cannot be procured easily outside the Brickworks group.

Similarly, the sale and marketing of building products is a function of good client relationships and product excellence developed over many decades. Brickworks retains key executives who have been dealing with clients for 10 - 20 years.

The Property Trust established 14 years ago to develop land surplus to operations also requires in depth property and development skills and experience.

Brickworks' short-term performance incentive (**STI**) and its long-term incentive (**LTI**) scheme are designed to prioritise these corporate objectives.

The STI program contains key performance measures for each executive outlined further in section 2.5.

The LTI program is outlined further in section 2.7.

2. Remuneration components

2.1. Remuneration structure

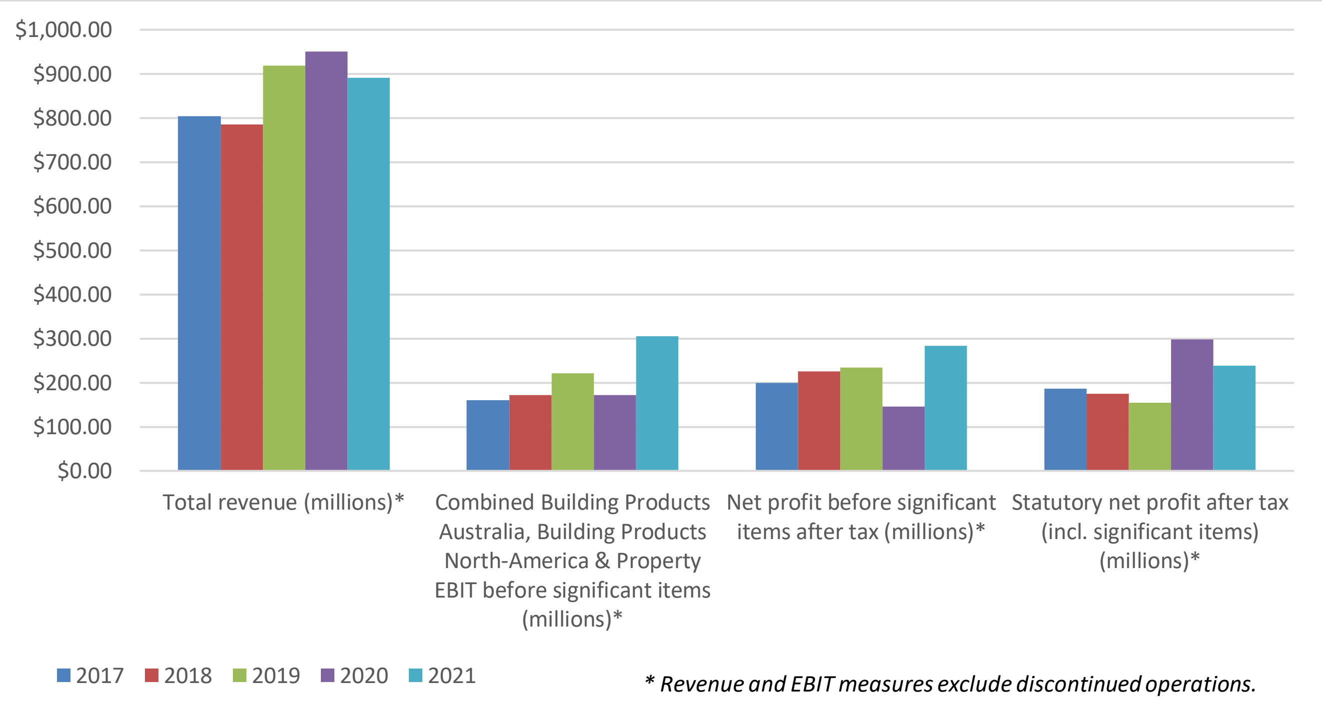
The core elements of Brickworks remuneration structure for the executive KMP are outlined below:

Total executive remuneration		
Fixed	**At risk**	
Fixed remuneration	**Short term incentive**	**Long term incentive**
Fixed remuneration having regard to the market for jobs of comparable size and responsibility	BKW's executives participate in an STI plan The STI is weighted 75% to relevant business unit financial metrics and 25% to individual performance metrics Refer to 2.5 for further details	For the MD and CFO, the LTI is assessed over three years and linked to: • Relative total shareholder return • Absolute total shareholder return For the other executives KMP grants are made following an assessment of prior year performance Refer to 2.7 for further details
• Base salary • Superannuation • Other benefits such as maintained motor vehicles • Other eligible salary sacrifice benefits	• 100% cash • For the MD and CFO 50% deferred into equity for 1 year	• For the MD and CFO, equity with performance assessed over three years • For other executives 20% of an LTI grant vests annually on 31 July over five years

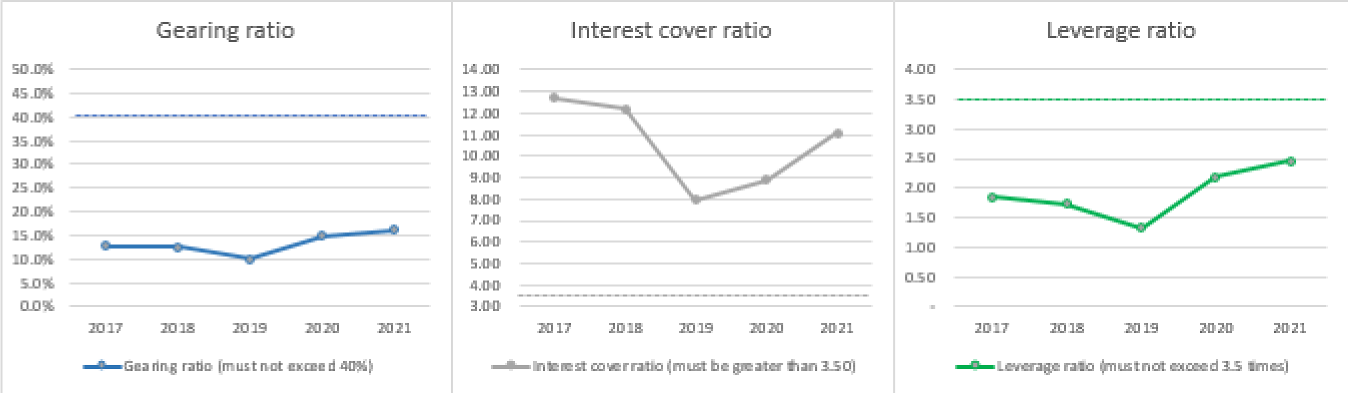
2.2. Historical performance, shareholder wealth and remuneration

Financial Performance

The following table shows a number of relevant measures of Group financial performance over the past five years. Although a detailed discussion on the current year results is included in the review of operations and is not duplicated in full here, an analysis of the figures below demonstrates sustainable dividend growth, and consistent performance notwithstanding our Building Products operation operates in a highly cyclical industry. This highlights the benefit of our strategy and diverse operations in Investments and Property to complement the cycles in Building Products.



* *Statutory Group NPAT (after significant items) in FY2021 amounted to $239.2 million compared to $298.1 million in FY20. The prior year NPAT included the Group's share of significant one-off transactions of associate amounting to $169.1 million primarily driven by a significant one-off item relating to the TPG/Vodafone merger completed in the prior year. Profit contributions from the associate company are outside the control of management and are excluded from the profit measure applied to determine executive incentive benefits.*

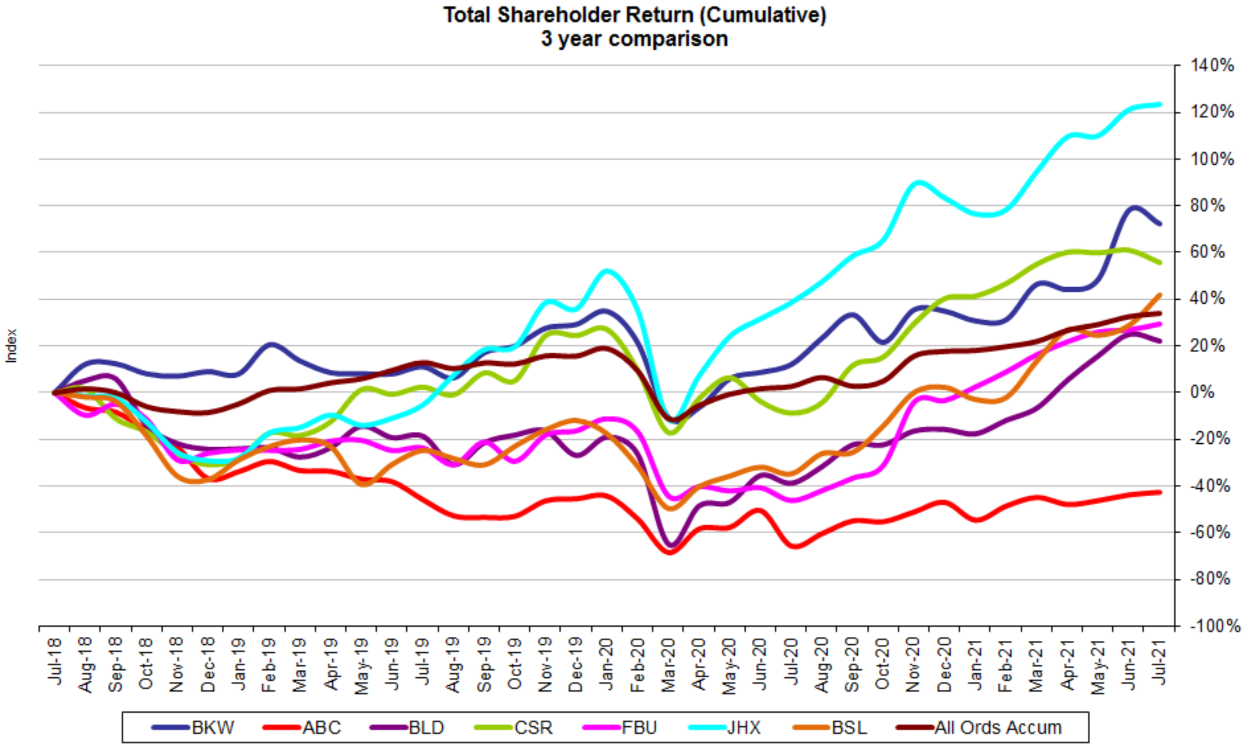


The above graph shows the alignment of LTI outcome with medium to long term financial performance.

Total Shareholder Returns (TSR)

Our diversified portfolio of assets has translated into consistently strong absolute shareholder returns, including a return of 53.4% for the year to 31 July 2021 compared to a 30.4% return delivered by All Ords Accumulation Index over the same period. An investment in Brickworks shares has delivered strong absolute and relative returns over a wide range of time horizons, with a long-term annual shareholder return of 10.0% on a compound basis over the 20 years.

Annual TSR	1 year	3 years	5 years	10 years	15 years	20 years
Brickworks Ltd	53.4%	19.8%	13.9%	13.1%	8.4%	10.0%
All Ordinaries Accumulation Index	30.4%	10.2%	10.4%	9.9%	7.3%	8.7%
BKW Relative Performance	+23.0%	+9.6%	+3.5%	+3.2%	+1.1%	+1.3%



Employee Productivity

Brickworks Building Products productivity measures have also improved over time.

Australia

The following graph shows historical revenue per employee. Despite having grown substantially employee productivity has not been compromised in the process.

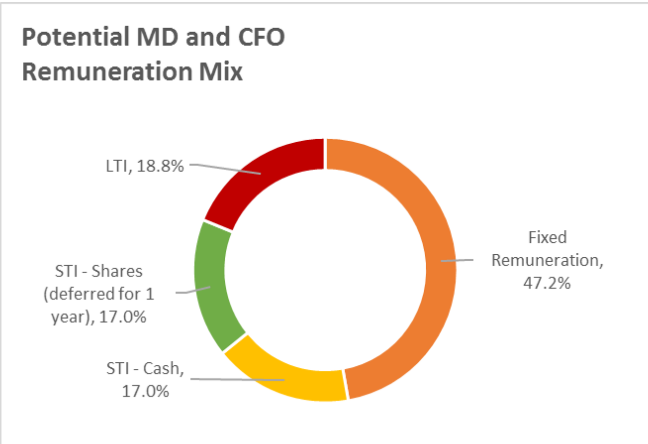
United States

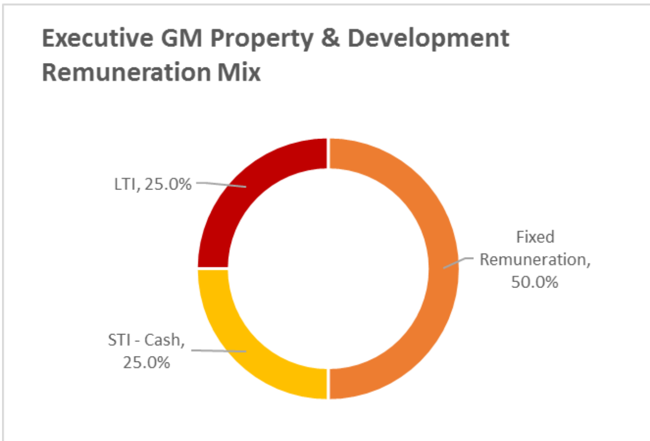
In North America the strategy has been to execute a capital improvements plan and consolidate our manufacturing operations. Since the initial Glen-Gery acquisition manufacturing headcount has declined by 133 as a result of the plant rationalisation program. Brickworks North America continues to invest in other areas, including IT, Safety and Design Studios.

2.3. Potential Remuneration Mix

Total remuneration for the MD and the other executives comprises both fixed remuneration and an at-risk component (STI and LTI). The mix shown in the graph below is the potential remuneration based on the current remuneration at 31 July 2021 with STI and LTI based on maximum opportunities.

This structure is designed to retain and pay executives competitively based on their performance.

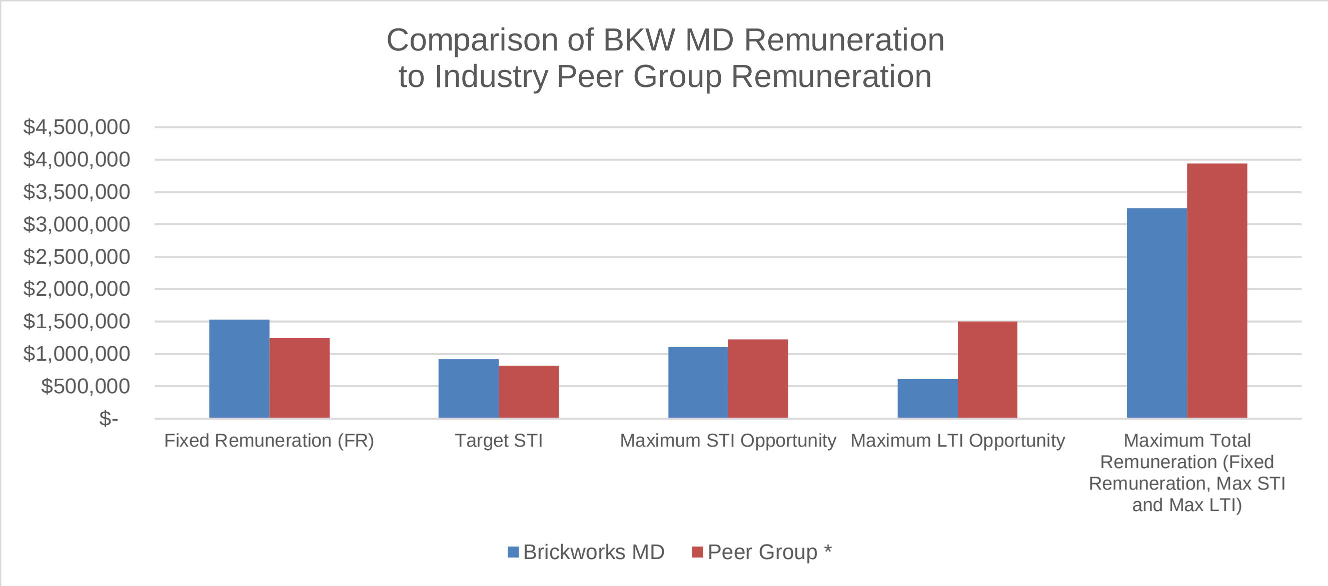




2.4. Remuneration Component – Fixed Remuneration

There has been no material increase in total fixed remuneration for any KMP during the FY2021 year.

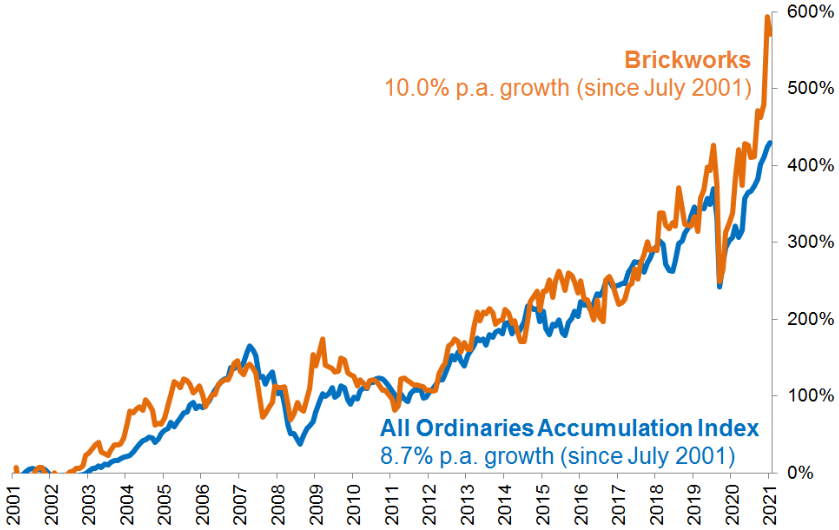
A benchmarking exercise was undertaken during FY2021 by Aon and shows the MD's target and maximum pay opportunities compared to market median of industry peers as set out below:



*The industry peer group includes 14 organisations engaged in property, manufacturing of construction materials, building products, commodities and other products generally within 50% to 200% of BKW's one-year average market capitalisation as follows: Abacus, ADBRI, BlueScope Steel, Boral, Charter Hall, Cromwell Property, CSR, Growthpoint Properties, GUD Holdings, GWA Group, Incitec Pivot, James Hardie, Nufarm and Fletcher Building.

By way of summary:

- The Brickworks MD has Fixed Remuneration positioned marginally higher than the 75th percentile of the industry peer group.
- Target STI is positioned between the industry peer group median and the 75th percentile.
- Maximum STI opportunity is below the market median against the industry peer group.
- Maximum LTI opportunity for Brickworks is significantly below market median against the industry peer group. The median maximum LTI opportunity in this industry peer group is observed to be 100% of Fixed Remuneration compared to 40% for Brickworks.
- Overall the Maximum Total Remuneration of the MD is below the market median of the industry peer Group.
- The MD's remuneration is reflective of the value that has been created for shareholders throughout his tenure as outlined below.



2.5. Remuneration Component - Short Term Incentives (STI)

The information below outlines the Company's STI Plan for FY2021:

What is the purpose and objective of the STI?	The STI is an annual incentive plan designed to reward executives for meeting or exceeding financial and non-financial objectives over a one-year period. The STI has been designed to foster an organisational culture of collaboration, co-operation and mutual respect which supports the objective of a long-term outperformance in both the financial and non-financial areas of the business, mainly with annual measures linked to the business strategy, set at the beginning of the financial year at levels that are challenging, yet achievable.
What is the target and maximum STI opportunity?	**MD and CFO** For the MD and CFO the STI is awarded in cash up to a maximum of 72% of total fixed remuneration (including base salary, superannuation and car allowance) The target STI opportunity for the MD and CFO being 60% of total fixed remuneration and maximum opportunity at 72% of fixed remuneration is below market peers. Standard practice is for the STI opportunity to be equal to 100% of fixed remuneration. For FY2022 the STI opportunity for the MD will increase to 75% of total fixed remuneration at target and 90% of total fixed remuneration at maximum. There will be no change to the STI target or maximum opportunity for the CFO. **Other Executives** For all other executives the STI is awarded in cash up to a maximum of 50% of total fixed remuneration (including base salary, and superannuation but excluding car allowance). Any excess STI earned between the target and maximum opportunity will not be paid as a cash bonus but will be added to the long-term incentive share allocation for that year and will vest over the LTI's plan vesting period.
Is any part of the STI awarded deferred into equity?	**MD and CFO** Half of any STI awarded to the MD and CFO will be deferred into shares for one year. Should the employment of either the MD or CFO be terminated other than for cause, all deferred STI payments will remain on foot and will be considered for assessment in the usual course as if their employment had continued with the Company. **Other Executives** No STI awarded to other executives is deferred into equity.

What is the target and maximum STI opportunity?

The STI Target Opportunities are set out below:

	Target STI opportunity	Max STI opportunity (cash) *
MD & CFO	60% of total fixed remuneration (inc. base salary, car allowance and superannuation)	72% of total fixed remuneration
Other Executives ** ***	Between 10% and 50% of fixed remuneration (inc. base salary and superannuation)	50% of total fixed remuneration (including base salary, car allowance and superannuation)

* For the MD/CFO maximum STI of 72% of total fixed remuneration is met when the Group NPAT measure (before significant items, excluding equity accounted profit from associates (WHSP) and property revaluation gains) is at 110% of the profit target and all the other financial and non-financial KPIs are met.

** STI as a proportion of base salary for an employee increases as that employee gains greater responsibility and has greater capacity to influence the performance of the business as a whole.

*** Outperformance against the STI target above the maximum STI opportunity is recognised by the grant of shares or rights to vest over the LTI plan's performance period.

How are STI performance measures determined?

Each year at the beginning of the year the Remuneration Committee sets KPIs for the MD and CFO for the financial year, with a view to directly aligning the individuals' annual incentive opportunity to execution of the Group's business strategy.

The MD determines the KPIs which are aligned to the delivery of the strategy and performance of the business for other executives.

STI profit targets are determined on an annual basis at the beginning of the financial year after consideration of many complex factors including:

- the market outlook having regard to cyclical nature of building and construction industry;
- housing trends;
- energy supply;
- existing and new market competition;
- new and alternative products;
- interest rates; and
- cap rate compression.

The impact and the Company's response to COVID-19 was also a key consideration this year, however no KPIs for FY2021 were amended during the year as a consequence of COVID-19.

Payments under the STI are determined by performance against KPIs set at the beginning of the financial year.

STI performance measures and weightings vary by executive depending on individual accountabilities. The metrics and their rationale for selection are as follows:

Why are the STI measures adopted considered appropriate?

Financial measures (MD and CFO: 75%)	
Group NPAT (before significant items excluding equity accounted profit from associates (WHSP) and property revaluation gains)– 37.5%	Focus attention on results and performance for segments for which they have direct responsibility. This is a **gateway performance measure** to receiving any other performance related payments. The gateway is the minimum threshold measure of profit which must be achieved before any STI is awarded. Once it is met performance is measured against the other following financial and non-financial measures to determine the actual individual awards. Property profit will include net property trust income, trust development profit, the sale of trust assets and Brickworks land sales (less Brickworks property admin and other costs). It will not include property revaluations arising from cap rate compression or expansion outside the control of management.
Cash generation – 37.5%	Managing cash to ensure cash and working capital is available whenever and wherever required by the business.

Non-financial measures – (MD and CFO: 25%)	
Quality of earnings – 12.5%	This measure considers the quality of earnings result including goodwill and asset impairment and windfall gains.
Safety and Health – 6.25%	This measure incentivises executives to demonstrate leadership in enhancing workplace health and safety and taking a sustainable approach to operations through process innovation.
People – 6.25%	The success of Brickworks depends on the people that work for the Company. This measure will only reward executives for superior performance and demonstration of effective leadership, talent development, retention, succession planning and gender diversity, which are critical to the success of the business and underpin financial performance.

What is the financial and non-financial component of the STI Award for the MD and CFO and how is it applied?

Percentage of financial component of STI Award payable for the MD and CFO

The gateway performance measure to receiving any STI is a minimum threshold measure profit. The total available STI Award determined based on the profit measure is allocated as outlined below and subject to further testing against Operating Cash Flow and non-financial measures.

Profit – 37.5% of total available STI Award

Achievement	STI Award
Below base profit	0%
Between base profit and target profit	Pro rata award on a straight-line basis between 60% and 100% of target STI
Between 100% and 110% of target profit	Pro rata award on a straight-line basis between 100% and 120% of target STI being Maximum STI.

Setting the Target for Profit Performance

In setting the target for profit performance consideration is given to the prior year's performance. Budget may be set higher or lower than previous years after consideration of the many complex factors outlined above and including, but not limited to, the very cyclical nature of the Building Products operations.

Where the budget is greater than the previous year, then 80% of last year's performance becomes the base profit and the budget becomes the target profit.

Where the budget is less than the previous year, 80% of budget profit becomes the base profit and the prior year becomes the target profit.

By using both last year's profit results and budget profit in tandem, the outcome of the bonus paid is properly referenced by the prior year. When the profit increases, the STI for profit performance aligns with improved performance and when the profit is lower than the prior year, any bonus paid will be below the prior year.

All property revaluation gains were excluded from the profit measures used to determine the FY2021 incentive amounts payable.

Operating cash flow – 37.5% of total available STI Award

Achievement	STI Award
Below 80% of budgeted operating cash flow	0%
Between 80% and 100% of budgeted operating cash flow	Pro rata award on a straight-line basis between 60% and 100% of allocated STI Award

The Board of Brickworks is confident that achievement of profit and cash generation above 80% of target in the current market conditions is considered as superior performance. The targets vary every year, are set with a view of delivering challenging results and do not provide executives with a windfall gain.

The remaining 25% of any STI Award is subject to the achievement of challenging non-financial measures.

What is the financial and non-financial component of the STI Award for Other Executives and how is it applied?

Percentage of financial component payable for other executive KMP (other than the MD and CFO)

Profit – 37.5% of total STI Award

Achievement	STI Award
Below base profit	0%
Between base profit and target profit	Pro-rata award on a straight-line basis between 50% and 100%
> target profit	Pro rata award equal to the percentage over upper target to a maximum of 50% of total fixed remuneration in cash with outperformance against the profit target recognised by the grant of rights or shares over the LTI plans performance period

Operating cash flow – 37.5%

Achievement	STI Award
Below base target	0%
Between base target and upper target	Straight line between 50% and 100%

The remaining 25% of any STI Award is subject to the achievement of challenging non-financial measures.

There is no upside available against cash and non-financial measures.

When and how is the STI Award assessed?

MD and CFO

At the end of the financial year the Remuneration Committee assesses actual performance against their respective KPIs set at the beginning of the financial year and recommends the STI quantum to be paid to the individuals for approval by the Board.

	These assessment methods have been chosen as they provide the Remuneration Committee with an objective assessment of each individual's performance. **Other Executives** At the end of the financial year the MD assesses the executives' actual performance against their respective KPIs set at the beginning of the financial year and determines the STI quantum to be paid to the senior executives. The MD provides these assessments to the Remuneration Committee annually for review and approval.
Is quality of earnings a relevant factor in assessing STI Awards?	The Remuneration Committee and the MD have the discretion to consider the quality of earnings achieved including any significant items, acquisitions and divestments and one-off events/abnormal/non-recurring items in determining whether the financial KPIs have been achieved, wherever and whenever this is considered appropriate for linking remuneration reward to Company performance. The MD and CFO have 12.5% of their STI at risk in relation to quality of earnings and RONTA.
Can the Board clawback STI Awards?	The Board and the Remuneration Committee have discretion about the remuneration outcomes wherever and whenever this is considered appropriate. This discretion also applies in the event of financial misstatement, reputational damage and/or evidence of misconduct.

2.6. STI outcomes

The table below outlines the weighting of financial and non-financial KPIs in relation to each executive for financial year 2021 and the performance achieved. Unless otherwise stated all earnings measures exclude significant items.

Executive	Measure(s)	Performance	Outcome
Financial 75%			
MD & CFO	Group NPAT (before significant items excluding equity accounted profit from associates (WHSP) and property revaluation gains)	The Group NPAT (before significant items and excluding property revaluation gains and equity accounted profit from associates) was $84.4 million which translated into a fully achieved maximum STI target and was significantly higher compared to $58.7 million in the prior financial year.	100% achieved
	Group operating cash flow	The Group operating cash flow for the year ended 31 July 2021 was $139.8 million which translated into a fully achieved maximum STI target	100% achieved
EGM Property & Development	Divisional profit against target for Property	Property divisional profit (excluding property revaluation gains) amounted to $103.8 million which was significantly above the performance target and the prior year profit of $76.3 million.	100% achieved
	Divisional cash generation against target	The cash flows generated by the Property division amounted to $32.1 million and met the performance target.	100% achieved
The Company does not disclose specific financial performance targets and even retrospective disclosure of such targets would put the Company at a potential competitive disadvantage.			
Non-financial 25%			
MD & CFO	Return on net assets/quality of earnings considerations	• Return on Net Tangible Assets for the Group excluding investments in associates (WHSP) amounted to 21.1% which translated into a fully achieved maximum STI target.	100% achievement of the KPI for the MD 100% achievement of the KPI for the CFO
	Safety Key lag target metrics across Australia: • LTI's < 2 • MTI's < 30 • LTIFR of 0.4 or less • TRIFR of 11.8 or less Key lead target metrics • A 10% improvement in closing open hazards across the Australian business • random drug and alcohol testing of at least 25% of company employees in Australia	• Key lag target measures all met with enhanced safety performance year-on-year at Brickworks Building Products Australia measured by a greater than 10% reduction in medical treatment injuries (MTI) and total recordable injury frequency rate (TRIFR) compared to FY2020. Long-term injuries (LTI) and long-term injury frequency rate (LTIFR) remained at a low level and consistent with the prior financial year. • A greater than 10% reduction in TRIFR in North America driven by a reduced number of First Aid Treatments and MTI's achieved despite an increased level of hours worked compared to FY2020. • Key lead target metrics all met, including: – A greater than 10% improvement in closing open hazards	100% achievement of safety KPIs

Executive	Measure(s)	Performance	Outcome
	◗ 10% of total employees with certified qualifications in mental health first aid across Australia ◗ leadership training for executives ◗ active participation in safety committee meetings ◗ Overall improvement in Brickworks North America into Group safety measures	– drug and alcohol testing embedded into the business – traction in employee certified qualifications in mental health ◗ Active participation by the MD and CFO in safety committee meetings throughout the Company's Australia wide operations ◗ Group Safety improvements as per above	
MD & CFO	**Succession Planning and Gender Diversity** Key Metrics: ◗ Gender Diversity at the senior executive level in Australia of at least 25% by 31 July 2021 with an improvement on FY2020 ◗ Quarterly talent and succession reviews ◗ Mentoring program for emerging leaders in Australia ◗ Target internal promotion rate of 25% in Australia ◗ Inclusion of Brickworks North America into Group Gender Diversity and Succession Planning ◗ Embed values in performance management processes at all levels of the organisation	◗ Improvement in gender diversity at the senior executive level from 27% in FY2020 to 28% in FY2021 ◗ Quarterly talent and succession reviews completed and actions implemented for our top talent across the business ◗ Mentoring program for key talent to develop, inspire and support Brickworks future leaders ◗ Internal promotion rate at 47% ◗ Brickworks North America included into Group gender diversity and succession planning programs ◗ Values and culture program embedded throughout the organisation in performance management processes	100% achievement of succession planning KPIs
EGM Property & Development	Property Trust Return on net assets/ quality of earnings considerations	Return on Net Tangible Assets for the Property division of 27.7% which was translated into a fully achieved STI target.	100% achievement of non-financial KPIs
	Safety Target Metrics ◗ Category 1 events (fatalities) - nil ◗ Category 2 events (injuries, near misses and development related risks) <2	Enhanced safety performance as measured by the number of safety events in the financial year ended 31 July 2021: ◗ Category 1 events (FY2021: nil, FY2020: nil) ◗ Category 2 events (FY2021: 1, FY2020: nil).	
	Mixture of Strategic and Operational relevant to the executive	◗ Successfully managed Trust property leases to achieve high occupancy rates (95% at 31 July 2021) ◗ The New Berrima DA approval was secured in the financial year ended 31 July 2021.	

STI achieved

The table below outlines the weighting of financial and non-financial KPIs in relation to each executive for 2021 and the performance achieved.

The following table outlines the percentage of target STI achieved (and forfeited) in relation to financial and non- financial KPIs, and the total STI awarded, for each executive for 2021.

			Financial			Non-financial				
Executive	Target STI Opportunity	Max STI Opportunity	Weighing %	Achieved * %	Forfeited %	Weighting %	Achieved* %	Forfeited %	STI awarded $	STI over performance subject to LTI $
MD	$938,700	1,126,440	75%	120%	0%	25%	120%	0%	1,126,440[2]	0
CFO	$481,800	578,160	75%	120%	0%	25%	120%	0%	578,160[2]	0
EGM Property & Development	256,250	278,500	75%	114%	0%	25%	100%	0%	278,500	3,806

* Calculated as % of Target STI opportunity.

[2] 50% of MD and CFO's STI awards deferred into equity for one year being $563,220 for the MD and $289,080 for the CFO.

2.7. Remuneration Component - Long Term incentives (LTI) for FY2021

What is the LTI?	The Group operates an LTI Plan through the Brickworks Deferred Employee Share Plan and Executive Rights Plan in which employees receive Brickworks Limited shares or performance rights. No consideration is payable by participants for shares or performance rights under the terms of the plan.
What is the scope of the LTI?	The LTI includes: • a broad-based employee share plan with 606 employees participating as at 31 July 2021 via 1,205,113 shares on allocation of which 39.81% remain unvested (and 60.19% vested). In addition, 37,106 shares in the plan were forfeited during the year to 31 July 2021; and • an Executive Rights Plan with 24 employees participating as at 31 July 2021 via 392,498 rights on allocation of which 83.45% remain unvested (and 16.55% vested). 5,874 rights were forfeited during the year to 31 July 2021.
What is the purpose of the LTI?	The primary purpose of the LTI is the retention of the Company's senior executive team. The LTI also provides alignment between executive remuneration and shareholders, as measured by the absolute and relative total shareholder return (**TSR**).
What is the LTI Opportunity for the MD and CFO?	The value of shares or performance rights granted to the MD and CFO was a fixed 40% of total fixed remuneration (including superannuation and car allowance). This fixed allocation is subject to Brickworks meeting the absolute and relative TSR performance criteria set out below over the ensuing three-year period. The LTI opportunity for the MD and CFO being 40% of fixed remuneration is below market peers. Standard practice is for the LTI opportunity to be equal to 100% of fixed remuneration. For FY2022, the LTI opportunity for the MD and CFO will increase from a flat rate of 40% to a flat rate of 75% for the MD and 60% for the CFO.
What is the LTI Opportunity for other executives?	For all other executives, the LTI entitlement is up to 50% of total fixed remuneration (excluding car allowance). The allocation made is determined following assessment by the Board of the prior year's performance against STI targets. In years where STI targets are not met in difficult market conditions the Board awards half the LTI opportunity to other executives.
What LTI performance measures apply to executives (other than the MD and CFO)?	The vesting of shares/ rights to other executives is undertaken progressively on 31 July for 20% on each anniversary following the allocation date for five years.
What LTI performance measures apply to the MD and CFO?	50% of the award made is subject to Brickworks relative total shareholder return (**TSR**) vesting condition under which Brickworks' TSR is compared to the companies in the S&P/ASX 200 Franking Credit Adjusted Annual Total Return Index over a period of three years from 1 August 2020 to 31 July 2023. The share price used at commencement of each tranche for assessing both relative and absolute TSR performance of Brickworks shares is the 90-day Volume Weighted Average Price (**VWAP**) prior to 31 July 2020. The actual share price used to compare to the TSR target share price is the 90-day VWAP prior to 31 July 2023. The remaining 50% of the award is subject to an absolute TSR p.a. compounding vesting condition also over the same period.
How does the Relative TSR measure (50% of each award) work?	A summary of the Relative TSR measure for the MD and CFO is as follows. **Relative TSR measure proposed** (FY2021 LTI allocation approved by shareholders at the 2020 AGM)

Performance Period	**3-year performance period commencing on 1 August 2020.**
Measure	Brickworks' relative TSR inclusive of all grossed dividends measured against the S&P/ASX 200 Franking Credit Adjusted Annual Total Return Index (XJOAI Franked Index)
Vesting	**Below the median** - 0% vesting **At the median** - 50% vesting **Between the median and 60th percentile** - pro rata vesting on a straight-line basis between 50% and 100% **At the 60th percentile or above** - 100% vesting
Re-testing	No re-testing. Testing to be undertaken once only at end of the **3-year period**.

	Dividends and voting rights	**No dividends or voting rights on unvested performance rights** Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria.
	Shareholder approval	Yes for allocations made to the Managing Director

During 2020, Brickworks obtained independent advice regarding the distribution of XJOAI returns above the median which is normally referred to as the index to establish what the level of the TSR performance was over the three previous years at the 75th percentile.

XJOAI Returns	1 Year to 31 July 2020	1 Year to 31 July 2019	1 Year to 31 July 2018
At Index Level	-9.9%	10.5%	17.9%
At 60th percentile	-5.4%	17.0%	23.3%
At 75th Percentile	5.1%	30.3%	33.7%
BKW	-9.4%	14.5%	23.7%

We note the difficulty with delivering TSR results in excess of 5.1% in the current climate given ongoing uncertainty in relation to lockdowns and permitted building activity.

It is extremely challenging and highly unlikely that Brickworks can generate TSR results in excess of 30% on a sustainable long-term basis (pre COVID) given the cyclical nature of the building industry and ongoing capital expenditure requirements without exposing the company to unnecessary risk.

More appropriately, Brickworks has adopted the 60th percentile, which requires a very challenging hurdle for 100% vesting.

Overall, the Board's emphasis is on establishing long term sustainable profit streams. The over-arching objective is to reinvest to deliver sustainable long-term profits, while continually reducing production costs through technical innovation.

How does the Absolute TSR measure (50% of each award) work?

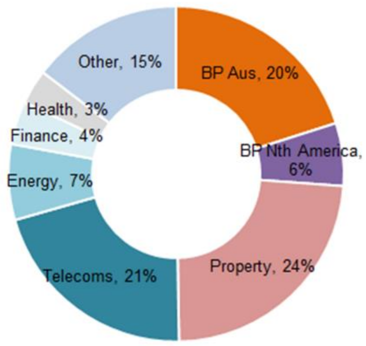
A summary of the Absolute TSR measure for the MD and CFO is as follows.

Absolute annual compounding TSR measure proposed FY2021 LTI allocation (approved by shareholders at the 2020 AGM)

Performance Period	**3-year performance period commencing on 1 August 2020**
Vesting	**Less than 6%** - 0% vesting **Equal to 6%- 50%** vesting **Between 6% and 8%** - pro rata vesting on a straight-line basis between 50% and 100% **Equal to 8% or greater**- 100% vesting
Re-testing	No re-test. Testing is to be undertaken once only at end of the **3-year period**
Dividends and voting rights	**No dividends or voting rights on unvested performance rights** Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria

Why is an absolute TSR measure considered appropriate for LTI Awards to the MD and CFO?

- Brickworks has a diversified portfolio of assets through its investment in Washington H. Soul Pattinson & Company Limited (**WHSP**)
- Brickworks' look through asset exposure* shows that, in addition to building products (28%) and property (20%), the Company has exposure to other companies in telecommunications, finance, energy and health through its investment in WHSP.

	 * Based on 31 January 2021 asset values reported by WHSP. Brickworks directly manages this interest through the independent board committee (**IBC**). Management of this interest included the sale of WHSP shares in FY2019.
Why is an absolute TSR measure combined with a relative TSR measure considered appropriate for LTI Awards to the MD and CFO?	The Board believes that when combined with the STI, the performance criteria for the MD and CFO under the LTI provides the most suitable link to long-term security holder value creation because: ◗ absolute TSR ensures vesting is commensurate with the Company's actual TSR, meaning there are no awards when TSR is negative and it also provides a good line of sight for the MD and CFO; ◗ measuring TSR on a relative basis levels the playing field by removing overall market movements and industry economics for the evaluation of MD and CFO performance. Relative TSR provides a relative, external market performance measure having regard to a peer group of ASX200 companies with which the Company competes for capital, customers and talent; ◗ the use of relative TSR ensures that the MD and CFO are motivated to deliver returns that are superior to what a security holder could achieve in the broader market and ensures as the most senior management they maintain a strong focus on security holder outcomes; ◗ Brickworks calculates its after tax TSR incorporating the full value of franking credits. The S&P ASX 200 Franking Credit adjusted annual total return Index also adjusts the total return for the tax effect of franking credits to ensure consistency of calculations; ◗ the use of the S&P/ASX 200 Franking Credit adjusted annual total return Index was chosen as the relative performance target following testing of this group against a range of historical and future share price/payout scenarios to confirm that outcomes align with the Company's historical notion of superior long-term performance. ◗ having regard to the overall size and market capitalisation of Brickworks, and the diverse nature of the Brickworks Group across Property, Building Products and its investment in WHSP, the Board considers the XJOAI Franked Index as the most appropriate Index for relative performance assessment; and ◗ while the Board appreciates that there are at times different views held by different stakeholders, it considers that these measures provide the appropriate balance between market and non-market measures.
Are shareholders asked to approve LTI Awards made to the MD?	Yes. Performance rights allocated to the MD are put to shareholders for approval at the **AGM**.
Can the Board clawback LTI Awards?	Historically clawback clauses have not been applicable for LTI allocations. The Board and the Remuneration Committee have discretion about the remuneration outcomes wherever and whenever this is considered appropriate. This discretion also applies in the event of financial misstatement, reputational damage and/or evidence of misconduct.
What happens to LTI Awards on a Change of Control of Brickworks?	If a change of control event occurs in relation to Brickworks Limited then any shares or performance rights held by the employee share plan trust on behalf of a participant will vest immediately upon the announcement to ASX of a change of control event.
What dividend rights attached to LTI Awards?	Dividends will not be paid on unvested performance rights, and will only vest in proportion to the vested grants at the end of the performance period.
How are LTI Awards satisfied?	The Board has the discretion to either purchase shares on-market or to issue new shares for participants.

	During the year rights were granted to the MD, CFO and Senior Executives through the LTI executive rights plan. Shares granted to employees other than the MD, CFO and Senior Executives were issued as new shares.
Are executives prohibited from entering financial derivatives in respect of Brickworks shares?	Under the Company's Securities Trading Policy Brickworks shares are not permitted to be used to secure any type of financial product such as margin loans or similar. Options, collars and/or other financial derivatives must not be used in respect of any Brickworks shares

2.8. LTI Outcomes FY2021 MD and CFO

The following represents Brickworks' performance against each TSR measure for historical allocations made prior to the rights allocation made under the new Executive Rights LTI Plan implemented in 2019 which is not tested for a period of 3 years.

Brickworks TSR is defined as the change in share price plus dividends (grossed up for associated franking credits). This forms part of the criteria used for assessing the vesting of LTI plan shares and performance rights under the absolute TSR test and relative TSR test.

Absolute TSR performance (for historical allocations made prior to FY2020)

For the purposes of the absolute TSR measure under the LTI plan, Brickworks' TSR is calculated using a simple average of Brickworks' 1-year TSR, 2-year TSR, 3-year TSR, 4-year TSR and 5-year TSR. Brickworks' TSR results as at 31 July 2021 are:

Year TSR	Test period from	Test period to	TSR Performance
1-year TSR	3-Aug-2020	31 July 2021	59.6%
2-year TSR	1-Aug-2019		22.2%
3-year TSR	1-Aug-2018		20.2%
4-year TSR	1-Aug-2017		21.4%
5-year TSR	1-Aug-2016		16.9%
Average TSR			**28.0%**
Target Criteria			**8%**
Outcome			**100% vested** **MD – 29,136 shares** **CFO – 7,992 shares**

Brickworks' Average TSR of 28.0% has exceeded the target performance criteria (being 8%). This means that all of the tranches tested against the absolute TSR measure vested at 31 July 2021 (including all unvested shares carried forward from the prior financial year).

Relative TSR performance (for historical allocations made prior to FY2020)

Brickworks' performance (grossed up for franking credits) versus the S&P ASX 200 Franking Credit Adjusted Total Return Index (XJOAI Franked) is:

TSR	XJOAI Franked	Brickworks (inc. Franking)	Brickworks as % Index	Vesting criteria – pre 2018 allocations	Vesting criteria – 2018 allocation
1 year	31.5%	59.6%		If Brickworks' TSR as a % of the index's return is greater than 100%, then all shares subject to the Relative Test will vest.	If Brickworks' TSR as a % of the index's return is greater than 120%, then all shares subject to the Relative Test will vest.
2 years	10.8%	22.2%			
3 years	12.5%	20.2%			
4 years	13.1%	21.4%			
5 years	15.5%	16.9%			
Simple average	**16.7%**	**28.0%**	**168.4%**		
Relative vesting in FY2021				**100% - vested** **MD - 8,455 shares** **CFO - 4,510 shares**	**100%** **MD - 8,477 shares** **CFO - 4,425 shares**

Brickworks' relative TSR performance of 168.4% was above the threshold for all shares to vest. This means that all of the tranches tested against the relative TSR measure vested at 31 July 2021 (including all unvested shares carried forward from the prior financial year).

2.9. Other Company wide share plan

In addition to the Brickworks Deferred Employee Share Plan referred to above, Brickworks operates the Brickworks Exempt Employee Share Plan as part of the remuneration structure of the Group. All employees of Brickworks with a minimum 3 month's service are eligible to join the Brickworks Exempt Employee Share Plan, whereby the employee may salary sacrifice an amount toward the purchase of Brickworks ordinary shares and the Company contributes a maximum of $3 per employee per week. The plans are aimed at encouraging employees to share in ownership of their Company and help to align the interests of all employees with that of the shareholders.

2.10. Market purchases+

In accordance with ASX Listing Rule 10.14, the Company contribution to the Brickworks Exempt Employee Share Plan is unavailable to Directors of Brickworks.

An employee's right to transact shares in a share plan is governed by the trust deeds for those Plans and the Company's policy regarding trading windows.

At 31 July 2021, there were 790 employees participating in the Brickworks Deferred Employee Share Plan and the Brickworks Exempt Employee Share Plan, holding 1,311,619 shares (0.87% of issued capital).

During the year, all monthly share purchases through the Exempt Employee Share Plan were performed on market. Shares granted through the Deferred Employee Share Plan to employees were issued as new shares.

3. Employment Contracts

3.1. Termination payments

A payment will be made by the Company to an executive upon termination or bona-fide retirement, equivalent to a proportion (not exceeding 100%) of each executive's average base pay for the previous 3 years, and any unvested shares or performance rights held on behalf of the executive will remain within the Brickworks Deferred Employee Share Plan and retain their vesting criteria. If an executive resigns, any unvested shares will be forfeited. The Board and the Remuneration Committee have discretion about the remuneration outcomes wherever and whenever this is considered appropriate. This discretion also applies in the event of financial misstatement, reputational damage and/or evidence of misconduct.

Brickworks does not have fixed term contracts with its executives. It can terminate an executive's employment on 2 months' notice (or payment in lieu of notice) and executives can terminate on 2 months' notice (apart from the CFO who must be given 3 months' notice, and the MD who must be given 6 months' notice).

If the MD or any other executives is subject to immediate termination (for cause as defined in their employment contract), Brickworks is not liable for any termination payments to the employee other than any outstanding base pay and accrued leave amounts. All unvested shares or performance rights held on their behalf by the Brickworks Deferred Employee Share Plan will be forfeited.

3.2. Executive Restraint

All executives gain strategic business knowledge during their employment. Brickworks will use any means available to it by law to ensure that this information is not used to the detriment of the Company by any employee following termination. To protect the Group's interests, Brickworks had an enforceable restraint through the executive's employment contract to prevent executives from either going to work for a competitor, or inducing other employees to leave the Company, for a specified period.

The terms of the restraint to prevent employees from going to work for a competitor, customer or supplier are for commensurate periods of between 6 and 12 months. A breach of the restraint conditions by an employee places at risk a potential monthly restraint payment at the discretion of the Company.

The termination payments referred to above, together with the fact that most executives generally will also have unvested shares with a value in excess of the base remuneration for the restraint period at any time, are intended to discourage executives with deep corporate knowledge and significant capacity to contribute to the profitability of the Company from seeking employment with competitors.

4. Non-executive Directors

The remuneration of non-executive Directors is determined by the full Board after consideration of Group performance and market rates for Directors' remuneration. Non-executive Director fees are fixed each year, and are not subject to performance-based incentives. Brickworks' non-executive Directors are not employed under employment contracts.

The maximum aggregate level of fees which may be paid to non-executive Directors is required to be approved by shareholders in a general meeting. This figure is currently $1,300,000, and was approved by shareholders at the 2017 Annual General Meeting. Brickworks' constitution requires that Directors must own a minimum of 500 shares in the Company within two months of their appointment. All Directors complied with this requirement during the year.

The Directors Fees for FY2021 and FY2022 are as follows:

	FY2021	FY2022
Chair	$260,000	$269,100
NED Base Fee	$130,000	$134,550
Member - Audit & Risk Committee	$8,000	$8,280
Member - Remuneration Committee	$6,000	$6,210
Member - Nomination Committee	$4,000	$4,140
Chair - Audit & Risk Committee	$21,000	$21,735
Chair - Remuneration Committee	$15,750	$21,735
Chair - Nomination Committee	$12,750	$13,196

Under legacy arrangements, non-executive Directors appointed prior to 30 June 2003 were entitled to receive benefits upon their retirement from office. These benefits were frozen with effect from 30 June 2003, and are not indexed. The Company has obtained specific independent legal advice regarding the entitlements of the three non-executive Directors referred to below which has confirmed that the amounts listed in the table will be payable, as they have been grandfathered under the previous legislation relating to the retirement benefits of non-executive Directors. These benefits for the three participating Directors, which have been fully provided for in the Company's financial statements, are as follows:

Name	Benefit as at 30 June 2003
R. Millner	$300,000
M. Millner	$150,000
R. Webster	$93,750

5. Remuneration of Key Management Personnel

5.1. Table of Remuneration to KMP

The fees payable to non-executive Directors and the remuneration payable to other KMP during the financial year ended 31 July 2021 are disclosed in the following table.

	Year	Base fees/salary	Non-monetary benefits	Post Employment (Super)	Total fixed remuneration	Short Term Incentive	Long Term Incentive[3]	Retirement benefit	Total
	Directors								
RD Millner	**2021**	**237,443**	-	**22,656**	**260,099**	-	-	-	**260,099**
	2020	237,443	-	22,557	260,000	-	-	-	260,000
MJ Millner	**2021**	**127,854**	-	**12,199**	**140,053**	-	-	-	**140,053**
	2020	127,854	-	12,146	140,000	-	-	-	140,000
BP Crotty	2021	**42,627**	-	**4,050**	**46,677**	-	-	-	**46,667**
	2020	142,580	-	13,545	156,125	-	-	-	156,125
DR Page	**2021**	**161,061**	-	**-**	**161,061**	-	-	-	**161,061**
	2020	155,180	-	5,820	161,000	-	-	-	161,000
RJ Webster	**2021**	**143,151**	-	**13,659**	**156,810**	-	-	-	**156,810**
	2020	143,151	-	13,599	156,750	-	-	-	156,750
MP Bundey	**2021**	**144,064**	**-**	**13,746**	**157,810**	**-**	**-**	**-**	**157,810**
	2020	114,117	-	10,841	124,958	-	-	-	124,958
RN Stubbs	**2021**	**135,017**	-	**1,035**	**136,052**	-	-	-	**136,052**
	2020	79,333	-	-	79,333	-	-	-	79,333
LR Partridge	**2021**	**1,542,650**	**4,946**	**21,850**	**1,569,446**	**1,126,440**	**771,604**	-	**3,467,490**
	2020	1,543,440	5,686	21,060	1,570,186	1,053,222	249,197	-	2,872,605
Total	**2021**	**2,533,867**	**4,946**	**89,195**	**2,628,008**	**1,126,440**	**771,604**	**-**	**4,526,052**
	2020	2,543,098	5,686	99,568	2,648,352	1,053,222	249,197	-	3,950,771
	Other Key Management Personnel								
RC Bakewell	**2021**	**775,525**	**21,606**	**21,850**	**818,981**	**578,160**	**258,622**	**-**	**1,655,763**
	2020	781,940	19,459	21,060	822,459	553,160	-	-	1,375,619
M Kublins	**2021**	**535,306**	**7,219**	**21,694**	**564,219**	**278,500**	**330,672**	**-**	**1,173,391**
	2020	535,940	6,061	21,060	563,061	278,500	341,495	-	1,183,056
Total	**2021**	**1,310,831**	**28,825**	**43,544**	**1,383,200**	**856,660**	**589,294**	**-**	**2,829,154**
	2020	1,317,880	25,520	42,120	1,385,520	831,660	341,495	-	2,558,675

Note: In addition to the total benefits above, these KMPs accrued leave entitlements during the year as follows:

- L R Partridge: net increase of $27,072 in accrued leave entitlements (2020: $45,475 increase)
- R C Bakewell: net increase of $15,693 in accrued leave entitlements (2020: $12,525 increase)
- M Kublins: net decrease of $14,922 accrued leave entitlements (2020: $1,888 decrease)

[3] Reflects the value of the shares/executive rights vested during the financial year. Any share allocations tested against absolute and relative TSR performance measures at 31 July 2020 did not vest. Only historical tenure based shares allocated to the Managing Director in 2015 and 2016 vested during the prior financial year.

5.2. Director and Key Management Personnel shareholdings

	Held 31 July 2020				Granted as Remuneration		Purchases	Shares Disposed of	Held 31 July 2021				
Directors													
RD Millner				4,813,098		-	4,869	-	4,817,967				
MJ Millner				4,787,141		-	-	-	4,787,141				
DR Page				14,210		-	3,190	-	17,400				
RJ Webster				15,922		-	-	-	15,922				
MP Bundey				1,000		-	20	-	1,020				
RN Stubbs				1,000		-	-	-	1,000				
BP Crotty *				18,209		-	-	-	N/A				
#	FPO	DESP	EEP	ERP	ERP	STI Def			FPO	DESP	EEP	ERP	STI Def
LR Partridge	71,000	91,179	-	33,400	31,443	26,917	25,000	-	112,896	74,283	-	64,843	26,917
Other Key Management Personnel													
RC Bakewell	8,201	28,564	61	17,186	16,138	14,137	50	-	8,201	28,564	111	33,324	14,137
M Kublins	23,509	70,674	-	25,137	20,110	-	-	(35,332)	23,509	35,342	-	45,247	-

***** Brendan Crotty retired from the Board on 24 November 2020

#

FPO - Fully paid ordinary shares.

DESP - These shareholdings are unvested shares held through the Brickworks Deferred Employee Share Plan which may not vest to the employee if they do not satisfy vesting criteria.

EEP – Employee Exempt Plan.

ERP - Executive Rights Plan in which employees receive a payment or Brickworks Limited shares if the vesting criteria is met.

STI Def = Short Term Incentive Deferred Plan - MD and CFO's 50% of STI awards deferred into equity for one year.

All share transactions by KMP were on normal terms and conditions on the Australian Securities Exchange.

No options over unissued shares or interests in Brickworks Limited or a controlled entity were granted or lapsed during or since the end of the financial year and there were no options outstanding at the date of this report. No shares or interests have been issued during or since the end of the year as a result of the exercise of any option over unissued shares or interests in Brickworks or any controlled entity.

Auditor’s Independence Declaration

Following a mandatory partner rotation, the financial year ended 31 July 2021 is the first year with Jodie Inglis as audit partner.

The Directors received an independence declaration from the auditor, EY. A copy has been included on page 64 of the report.

Provision of non-audit services by external auditor

During the year the external auditors, EY, provided non-audit services to the Group, totalling $515,888. The non-audit services were for the provision of due diligence and tax advisory services.

The Directors are satisfied that the provision of non-audit services is compatible with general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and the scope of each type of services provided means that auditor independence was not compromised.

The details of total amounts paid to the external auditors are included in note 7.3 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, EY, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during or since the financial year.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification of Directors and officers

The Company’s Rules provide for an indemnity of Directors, executive officers and secretaries where liability is incurred in connection with the performance of their duties in those roles other than as a result of their negligence, default, breach of duty or breach of trust in relation to the Company. The Rules further provide for an indemnity in respect of legal costs incurred by those persons in defending proceedings in which judgment is given in their favour, they are acquitted or the Court grants them relief.

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors’ and officers’ liability. The insured persons under those policies are defined as all Directors (being the Directors named in this Report), executive officers and any employees who may be deemed to be officers for the purposes of the *Corporations Act 2001*.

Rounding of Amounts

The Company has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and accordingly, amounts in the financial report and Directors’ report have been rounded off to the nearest $1,000 where allowed under that instrument.

Made in accordance with a resolution of the Directors at Sydney.

Dated: 23 September 2021

R.D. MILLNER	L.R. PARTRIDGE AM
Director	Director

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Auditor's independence declaration to the directors of Brickworks Limited

As lead auditor for the audit of the financial report of Brickworks Limited for the financial year ended 31 July 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Brickworks Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

J Inglis

Jodie Inglis
Partner
Sydney
23 September 2021

Consolidated

Financial Statements

Consolidated Income Statement

	Note	31 July 2021 $'000	Restated[1] 31 July 2020 $'000
Continuing operations			
Revenue	2.2	890,313	949,926
Cost of sales		(635,071)	(677,052)
Gross profit		**255,242**	**272,874**
Gain on bargain purchase	6.5	-	3,776
Other income	2.2	12,105	469
Distribution expenses		(68,514)	(65,485)
Administration expenses		(51,615)	(47,713)
Selling expenses		(96,982)	(101,746)
Impairment of non-current assets	2.1, 3.2	(1,954)	(46,042)
Restructuring costs		(13,213)	(41,536)
Business acquisition costs		(3,301)	(12,792)
Other expenses		(25,151)	(21,477)
Share of net profits of associates and joint ventures	2.3	340,746	475,639
Profit from continuing operations before finance cost and income tax		**347,363**	**415,967**
Finance costs	2.2	(22,095)	(26,452)
Profit from continuing operations before income tax		**325,268**	**389,515**
Income tax expense	4.1	(85,095)	(74,929)
Profit from continuing operations after tax		**240,173**	**314,586**
Discontinued operations			
Loss from discontinued operations, net of income tax benefit	6.6	(1,010)	(16,508)
Profit after tax		**239,163**	**298,078**
Profit after tax attributable to:			
Shareholders of Brickworks Limited		239,163	298,078
		Cents	Cents[1]
Earnings per share attributable to the shareholders of Brickworks Limited			
Basic (cents per share)	2.4	158.3	198.8
Diluted (cents per share)	2.4	157.9	198.7
Basic (cents per share) from continuing operations	2.4	159.0	209.9
Diluted (cents per share) from continuing operations	2.4	158.6	209.7

The above consolidated income statement should be read in conjunction with the accompanying notes.

[1] Certain comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements following the IFRS Interpretations Committee agenda decision published in April 2021 (refer to Note 7.6).

Consolidated Statement of Other Comprehensive Income

	Note	31 July 2021 $'000	Restated[1] 31 July 2020 $'000
Profit after tax		**239,163**	**298,078**
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to Income Statement			
Share of increments/(decrements) in reserves attributable to associates and joint ventures		(760)	9,818
Foreign currency translation		920	(474)
Income tax (expense)/benefit relating to these items	4.1	228	(2,945)
Net other comprehensive profit/(loss) that may be reclassified to Income Statement		**388**	**6,399**
Items not to be subsequently reclassified to Income Statement			
Share of increments/(decrements) in reserves attributable to associates and joint ventures		(139,222)	2,121
Net fair value gain/(loss) on financial assets at fair value through other comprehensive income		(478)	331
Income tax (expense)/benefit relating to these items	4.1	41,910	(736)
Net other comprehensive income/(loss) not to be reclassified to Income Statement		**(97,790)**	**1,716**
Other comprehensive income/(loss), net of tax		**(97,402)**	**8,115**
Total comprehensive income		**141,761**	**306,193**
Total comprehensive income, attributable to:			
Shareholders of Brickworks Limited		141,761	306,193

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

[1] Certain comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements following the IFRS Interpretations Committee agenda decision published in April 2021 (refer to Note 7.6).

Consolidated Balance Sheet

	Note	31 July 2021 $'000	Restated[1] 31 July 2020 $'000
Cash and cash equivalents	5.2	139,825	187,109
Receivables	3.1	132,447	129,024
Inventories	3.1	285,392	278,148
Prepayments		9,524	8,510
Contract assets	3.1	3,956	8,001
Current income tax asset	4.2	8,618	26,624
Derivative financial assets	5.7	101	-
Total current assets		**579,863**	**637,416**
Inventories	3.1	5,849	7,029
Financial assets at fair value through other comprehensive income	5.3	1,314	1,792
Investments accounted for using the equity method	6.3	2,345,908	2,244,629
Property, plant and equipment	3.2	721,018	656,177
Right-of-use assets	3.3	191,073	106,216
Intangible assets	3.2	180,807	178,523
Total non-current assets		**3,445,969**	**3,194,366**
TOTAL ASSETS		**4,025,832**	**3,831,782**
Payables	3.1	124,766	128,466
Borrowings	5.4	40,891	-
Derivative financial liabilities	5.4	-	134
Current income tax liability	4.2	417	-
Post-employment liabilities	3.5	1,199	696
Contract liabilities	3.1	5,160	6,712
Lease liabilities	3.3	27,344	29,535
Other financial liabilities	6.5	1,355	1,698
Provisions	3.4	67,150	65,641
Total current liabilities		**268,282**	**232,882**
Borrowings	5.4	614,514	638,688
Derivative financial liabilities	5.4	6,866	9,633
Post-employment liabilities	3.5	17,569	18,606
Lease liabilities	3.3	173,551	82,984
Other financial liabilities	6.5	12,423	13,761
Provisions	3.4	11,408	14,881
Deferred income tax liability	4.2	441,472	417,141
Total non-current liability		**1,277,803**	**1,195,694**
TOTAL LIABILITIES		**1,546,085**	**1,428,576**
NET ASSETS		**2,479,747**	**2,403,206**
Issued capital	5.5	386,887	356,015
Reserves	5.6	197,917	293,344
Retained profits		1,894,943	1,753,847
TOTAL EQUITY		**2,479,747**	**2,403,206**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

[1] Certain comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements following the IFRS Interpretations Committee agenda decision published in April 2021 (refer to Note 7.6).

Consolidated Statement of Changes in Equity

	Note	Issued capital $'000	Reserves $'000	Retained profits $'000	Total $'000
For the year ended 31 July 2021					
Restated balance at 1 August 2020[1]		356,015	293,344	1,753,847	2,403,206
Profit after tax		-	-	239,163	239,163
Other comprehensive income/(loss) – net of tax		-	(97,402)	-	(97,402)
Net dividends paid	2.5	-	-	(74,881)	(74,881)
Share issue costs	5.5	(144)	-	-	(144)
Issue of issues through Dividend Reinvestment Plan		26,466	-	-	26,466
Issue of shares through employee share plan	5.5	571	(571)	-	-
Shares vested to employees	5.5	4,782	(4,782)	-	-
Shares purchased under STI scheme		(803)	803	-	-
Share of associates other movements in retained earnings	5.6	-	(154)	(23,186)	(23,340)
Share based payments expense	7.1	-	6,679	-	6,679
Balance at 31 July 2021		**386,887**	**197,917**	**1,894,943**	**2,479,747**
For the year ended 31 July 2020[1]					
Balance at 1 August 2019		351,229	283,357	1,532,772	2,167,358
Adjustment on the adoption of AASB 16 (net of tax)		-	-	(4,117)	(4,117)
Restated balance at 1 August 2019		351,229	283,357	1,528,655	2,163,241
Profit after tax[1]		-	-	298,078	298,078
Other comprehensive income – net of tax		-	8,115	-	8,115
Net dividends paid	2.5	-	-	(71,964)	(71,964)
Issue of shares through employee share plan	5.5	(10)	-	-	(10)
Net movement in associate reserve	5.5	-	922	(922)	-
Shares vested to employees	5.5	4,796	(4,796)	-	-
Share based payments expense	7.1	-	5,746	-	5,746
Balance at 31 July 2020		**356,015**	**293,344**	**1,753,847**	**2,403,206**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

[1] Certain comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements following the IFRS Interpretations Committee agenda decision published in April 2021 (refer to Note 7.6).

Consolidated Statement of Cash Flows

	Note	31 July 2021 $'000	Restated[1] 31 July 2020 $'000
Cash flows from operating activities			
Receipts from customers		955,357	999,521
Payments to suppliers and employees		(892,961)	(927,953)
Interest received		299	404
Interest and other finance costs paid		(22,723)	(24,509)
Dividends and distributions received		89,709	84,764
Income tax refund/(paid)		10,114	(58,119)
Net cash from operating activities		**139,795**	**74,108**
Cash flows from investing activities			
Purchases of property, plant and equipment		(117,181)	(103,010)
Proceeds from sale of property, plant and equipment		14,419	9,607
Purchases of intangible assets		(2,727)	-
Purchase of investments in joint ventures		(8,050)	(14,715)
Proceeds from sale or return of investments		-	35,140
Proceeds from sale of subsidiary		1,493	3,543
Purchase of controlled entities, net of cash acquired		(1,689)	(102,027)
Net cash from/(used in) investing activities		**(113,735)**	**(171,462)**
Cash flows from financing activities			
Proceeds from borrowings		160,372	439,302
Repayments of borrowings		(140,000)	(112,001)
Payment of principal portion of lease liabilities		(29,182)	(28,175)
Proceeds from underwriter of Dividend Reinvestment Plan (DRP)		20,000	-
Share issue costs		(144)	-
Dividends paid		(83,932)	(86,964)
Net cash provided by/(used in) financing activities		**(72,886)**	**212,162**
Net increase/(decrease) in cash held		**(46,826)**	**114,808**
Effects of exchange rate changes on cash		(458)	(2,580)
Cash at the beginning of the financial year		187,109	74,881
Cash at the end of the financial year	5.2	**139,825**	**187,109**
Reconciliation of net profit attributable to shareholders of Brickworks Limited to net cash from operating activities			
Profit after tax		239,163	298,078
Adjustments for non-cash items			
Depreciation and amortisation		40,770	45,440
Amortisation of right-of-use assets		29,588	29,456
Non-cash amortisation of borrowing costs		(455)	1,046
Capitalised borrowing costs on qualifying asset		(852)	(960)
Net fair value change on derivatives		(3,003)	925
Impairment of non-current assets		1,954	46,042
Non-cash profit on sale of land held for resale		-	(28,019)
Loss on disposal of subsidiary		-	12,048
Gain on bargain purchase		-	(3,813)
Net losses/(gains) on disposal of property, plant and equipment		(7,298)	4,220
Non-cash share based payment expense		6,679	5,735
Share of net profit of investments accounted for using the equity method		(251,037)	(390,875)
Net cash provided by operating activities before changes in assets and liabilities		**55,509**	**19,323**
Changes in assets and liabilities net of effects from business combinations			
(Increase)/decrease in receivables		(5,545)	10,781
(Increase)/decrease in inventories		(8,308)	12,689
(Increase)/decrease in net contract assets		2,502	4,425
(Increase)/decrease in net assets held for sale		-	(82)
(Increase)/decrease in land held for resale		-	2,289
(Increase)/decrease in prepayments		(1,069)	2,282
(Decrease)/increase in payables		3,497	190
(Decrease)/increase in provisions		(1,593)	5,893
(Decrease)/increase in post-employment liabilities		(94)	(625)
(Decrease)/increase in other financial liabilities		-	193
(Decrease)/increase in current and deferred income tax		94,896	16,750
Net cash provided by operating activities		**139,795**	**74,108**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

[1] Certain comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements following the IFRS Interpretations Committee agenda decision published in April 2021 (refer to Note 7.6).

Notes

to the Consolidated Financial Statements

1. About this report

This section sets out the basis upon which the financial statements are prepared as a whole. Significant and other accounting policies underpinning the recognition and measurement basis of assets and liabilities are summarised throughout the notes to the financial statements. Other accounting policies are outlined in note 7.6.

1.1. Statement of compliance and basis of preparation

The financial statements comprise Brickworks Limited and its controlled entities (the “Group”).

Brickworks Limited (ABN 17 000 028 526) is a for profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX code: BKW).

The nature of the operations and principal activities of the Group are described in note 2.1.

The Group’s consolidated financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*;
- comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB);
- incorporate the results of each controlled entity from the date Brickworks Limited obtains control and until such time as it ceases to control an entity;
- have been prepared on a historical cost basis, except for derivative financial instruments, financial assets at fair value through other comprehensive income and investment property held within the property trusts, which have been measured at fair value. Other financial assets including receivables and borrowings have been measured at amortised cost;
- are presented in Australian dollars, which is the Group’s functional currency[1];
- adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 August 2020;
- do not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective as disclosed in Note 7.6.

The financial statements were authorised for issue in accordance with a resolution of directors on 23 September 2021.

1.2. Key estimates or judgements

In the process of applying the Group’s accounting policies, management has made a number of judgements and applied estimates of future events. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following areas:

Note	Judgement/Estimate
3.2(a)	Property, plant and equipment
3.2(c)	Non-current assets impairment assessment
6.3(b)	Fair value – investment property

1.3. COVID-19

The COVID-19 pandemic has had a significant impact on the economic environment in both Australia and North America.

The Group continues to actively manage the risks arising from COVID-19. This includes scenario and contingency planning, stress testing of cash flows and sensitivity analysis. Significant estimates and judgments made in the process of applying the Group’s accounting policies have been developed taking into account the uncertainty of the short-term and long-term effects of the pandemic.

[1] All values are rounded to the nearest thousand dollars or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191.

1. About this report (continued)

1.4. Comparative information

Certain comparative information was amended in these financial statements to conform to the current year presentation. Except for the changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements (refer to Note 7.6), these amendments do not impact the Group's financial result and do not have any significant impact on the Group's statement of financial position.

The notes are organised into the following sections:

2.	Financial Performance	Provides the information that is considered most relevant to understanding the financial performance of the Group.
3.	Operating Assets and Liabilities	Provides a breakdown of individual line items in the balance sheet that are considered most relevant to users of the financial report.
4.	Income Tax	Provides the information considered most relevant to understanding the taxation treatment adopted by the Group during the financial year.
5.	Capital and Risk Management	Provides information about the capital management practices of the Group and its exposure to various financial risks.
6	Group Structure	Explains significant aspects of the Brickworks' group structure, including its controlled entities and equity accounted investments in which the Group has an interest. When applicable, it also provides information on business acquisitions or disposals of subsidiaries made during the year.
7.	Other	Provides information on items which require disclosure to comply with AASBs and other regulatory pronouncements and any other information that is considered relevant for the users of the financial report which has not been disclosed in other sections.

2. Financial Performance

This section provides the information that is considered most relevant to understanding the financial performance of the Group, including profitability of its operating segments, significant items, nature of its revenues and expenses and dividends paid to the shareholders.

2.1. Segment reporting

Management identified the following reportable business segments:

Building Products Australia	Manufacture of vitrified clay, concrete and timber products used in the building industry. Major product lines include bricks, masonry blocks, pavers, roof tiles, floor tiles, precast walling and flooring panels, fibre cement walling panels and roof battens used in the building industry.
Building Products North America	Manufacture of vitrified clay and concrete products used in the building industry. Major product lines include bricks and masonry blocks used in the building industry.
Property	Utilisation of opportunities associated with land owned by the Group, including the sale of property and investment in Property Trusts.
Investments	Holds investments in the Australian share market, both for dividend income and capital growth, and includes the investment in Washington H. Soul Pattinson and Company Limited (WHSP).

31 July 2021	Building Products Australia	Building Products North America	Property	Investments	Continuing operations	Discontinued operations [2]	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE							
Sale of goods[3]	584,103	201,331	-	-	785,434	-	785,434
Revenue from supply and install contracts[4]	102,547	-	-	-	102,547	-	102,547
Interest received	-	-	-	299	299	-	299
Rental revenue	376	-	74	-	450	-	450
Other operating revenue	472	1,036	75	-	1,583	-	1,583
Revenue	**687,498**	**202,367**	**149**	**299**	**890,313**	**-**	**890,313**
RESULT							
Segment EBITDA	96,854	26,414	252,679	96,946	472,893	-	472,893
Amortisation of right-of-use assets	(24,801)	(4,787)	-	-	(29,588)	-	(29,588)
Depreciation and amortisation	(27,669)	(13,102)	-	-	(40,771)	-	(40,771)
Segment EBIT	**44,384**	**8,525**	**252,679**	**96,946**	**402,534**	**-**	**402,534**
Unallocated expenses							
Significant items					(39,114)	(1,334)	(40,448)
Borrowing costs[5]					(18,735)	-	(18,735)
Other unallocated expenses					(19,417)	-	(19,417)
Profit/ (loss) before income tax					**325,268**	**(1,334)**	**323,934**
Income tax (expense)/benefit[1]					(85,095)	324	(84,771)
Profit/ (loss) after income tax					**240,173**	**(1,010)**	**239,163**
ASSETS							
Segment assets	1,187,936	463,764	911,170	1,454,242	4,017,112	-	4,017,112
Unallocated assets					8,720	-	8,720
Total assets					**4,025,832**	**-**	**4,025,832**
LIABILITIES							
Segment liabilities	192,969	242,045	1,599	243,861	680,474	-	680,474
Borrowings					655,404		655,404
Other unallocated liabilities					210,207		210,207
Total liabilities					**1,546,085**	**-**	**1,546,085**

[1] Included in the income tax expense is tax expense related to significant items amounting to $5,623,000.
[2] Refer to Discontinued operations – Note 6.6.
[3] Recognised at a point in time.
[4] Recognised over time.
[5] Borrowing costs are presented net of fair value change on derivatives ($3,003,000) and exclude the unwind of discounting deferred consideration related to the Redland Brick acquisition ($358,000) which is disclosed in the "Significant items" line.

2. Financial Performance (continued)

2.1 Segment Reporting (continued)

31 July 2021 (continued)	Building Products Australia	Building Products North America	Property	Investments	Continuing operations	Discontinued operations [2]	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
OTHER							
Share of profit of an associate and a joint venture	843	-	253,989	85,914	340,746	-	340,746
Carrying value of investments accounted for by the equity method	18,191	-	911,170	1,416,547	2,345,908	-	2,345,908
Acquisition of non-current segment assets	72,758	44,423	8,050	-	125,231	-	125,231
Non-cash expenses other than depreciation and amortisation	42,034	33,411	-	-	75,445	-	75,445
31 July 2020 (restated)							
REVENUE							
Sale of goods[3]	573,262	230,102	-	-	803,364	8,120	811,484
Revenue from supply and install contracts[4]	110,140	-	-	-	110,140	-	110,140
Sale of land held for resale[3]	-	-	35,140	-	35,140	-	35,140
Interest received	-	-	-	404	404	-	404
Rental revenue	91	50	149	-	290	-	290
Other operating revenue	455	116	17	-	588	-	588
Revenue	**683,948**	**230,268**	**35,306**	**404**	**949,926**	**8,120**	**958,046**
RESULT							
Segment EBITDA	90,780	26,773	129,437	50,771	297,761	(1,691)	296,070
Amortisation of right-of-use assets	(26,363)	(3,093)	-	-	(29,456)	-	(29,456)
Depreciation and amortisation	(31,821)	(13,619)	-	-	(45,440)	-	(45,440)
Segment EBIT	**32,596**	**10,061**	**129,437**	**50,771**	**222,865**	**(1,691)**	**221,174**
Unallocated expenses							
◗ Significant items					209,742	(9,397)	200,345
◗ Borrowing costs[5]					(26,243)	-	(26,243)
◗ Other unallocated expenses					(16,849)	-	(16,849)
Profit/ (loss) before income tax					**389,515**	**(11,088)**	**378,427**
Income tax (expense)/benefit[1]					(74,929)	(5,420)	(80,349)
Profit/ (loss) after income tax					**314,586**	**(16,508)**	**298,078**
ASSETS							
Segment assets	1,096,598	336,802	677,365	1,704,403	3,815,168	-	3,815,168
Unallocated assets					16,614	-	16,614
Total assets					**3,831,782**	**-**	**3,831,782**
LIABILITIES							
Segment liabilities	261,361	93,989	2,132	279,015	636,497	-	636,497
Borrowings					638,688	-	638,688
Other unallocated liabilities					153,391	-	153,391
Total liabilities					**1,428,576**	**-**	**1,428,576**

[1] Included in the income tax expense is tax expense related to significant items amounting to $47,625,000.
[2] Refer to Discontinued operations – Note 6.6.
[3] Recognised at a point in time.
[4] Recognised over time.
[5] Borrowing costs are presented excluding the unwind of discounting deferred consideration related to the Redland Brick acquisition ($209,000) which is disclosed in the "Significant items" line.

2. Financial Performance (continued)

2.1 Segment Reporting (continued)

31 July 2020	Building Products Australia	Building Products North America[1]	Property	Investments	Continuing operations	Discontinued operations[2]	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
OTHER							
Share of profit of an associate and a joint venture	335	-	107,625	367,679	475,639	-	475,639
Carrying value of investments accounted for by the equity method	18,044	-	677,365	1,549,220	2,244,629	-	2,244,629
Acquisition of non-current segment assets	78,661	127,442	14,715	-	220,818	85	220,903
Non-cash expenses other than depreciation and amortisation	113,149	43,015	-	-	156,164	-	156,164

The Group has a large number of customers to which it provides products, with no individual customers that account for more than 10% of external revenues.

Recognition and measurement

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to effectively allocate Group resources and assess performance and for which discrete financial information is available.

Management identifies the Group's operating segments based on the internal reports that are reviewed and used by the Board of Directors in their role as the CODM. The operating segments are identified based on the consideration of the nature of products sold and services provided. Discrete information about each of these business divisions is presented to the Board of Directors on a recurring basis. A number of operating segments have been aggregated to form the Building Products segment. The accounting policies used by the Group in reporting segments internally are the same as those disclosed in the significant accounting policies, with the exception that significant items (i.e. those items which by their size and nature or incidence are relevant in explaining financial performance) are excluded from trading profits. This approach is consistent with the manner in which results are reported to the CODM.

[1] Comparatives reflect results in the post-acquisition period commencing 23 November 2018. Refer to Business combinations – Note 6.5. (a).
[2] Refer to Discontinued operations – Note 6.6.

2. Financial Performance (continued)

2.1 Segment reporting (continued)

Significant items

	Note	31 July 2021 $'000	31 July 2020 $'000
Restructuring costs - Australia[1]		(5,138)	(30,470)
Restructuring costs - North America[2]		(5,588)	(11,066)
Plant relocation and commissioning costs[3]		(4,514)	-
Acquisition costs[4]		(3,659)	(13,000)
ERP implementation costs[5]		(3,209)	-
COVID-19 - incremental costs[6]		(2,936)	(912)
COVID-19 - unabsorbed costs[7]		(2,389)	(8,705)
Change in accounting policy – Software as a Service (SaaS)[7]		(948)	(1,151)
Impairment of non-current assets[8]		-	(46,042)
Gain on bargain purchase – Sioux City Brick acquisition[9]		-	3,776
Significant items from continuing operations before income tax (excluding associates)		**(28,381)**	**(107,570)**
Income tax benefit on other significant items (excluding associates)[10]		11,871	26,543
Income tax benefit related to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the United States of America[10]		-	5,241
Significant items from continuing operations after income tax (excluding associates)		**(16,510)**	**(75,786)**
Significant one-off transactions of associate[11]		(10,733)	317,312
Income tax expense arising from the carrying value of the investment in the associates (WHSP)[10]		(17,818)	(73,229)
Significant items after income tax (associates)		**(28,551)**	**244,083**
Significant items from continuing operations after income tax (including associates)		**(45,061)**	**168,297**
Other significant items[12]	6.6	-	(7,211)
Loss on disposal of business[12]	6.6	(1,334)	(2,186)
Significant items from discontinued operations before income tax		**(1,334)**	**(9,397)**
Income tax (expense)/benefit[12]		324	(6,090)
Significant items from discontinued operations after income tax		**(1,010)**	**(15,487)**

Recognition and measurement

Significant items are those which by their size and nature or incidence are relevant in explaining the financial performance of the Group compared to the prior year.

[1] Disclosed in 'Restructuring costs' line on the Income Statement.
[2] Disclosed in 'Restructuring costs' ($4.7 million) and Impairment of non-current assets' ($0.9 million) lines on the Income Statement.
[3] Disclosed in 'Restructuring Costs' ($3.4 million) and 'Cost of sales' ($1.1 million) lines on the Income Statement.
[4] Disclosed in 'Business acquisition costs' ($3.2 million) and 'Finance costs' ($0.4 million) lines on the Income Statement.
[5] Disclosed in 'Other expenses' ($2.2 million) and 'Impairment of non-current assets' ($1.0 million) lines on the Income Statement.
[6] Disclosed in 'Other expenses' line on the Income Statement.
[7] Disclosed in 'Cost of sales' line on the Income Statement.
[8] Disclosed in 'Impairment of non-current assets' line on the Income Statement. Refer to Property, plant and equipment and intangible assets – Note 3.2. (c).
[9] Disclosed in 'Gain on a bargain purchase' line on the Income Statement.
[10] Disclosed in 'Income tax expense' line on the Income Statement.
[11] Disclosed in 'Share of net profits of associates and joint ventures' line on the Income Statement.
[12] Disclosed in the 'Losses from discontinued operations, net of income tax benefit' line on the Income Statement.

2. Financial Performance (continued)

2.2. Revenues and expenses

(a) Revenue and other income

	31 July 2021 $'000	Restated 31 July 2020 $'000
REVENUE		
Revenue from contracts with customers		
Sale of goods	785,434	803,364
Revenue from supply and install contracts	102,547	110,140
Sale of land held for resale	-	35,140
	887,981	948,644
Other operating revenue		
Interest received – other corporations	299	404
Rental revenue	450	290
Other	1,583	588
Total operating revenue from continuing operations	**890,313**	**949,926**
OTHER INCOME		
Net gain on disposal of property, plant and equipment	7,298	-
Net fair value change on derivatives	3,003	-
Property development profits	1,751	-
Recovery of legal costs	-	415
Other items	53	54
Total other income from continuing operations	**12,105**	**469**

All remaining performance obligations related to supply and install contracts are expected to be recognised within one year.

Recognition and measurement

Revenue is recognised when control of the asset has passed to the buyer and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of discounts, allowances and goods and services tax (GST). Trade discounts and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred.

The Group's contracts for the sale of goods and associated freight generally include one performance obligation. The revenue is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 60 days from delivery.

Performance obligations arising from supply and install contracts are satisfied over time. On that basis, the Group recognise revenue from these contracts over time.

The performance obligation related to supply and install contracts is satisfied over time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

Revenue from the sale of land held for resale is recognised at the point at which any contract of sale in relation to industrial land has become unconditional, and at which settlement has occurred for residential land.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Rental income from investment properties is accounted for on a straight-line basis over the term of the rental contract.

Net gain/(loss) on disposal of property, plant and equipment is recognised when the risks and rewards have been transferred and the Group does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the assets sold. The gain is measured as a difference between the amount receivable under the sale contract and the carrying value of the disposed asset.

2. Financial Performance (continued)

2.2 Revenue and expenses (continued)

(b) Expenses

		31 July 2021	Restated 31 July 2020
		$'000	$'000
SPECIFIC EXPENSE DISCLOSURES			
Wages and salaries		207,166	222,716
Post-employment benefits expense		12,788	14,225
Health insurance expense - US employees		9,444	9,689
Share based payments expense		6,679	5,746
Other		8,541	7,243
Employee benefits expense from continuing operations		**244,618**	**259,619**
Research and development expenses		3,311	2,413
Depreciation of property, plant and equipment		40,724	45,375
Amortisation of right-of-use assets		29,588	29,456
Amortisation of intangible assets		46	65
Depreciation and amortisation from continuing operations		**70,358**	**74,896**
Net loss on the sale of property		-	3,615
Net loss on disposal of plant and equipment		-	391
Net loss on the sale of intangibles		-	214
Net loss on disposal of non-current assets		**-**	**4,220**
Interest and finance charges paid/payable		17,810	21,164
Interest on lease liabilities		3,927	4,154
Unwind of discounting on deferred consideration – Redland Brick acquisition	6.5 (b)	358	209
Net fair value change on derivatives		-	925
Total finance costs from continuing operations		**22,095**	**26,452**

Recognition and measurement

Employee benefits expense *includes salaries and wages, leave entitlements (refer note 3.4), post-employment benefit (refer note 3.5), share based payments and other employee entitlements. The expense is charged against profit in their respective expense categories when services are provided by employees, except for share based payment expense which is recognised based on the vesting period (refer note 7.1).*

Finance costs expense *relates primarily to the interest on interest bearing liabilities and is recognised in the period in which they are incurred, except when they are included in the costs of qualifying assets in which they are capitalised up to the point that the asset is ready for its intended use.*

2.3. Share of net profits of associates and joint ventures

		31 July 2021	31 July 2020
		$'000	$'000
Share of net of profits of associates	6.3 (a)	85,914	367,679
Share of net profits of joint ventures	6.3 (b)	254,832	107,960
		340,746	**475,639**

Recognition and measurement

Share of net profits of associates and joint ventures is accounted for using the equity method. The consolidated income statement reflects the Group's share of the results of associates and joint ventures.

Accounting policies applied with respect to the Group's investments in associates and joint ventures are further outlined in Note 6.3.

2. Financial Performance (continued)

2.4. Earnings per share (EPS)

	31 July 2021	Restated 31 July 2020
Profit after tax attributable to shareholders of Brickworks Limited ($'000)	239,163	298,078
Weighted average number of ordinary shares used in the calculation of basic EPS (thousand)	151,098	149,902
Weighted average number of ordinary shares used in the calculation of diluted EPS (thousand)	151,455	150,041
Basic EPS (cents per share)	158.3	198.8
Diluted EPS (cents per share)	157.9	198.7
Basic EPS (cents per share) from continuing operations	159.0	209.9
Diluted EPS (cents per share) from continuing operations	158.6	209.7

Recognition and measurement

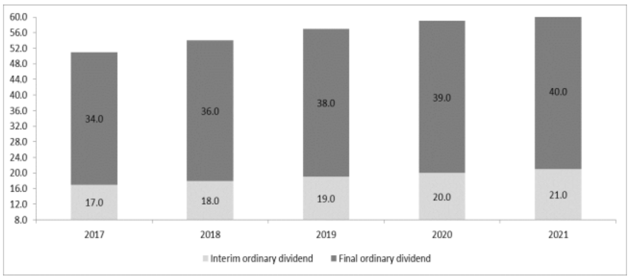
Basic earnings per share (EPS) *is calculated by dividing the profit attributable to shareholders of Brickworks Limited, after eliminating the effect of earnings related to the parent entity's shareholding arrangements and excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.*

Diluted EPS *adjusts the figures used in the determination of basic EPS to reflect the after income tax effect of interest and other finance costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to these shares. Diluted earnings per share are shown as being equal to basic earnings per share if potential ordinary shares are non-dilutive to existing ordinary shares.*

2.5. Dividends and franking credits

Type of dividend (fully franked)	Cents per share	Total amount $'000	Date paid/payable
2019 Final	38.0	56,976	27 Nov 19
2020 Interim	20.0	29,988	5 May 20
2020 Final	39.0	58,563	25 Nov 20
2021 Interim	21.0	31,835	28 Apr 21
2021 Final[1]	40.0	60,639	24 Nov 21

Dividends declared in each financial year – cents per share



	31 July 2021 $'000	31 July 2020 $'000
2020 Final ordinary dividend (PY: 2019)	58,563	56,976
2021 Interim ordinary dividend (PY: 2020)	31,835	29,988
Group's share of dividend received by associated company	(15,517)	(15,000)
	74,881	**71,964**
Franking account balance on a tax paid basis	181,801	203,535

The impact on the franking account of dividends resolved to be paid after 31 July 2021, but not recognised as a liability, will be a reduction in the franking account of $26.0 million (2020: $25.1 million).

[1] The final dividend for the 2021 financial year has not been recognised as a liability in this financial report because it was resolved to be paid after 31 July 2021. The amounts disclosed as recognised in 2021 are the final dividend in respect of the 2020 financial year and the interim dividend in respect of the 2021 financial year.

3. Operating Assets and Liabilities

This section provides further information about the Group's operating assets and liabilities, including its working capital, property, plant and equipment, right-of-use assets, intangible assets, lease liabilities and provisions.

3.1. Working Capital

(a) Receivables

	31 July 2021	31 July 2020
	$'000	$'000
Trade receivables	128,289	124,987
Allowance for expected credit losses	(2,134)	(2,063)
Net trade receivables	**126,155**	**122,924**
Other debtors	6,292	6,100
	132,447	**129,024**
Movement in allowance for expected credit losses		
Opening balance	2,063	1,415
Acquisition of subsidiary	-	461
Trade debts provided	1,490	2,238
Trade debts written-off	(1,401)	(1,964)
Foreign currency exchange difference	(18)	(87)
Closing balance	**2,134**	**2,063**
Receivables past due		
Receivables past due but not impaired		
Past due 0-30 days	10,116	5,463
Past due 30+ days	9,775	5,004
	19,891	**10,467**

(b) Inventories

	31 July 2021	31 July 2020
	$'000	$'000
Current		
Raw materials and stores	54,180	55,234
Work in progress	4,942	4,894
Finished goods	226,270	218,020
Total	**285,392**	**278,148**
Non-current		
Raw materials	5,849	7,029

Write-down of inventories recognised as an expense for the 2021 financial year amounted to $6.7 million (2020: $11.9 million).

(c) Current payables

	31 July 2021	31 July 2020
	$'000	$'000
Trade payables and accruals	124,766	128,466

Average terms on trade payables are 30 days from statement.

As at 31 July 2021 the contract assets amounted to $4.0 million (2020: $8.0 million) and contract liabilities to $5.2 million (2020: $6.7 million). There has been no allowance for expected credit losses recognised related to the contract assets.

Recognition and measurement

Trade receivables *are initially recognised at the value of the invoice issued to the customer and subsequently measured at amortised cost and are subject to impairment.*

The Group recognises ***an allowance for expected credit losses*** *(ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.*

Inventories *are measured at:*

- *Raw materials: the lower of actual cost and net realisable value*
- *Finished goods and work in progress: the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are applied on the basis of normal production capacity.*

Net realisable value represents the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

Contract assets *are initially recognised for revenue earned from supply and install contracts as receipt of consideration is conditional on successful completion of installation. Upon completion of installation and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.*

Contract liabilities *include advances received in relation to supply and install contracts as well as transaction price allocated to customer incentive programs.*

Trade and other payables *are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at amortised cost.*

3. Operating Assets and Liabilities (continued)

3.2. Property, plant and equipment and intangible assets

(a) Property, plant and equipment

	Note	Land and buildings		Plant and equipment		Total	
		2021	2020	2021	Restated 2020	2021	Restated 2020
		$'000	$'000	$'000	$'000	$'000	$'000
Cost		389,715	396,428	814,826	714,077	1,204,541	1,110,505
Accumulated depreciation and impairment losses		(74,473)	(75,639)	(409,050)	(378,689)	(483,523)	(454,328)
Net carrying amount 31 July		**315,242**	**320,789**	**405,776**	**335,388**	**721,018**	**656,177**
Net carrying amount at 1 August		320,789	299,792	335,388	297,779	656,177	597,571
Additions[1]		12,206	7,350	106,778	90,221	118,984	97,571
Change in accounting policy	7.6	-	-	(949)	(1,151)	(949)	(1,151)
Acquisitions through business combinations	6.5	-	61,519	-	12,585	-	74,104
Adjustment on finalisation of acquisition accounting		-	(935)	-	-	-	(935)
Disposals		(5,947)	(11,785)	(1,174)	(1,828)	(7,121)	(13,613)
Transfers to land held for resale		-	(2,288)	-	-	-	(2,288)
Transfer to asset held for sale		-	(92)	-	-	-	(92)
Impairment losses		(399)	(18,370)	(1,555)	(23,815)	(1,954)	(42,185)
Foreign currency exchange difference		(2,334)	(5,707)	(1,061)	(1,723)	(3,395)	(7,430)
Depreciation expense		(9,073)	(8,695)	(31,651)	(36,680)	(40,724)	(45,375)
Net carrying amount 31 July		**315,242**	**320,789**	**405,776**	**335,388**	**721,018**	**656,177**

As at 31 July 2021 capital works in progress, disclosed as part of plant and equipment, amounted to $170.2 million (2020: $95.0 million).

Recognition and measurement

Property, plant and equipment *is measured at cost less depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount 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. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.*

Depreciation *commences on assets when it is deemed they are capable of operating in the manner intended by management. Assets are depreciated over their estimated useful lives, except for leasehold improvements which are depreciated over the shorter of their estimated useful life and the remaining lease period. Depreciation is charged to the income statement based on the rates indicated below.*

Freehold land	*not depreciated*
Buildings	*2.5%-4.0% prime cost*
Plant and equipment	*4.0%-33.0% prime cost, 7.5%-22.5% diminishing value*

Carrying amounts are assessed for ***impairment*** *whenever there is an indication they may be impaired. If the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written down to its recoverable amount.*

Significant accounting judgements, estimates and assumptions

Estimation of useful lives of assets has been based on historical experience. The condition of assets is assessed at least annually and considered against the remaining useful lives. Adjustments to useful lives are made when considered necessary.

[1] Additions to plant and equipment include $0.9 million of capitalised borrowing costs in the current year.

3. Operating Assets and Liabilities (continued)

3.2 Property, plant and equipment and intangible assets (continued)

(b) Intangible assets

		Goodwill	Brand names	Other	Total
		$'000	$'000	$'000	$'000
Cost		264,682	17,129	3,198	285,009
Accumulated amortisation and impairment losses		(103,685)	-	(517)	(104,202)
Net carrying amount 31 July 2021		**160,997**	**17,129**	**2,681**	**180,807**
Net carrying amount 1 August 2020		161,205	17,318	-	178,523
Additions		-	-	2,727	2,727
Foreign currency exchange difference		(208)	(189)	-	(397)
Amortisation expense		-	-	(46)	(46)
Net carrying amount 31 July 2021		**160,977**	**17,129**	**2,681**	**180,807**
Cost		266,020	19,380	944	286,344
Accumulated amortisation and impairment losses		(104,815)	(2,062)	(944)	(107,821)
Net carrying amount 31 July 2020		**161,205**	**17,318**	**-**	**178,523**
Net carrying amount 1 August 2019		157,943	19,765	944	178,652
Acquisitions through business combinations	6.5	4,211	-	-	4,211
Adjustment on finalisation of acquisition accounting	6.5	688	-	-	688
Disposals		-	-	(214)	(214)
Impairment losses		(1,130)	(2,062)	(665)	(3,857)
Foreign currency exchange difference		(507)	(385)	-	(892)
Amortisation expense		-	-	(65)	(65)
Net carrying amount 31 July 2020		**161,205**	**17,318**	**-**	**178,523**

(c) Impairment assessment

(i) Allocation of goodwill and intangible assets with indefinite useful lives to cash generating units

Goodwill is allocated to the Group's CGUs for impairment testing purposes. Building Products North America and national divisions within the Building Products Australia operating segment are CGUs which represent the lowest level at which the results are monitored for internal reporting purposes. At 31 July 2021 the following CGUs representing business operations have allocations of goodwill:

- Austral Bricks: $152.0 million (2020: $152.0 million)
- Building Products North America: $9.0 million (2020: $9.2 million)

For the purpose of impairment assessment outlined below brand names with indefinite useful lives with a carrying value of $17.1 million (2020: $17.3 million) have been allocated to the following CGUs, which form part of the Building Products Australia and North America operating segments:

- Austral Bricks: $9.0 million (2020: $9.0 million)
- Building Products North America: $8.1 million (2020: $8.3 million)

Each CGU tested for impairment has been valued based on value-in-use methodology, using the assumptions outlined in point (ii) below.

3. Operating Assets and Liabilities (continued)

3.2 Property, plant and equipment and intangible assets (continued)

(c) Impairment assets (continued)

(ii) Austral Bricks and Building Products North America impairment assessment - key assumptions

Significant accounting judgements, estimates and assumptions

Management is required to make significant estimates and judgements in assessing the carrying amount of non-financial assets for impairment. The valuations used to support the carrying amounts of each CGU (including goodwill, other intangible assets and property, plant and equipment) are based on forward-looking assumptions that are by their nature uncertain. The nature and basis of the key assumptions used to estimate the future cash flows and discount rates, and on which the Group has based its projections when determining the recoverable value of each CGU, are set out below.

Calculation method	The recoverable amount of each CGU is determined on the basis of value-in-use (VIU), unless there is evidence to support a higher fair value less cost to sell. VIU calculations use cash flows projections, inclusive of working capital movements, and are based on financial projections approved by the Board covering a five-year period. Estimates beyond five years are calculated with a growth rate that reflects the long-term growth rate.
Sales volumes	Sales volumes are management forecasts reflecting independent external forecasts of underlying economic activity for the market sectors and geographies in which each CGU operates. A major driver of sales volumes is the level of activity in the relevant segment in the building sector. Management has assessed the reported forecast construction activity data in Australia and North America from external sources.
Sales prices	Management expects to obtain price growth over the forecast period. The assumed increases differ by CGU and between different states where the CGU operates.
Costs	Costs are calculated taking into account historical gross margins, known cost increases, and estimated inflation rates over the period that are consistent with the locations in which the CGUs operate.
Terminal value earnings	For Australia the terminal value earnings are based on average historical earnings (6-7 years) moderated to reflect structural changes to the market in which the CGU operates. For North America, taking into account the businesses are newly acquired, the terminal value earnings are based on the average cashflows forecast over the forecast period.
Long-term growth rates	Long-term growth rates used in cash flow valuation reflect 2.5% (2020: 2.5%).
Discount rate	Management uses an independent external advisor to calculate the appropriate discount rate applied consistently across all CGUs. For 2021, the pre-tax discount rate calculated including the impact of AASB 16 - *Leases* for the Australian CGU was 12.36% and 11.45% for the North American CGU.

(iii) Sensitivity to changes in assumptions

There are no CGUs where a reasonably possible change in a key assumption would result in an impairment to the carrying value of goodwill or other indefinite useful life intangibles.

3. Operating Assets and Liabilities (continued)

3.3. Right-of-use assets and lease liabilities

	Right-of-use assets				
	Property	Equipment	Vehicles	Total	Liabilities
	$'000	$'000	$'000	$'000	$'000
As at 1 August 2020	**66,519**	**37,203**	**2,494**	**106,216**	**(112,519)**
New and modified leases	64,738	47,734	2,840	115,312	(118,244)
Leases terminated	(60)	(31)	(61)	(152)	157
Depreciation expense	(10,547)	(16,645)	(2,396)	(29,588)	-
Payment of principal portion of lease liability	-	-	-	-	29,182
Foreign exchange difference	(587)	(122)	(6)	(715)	529
As at 31 July 2021	**120,063**	**68,139**	**2,871**	**191,073**	**(200,895)**[1]
As at 1 August 2019	**58,942**	**47,231**	**4,232**	**110,405**	**(115,514)**
New and modified leases	17,786	7,332	899	26,017	(26,017)
Leases terminated	(204)	(433)	(49)	(686)	737
Depreciation expense	(10,031)	(16,872)	(2,588)	(29,491)	-
Payment of principal portion of lease liability	-	-	-	-	28,175
Foreign exchange difference	26	(55)	-	(29)	100
As at 31 July 2020	**66,519**	**37,203**	**2,494**	**106,216**	**(112,519)**[1]

During the year, the Group recognised rent expense of $4.3 million (2020: $1.6 million) from short-term leases and variable lease payments.

Recognition and measurement

*The Group recognises **right-of-use assets** at the commencement of the lease (i.e. the date the underlying asset is available for use). The initial measurement of right-of-use assets includes the amount of liabilities recognised and lease payments made at or before the commencement date, less any incentives received. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.*

Unless the Group is reasonably certain to obtain the ownership of the leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessments under AASB 136 Impairments of Assets.

*At the commencement of a lease, the Group recognises **lease liabilities** measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include renewal periods where the Group is reasonably certain to exercise the renewal option. Outgoings and other variable lease payments that do not depend on an index or a rate are recognised as expense as incurred.*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term lease and leases of low-value assets

The Group applies a recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies a recognition exemption to leases that are considered of low value. Lease payments on short-term and low-value leases are recognised as expense on a straight-line basis over the lease term.

Judgements in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After initial recognition, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

[1] $27.3 million (2020: $29.5 million) included in current liabilities and $173.6 (2020: $83.0) million in non-current liabilities.

3. Operating Assets and Liabilities (continued)

3.4. Provisions

		Employee benefits	Remediation	Infrastructure costs	Workers compensation	Site Closures	Other	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance 1 August 2020		51,255	11,013	1,959	3,230	8,028	5,037	80,522
Recognised / (reversed)		64,361	(838)	601	2,994	3,393	2,157	72,668
Foreign currency exchange difference		(172)	(99)	-	-	(116)	(31)	(418)
Settled		(60,837)	(754)	(1,413)	(2,178)	(4,016)	(5,016)	(74,214)
Closing balance 31 July 2021		**54,607**	**9,322**	**1,147**	**4,046**	**7,289**	**2,147**	**78,558**
Current		51,097	1,424	1,147	4,046	7,289	2,147	67,150
Non-current		3,510	7,898	-	-	-	-	11,408
Total		**54,607**	**9,322**	**1,147**	**4,046**	**7,289**	**2,147**	**78,558**
Opening balance 1 August 2019		49,821	10,348	875	2,156	1,660	788	65,648
Recognised / (reversed)		69,695	2,888	1,190	1,815	14,607	3,644	93,839
Business combinations	6.5	2,889	3,894	-	130	1,075	932	8,920
Foreign currency exchange difference		(2,418)	(368)	-	(8)	(1,192)	(320)	(4,306)
Transferred from liabilities held for sale		-	-	-	550	-	1,000	1,550
Settled		(68,732)	(5,749)	(106)	(1,413)	(8,122)	(1,007)	(85,129)
Closing balance 31 July 2020		**51,255**	**11,013**	**1,959**	**3,230**	**8,028**	**5,037**	**80,522**
Current		47,054	333	1,959	3,230	8,028	5,037	65,641
Non-current		4,201	10,680	-	-	-	-	14,881
Total		**51,255**	**11,013**	**1,959**	**3,230**	**8,028**	**5,037**	**80,522**

Recognition and measurement

Provisions *are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will be required and the obligation can be reliably measured. The amount recognised as a provision represents the best estimate of the consideration required to settle the present obligation at reporting date and uncertainties surrounding the obligation.*

Provision for employee benefits *is recognised in respect of the benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Estimated future payments include related on-costs, reflect assumptions regarding future wage and salary levels, employee departures and periods of service, and have been discounted using market yields on Australian high quality corporate bond rates.*

Provision for remediation *is recognised for the estimated costs of restoring operational and quarry sites to their original state in accordance with relevant approvals. The settlement of this provision will occur as the operational site nears the end of its useful life, or once the resource allocation within the quarry is exhausted, which varies based on the size of the resource and the usage rate of the extracted material. The landfill opportunities created through the extraction of clay and shale is considered to be a valuable future resource. No provision is made for future rehabilitation costs when the rehabilitation process is expected to be cash flow positive.*

Provision for infrastructure costs *is recognised for the Group's obligation for the estimated costs of completed infrastructure works in relation to certain properties. The timing of the future outflows is expected to occur within the next financial year.*

Provision for workers compensation *relates to the Group's self insurance for workers compensation program. The subsidiaries of the Group are licensed self insurers in New South Wales, Victoria, Western Australia and Australian Capital Territory for workers compensation insurance. The provision is determined with reference to independent actuarial calculations provided annually based on incidents reported before year end. The timing of the future outflows is dependent upon the notification and acceptance of relevant claims, and would be satisfied over a number of future financial periods.*

Provision for site closures *is recognised for the estimated costs of permanently closing manufacturing sites. The timing of the future outflows is expected to occur within the next financial year.*

3.5. Post-employment liabilities

Following the acquisition of Glen-Gery in November 2018, the Group participated in two multi-employer defined benefit pension schemes, being Aluminium, Brick and Glass Workers International Union (“AB&GW”) and National Integrated Group Pension Plan (“NIGPP”), which are both held in the United States. In the prior year, Glen-Gery ceased to participate in the NGIPP.

As the Group is unable to identify its share of the assets and liabilities for the AB&GW scheme as insufficient information is available on which to calculate this split (as confirmed with the scheme actuaries), it is accounted for on a defined contribution basis.

Unfunded vested benefits are allocated among active employer participating groups. This allows the multi-employer plan to assess employers who withdraw from a plan with a share of the plan’s total unfunded vested liability. That share of unfunded liability is not determined with reference to the employer’s participants nor the assets that were accumulated by that employer’s contributions. When an employer withdraws, it may be required to pay the entire withdrawal liability over time, or a lesser amount based on certain limitations related to the period of payments and the net worth of the employer.

The minimum contribution requirements for the AB&GW scheme are based on a minimum monthly charge per active employee.

In total, the AB&GW plan has a deficit as at 31 July 2021 of $17.6 million (2020: $17.7 million). With respect to this scheme based on the total contributions made during 2021, the level of participation the Group made compared to other participating entities was 87% and the Group has circa 63% of all members (active, deferred and retired). Management currently does not have any plans on withdrawing from this scheme.

The contribution rates agreed to be paid by the Group include an element of rehabilitation funding with respect to the total plan deficit. In respect of the scheme, the arrangement gives rise to a present obligation and as such a liability of $18.8 million (2020: $19.3 million) has been recognised at a present value of future committed contribution amounts required in respect of this scheme.

Total expected contributions to the plan, including an element of rehabilitation funding, for the next annual reporting year, being the year ending 31 July 2021, amount to $1.2 million.

	Post-employment liabilities
	$’000
Opening balance 1 August 2020	19,302
Recognised	687
Settled	(759)
Foreign currency exchange difference	(462)
Closing balance 31 July 2021	**18,768**
Current	1,199
Non-current	17,569
Total	**18,768**
Opening balance 1 August 2019	19,956
Recognised	1,568
Withdraw payment NGIPP	(855)
Settled	(478)
Foreign currency exchange difference	(889)
Closing balance 31 July 2020	**19,302**
Current	696
Non-current	18,606
Total	**19,302**

Recognition and measurement

Multi-employer plans *are defined contribution plans or defined benefit plans that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.*

Where a multi-employer plan is a defined benefit plan, an entity shall account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan as if it were a defined contribution plan.

Contributions payable to a defined contribution plan are recognised as a liability, after deducting any contribution already paid. Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the period in which the employees render the related service, they shall be discounted using the rate applicable to high quality corporate bonds.

4. Income Tax

This section provides the information considered most relevant to understanding the taxation treatment adopted by the Group during the financial year.

The Group is subject to income taxes in Australia and United States of America. The entities incorporated in the United States of America are not part of the Australian tax consolidated group and therefore taxed separately.

Tax consolidation

Brickworks Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group (Tax Group) under the Australian Tax Consolidation regime. Brickworks Limited is the head entity of that group.

The Tax Group has entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable based on the current tax liability (or current tax asset) of the entity. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. Such amounts are reflected in amounts receivable from or payable to other entities in the Tax Group. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is considered remote.

Tax expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the Tax Group are recognised in the separate financial statements of the members of the group. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses and tax credits of the members of the group are recognised by the parent company (as head entity of the Tax Group).

4.1. Income tax expense

	Note	31 July 2021 $'000	Restated 31 July 2020 $'000
Profit from continuing operations before income tax		325,268	389,515
Loss from discontinued operations before income tax benefit	6.6	(1,334)	(11,088)
Profit before income tax		**323,934**	**378,427**
Prima facie tax expense calculated at 30%		97,180	113,528
(Decrease) / increase in income tax expense due to:			
Franked dividend income		(17,260)	(16,694)
Share of net profits of associates		9,303	(20,380)
(Under)/overprovided in prior years		(3,104)	(3,169)
R&D tax incentive		(1,708)	(3,089)
Utilisation of carried forward capital losses		(606)	(387)
Tax rate difference in overseas entities		815	731
Disposal of subsidiary		-	8,759
Income tax benefit related to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the United States of America		-	(5,241)
Impairment of non-current assets		-	2,224
Business acquisition costs		-	1,916
Gain on bargain purchase		-	(995)
Capital losses arising on disposal of property		-	664
Other non-allowable items		151	2,482
Income tax expense attributable to profit		**84,771**	**80,349**
Current tax (benefit)/expense		(1,030)	(17,969)
Deferred tax expense relating to movements in deferred tax balances	4.2	89,511	101,874
Overprovided in prior years		(3,104)	(3,169)
Utilisation of carried forward capital losses		(606)	(387)
Total income tax expense on profit		**84,771**	**80,349**
Income tax expense / (benefit) attributable to:			
Profit from continuing operations		85,095	74,929
Loss from discontinued operations	6.6	(324)	5,420
Income tax expense attributable to profit		**84,771**	**80,349**
Income tax expense /(benefit) recognised directly in equity			
Tax effect on movements in reserves attributable to equity accounted investments		(41,995)	3,582
Tax effect on movements in reserves attributable to financial instruments		(143)	99
Income tax expense /(benefit) recognised in other comprehensive income		**(42,138)**	**3,681**
Tax effect on the adoption of AASB 16 by associate		-	760
Tax effect on the adoption of AASB 16		-	1,524
Tax effect on share of associates other movements in retained earnings		(9,937)	-
Total income tax expense / (benefit) recognised directly in equity		**(52,075)**	**5,965**

4. Income Tax (continued)

4.2. Income tax assets and liabilities

(a) Current income tax liability / (asset)

	31 July 2021	31 July 2020
	$'000	$'000
Current income tax liability	417	-
Current income tax asset	(8,618)	(26,624)

Recognition and measurement

Current tax *represents the amount expected to be paid or recovered in relation to taxable income for the financial year measured using rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent it is unpaid (or refundable).*

(b) Net deferred income tax liability

	Balance Sheet		Movement through Income Statement	
	2021	Restated 2020	2021	Restated 2020
	$'000	$'000	$'000	$'000
Equity accounted investments in associated and joint ventures	468,288	431,238	87,232	106,565
Property, plant and equipment	18,238	24,456	(5,345)	2,902
Provisions	(29,731)	(31,643)	3,259	(2,104)
Tax losses and rebates	(12,010)	(3,599)	(1,731)	(9,782)
Intangibles	1,343	1,133	250	(2,423)
Other	(4,656)	(4,444)	5,846	6,716
Net deferred income tax liability	**441,472**	**417,141**	**89,511**	**101,874**

Recognition and measurement

Deferred tax *is recognised based on the amounts calculated using the balance sheet liability method in respect of temporary differences between the carrying values of assets and liabilities for financial reporting and tax purposes. The tax cost base of assets is determined based on management's intention for that asset on either use or sale as appropriate. No deferred income tax is recognised for a taxable temporary difference arising from an investment in a subsidiary, associate or a joint venture where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.*

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset or liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The utilisation of tax losses depends on the ability of the Group to generate future taxable profits. The Group considers that it is probable that future taxable profits will be available to utilise those deferred tax assets. The utilisation of the tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

5. Capital and Risk Management

This section provides information about the Group's capital management and its exposure to various financial risks.

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate risk and foreign exchange risk) and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance where the Group's exposure is material.

The Board approves written principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, credit risk and the use of derivative financial instruments. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group holds the following financial assets and liabilities at balance date:

	Note	31 July 2021	31 July 2020
		$'000	$'000
Financial assets			
Cash and cash equivalents	5.2	139,825	187,109
Receivables	3.1(a)	132,447	129,024
Financial assets at fair value through other comprehensive income	5.3	1,314	1,792
Derivative financial assets	5.4(c), 5.7(a)	101	-
Total financial assets		**273,687**	**317,925**
Financial liabilities			
Trade and other payables	3.1(c)	124,766	128,466
Borrowings	5.4(a)	658,341	641,169
Lease liabilities	3.3	200,895	112,519
Other financial liabilities	6.5(b)	13,778	15,459
Derivative financial liabilities	5.4(c), 5.7(a)	6,866	9,767
Total financial liabilities		**1,004,646**	**907,380**

Recognition and measurement

*Assets and liabilities of the Group that are measured at **fair value** are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.*

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All assets and liabilities measured at fair value are identified in the relevant notes to the financial statements, and are either categorised as Level 1 or Level 2. There were no transfers between category levels during the current or prior financial year.

A financial liability is derecognised when the obligation under the liability has been discharged, cancelled or expires, with any resulting gain recognised in the income statement.

5.1. Capital management

The Group manages its capital to ensure that all entities in the Group can continue as going concerns while maximising the return to shareholders through an appropriate balance of net debt and total equity.

The Group's capital structure consists of debt disclosed in note 5.4, cash and cash equivalents (refer note 5.2), issued capital (note 5.5), reserves (note 5.6) and retained profits. The capital structure can be influenced by the level of dividends paid, issuance of new shares, returns of capital to shareholders, or adjustments in the level of borrowings through the acquisition or sale of assets.

The Group's capital structure is regularly measured using net debt to equity, calculated as net debt divided by a sum of net debt and total equity. Net debt represents total drawn at the reporting date (refer note 5.4) less cash and cash equivalents (note 5.2) and total equity includes contributed equity (note 5.5), reserves (note 5.6) and retained earnings.

The Group's strategy during the year was to maintain the total debt to capital employed (at a consolidated level) below a loan facilities banking covenant limit of 40% imposed per the syndicated loan facility agreement disclosed in note 5.4 (2020: 40%).

	31 July 2021	31 July 2020
	$'000	$'000
Net debt	518,516	454,060
Total equity	2,479,747	2,404,011
Capital employed	**2,998,263**	**2,858,071**
Net debt to capital employed	**17.3%**	**15.9%**

5. Capital and Risk Management (continued)

5.2. Cash and cash equivalents

	31 July 2021 $'000	31 July 2020 $'000
Cash on hand	139,825	187,109

Recognition and measurement

Cash and cash equivalents *comprise cash at bank and in hand and short-term deposits. For the purpose of the statement of cash flows, cash and cash equivalents is equal to the balance disclosed in the balance sheet.*

5.3. Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income represent listed equities publicly traded on the Australian Stock Exchange. The fair value of these investments is based on quoted market prices, being the last sale price, at the reporting date. These are categorised as "Level 1" in the fair value hierarchy.

	Market value	
	31 Jul 2021 $'000	31 Jul 2020 $'000
Equities - Listed	1,314	1,792
Total	**1,314**	**1,792**

5.4. Borrowings

(a) Available loan facilities

	31 July 2021 $'000	31 July 2020 $'000
Current		
Interest-bearing loans	40,891	-
Unamortised borrowing costs	-	-
	40,891	**-**
Non-current		
Interest-bearing loans	617,450	641,169
Unamortised borrowing costs	(2,936)	(2,481)
	614,514	**638,688**

In December 2020 the Group extended its $100.0 million working capital facility to 11 December 2022.

In the prior year the Group entered into a construction facility agreement with a facility limit of $46.0 million to fund the construction of the Austral Masonry Oakdale East plant in New South Wales. Subsequent to 31 July 2021, the lender acquired the plant commissioned as part of the first stage of the project for $25.6 million and leased it to the Group under a lease agreement with an initial period of 10 years. The maturity date for the remaining facility amount was extended to July 2022.

There were no other changes to the Group's loan facilities in the current year.

The Group designated its USD unsecured debt facilities as a hedging instrument to hedge the currency risk associated with translation of the Group's net investment in the US operations into the Group's functional currency (AUD).

Except for Tranche A and B of the ITL facility, interest on the Group's loan facilities is payable based on floating rates determined with reference to the BBSY[1] (AUD) and US LIBOR[2] (USD) bid rate at each maturity. Further information with regards to management of the Group's interest rate risk is disclosed in Note 5.4(c).

The fair value of interest-bearing loans at 31 July 2021 approximated their carrying amount (2020: carrying amount).

[1] The Bank Bill Swap Bid Rate (BBSY) is a benchmark interest rate quoted by Reuters Information Service.
[2] US Libor is benchmark interest as referenced by the London Inter-bank Offered Rate (LIBOR).

5. Capital and Risk Management (continued)

5.4 Borrowings (continued)

Recognition and measurement

Borrowings *are recorded initially at fair value of the consideration received, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.*

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. When the Group expects that it will continue to satisfy the criteria under its banking agreement that ensures the financier is not entitled to call on the outstanding borrowings, and the term is greater than 12 months, the borrowings are classified as non-current.

(b) Management of liquidity risk

The Group manages liquidity risk by maintaining a combination of adequate cash reserves, bank facilities and reserve borrowing facilities, continuously monitored through forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due. At 31 July 2021 the Group had AUD 185.0 million and USD 17.0 million of unused bank facilities (2020: AUD 190.0 million and USD 17.0 million).

In addition, the Group had AUD 5.0 million available under the Austral Masonry Oakdale East construction facility.

These facilities are subject to various terms and conditions, including various negative pledges regarding the operations of the Group, and covenants that must be satisfied at specific measurement dates. A critical judgement is that the Group will continue to meet its criteria under these banking covenants to ensure that there is no right for the banking syndicate to require settlement of the facility in the next 12 months.

The maturity profile of the Group's loan facilities at 31 July 2021 is outlined below.

Facility	Currency	Limit ($m)	Drawn ($m)	Available ($m)	Maturity date
Tranche A	AUD	100	70	30	August 2023
Tranche B [1]	AUD	175	75	100	August 2024
Tranche C	AUD	80	80	-	August 2022
Syndicated multicurrency loan facility	**AUD**	**355**	**225**	**130**	
Tranche A1	USD	100	100	-	August 2023
Tranche B1	USD	100	83	17	August 2024
Syndicated loan facility	**USD**	**200**	**183**	**17**	
Facility A-ITL	AUD	25	25	-	February 2028
Facility B-ITL	AUD	35	35	-	February 2026
Facility C-ITL	AUD	40	40	-	February 2026
Syndicated ITL facility	**AUD**	**100**	**100**	**-**	
Working capital facility	**AUD**	**100**	**45**	**55**	December 2022
Construction facility agreement	**AUD**	**46**	**41**	**5**	July 2022[2]

The table below analyses the undiscounted value of the Group's financial liabilities and derivatives based on the remaining period at the reporting date to maturity. For bank facilities the cash flows have been estimated using interest rates applicable at the end of the reporting period.

	1 year or less $'000	1 to 5 years $'000	5 to 10 years $'000	Total $'000
31 July 2021				
Trade and other payables	124,766	-	-	124,766
Borrowings	55,932	622,234	25,844	704,010
Derivatives	-	6,866	-	6,866
	180,698	**629,100**	**25,844**	**835,642**
31 July 2020				
Trade and other payables	128,466	-	-	128,466
Borrowings	14,978	773,050	27,290	815,318
Derivatives	134	9,633	-	9,767
	143,578	**782,683**	**27,290**	**953,551**

(c) Management of interest rate risk

The Group's main interest rate risk arises from fluctuations in the BBSY bid rate and US Libor relating to bank borrowings. Where appropriate, the Group uses interest rate derivatives to eliminate some of the risk of movements in interest rates on borrowings, and increase certainty around the cost of borrowed funds.

[1] During the year ended 31 July 2021, US$ 55.0 million was drawn from Tranche B, equivalent to AU$75.0 million.

[2] Subsequent to 31 July 2021, the maturity date was extended from 25 September 2021 to 31 July 2022.

5. Capital and Risk Management (continued)

5.4 Borrowings (continued)

(c) Management of interest rate risk (continued)

Interest rate swaps

The Group has entered into interest rate swaps contracts which allow the Group to swap floating rates into an average fixed rate of 2.76% (2020: 2.66%). The contracts require settlement of net interest receivable or payable usually around every 90 days. The settlement dates are aligned with the dates on which interest is payable on the underlying bank borrowings and are brought to account as an adjustment to borrowing costs.

The fair value of interest rate swaps is outlined below. During the financial year ended 31 July 2021 the Group did not enter into new interest swaps arrangements.

	Notional Principal Amount		Average Interest Rate		Fair value	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	%	%	$'000	$'000
Less than 1 year	-	25,000	-	2.27	-	134
1 to 3 years	100,000	100,000	2.76	2.76	6,866	9,633
3 to 5 years	-	-	-	-	-	-
Total	**100,000**	**125,000**	**2.76**	**2.66**	**6,866**	**9,767**

The fair value of these derivatives is calculated using market observable inputs, including projected forward interest rates for the period of the derivative. These are categorised as "Level 2" in the fair value hierarchy.

Recognition and measurement

Derivatives *are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. The Group designates certain derivatives as either fair value or cash flow hedges.*

Changes in the fair value of derivatives that are designated as qualifying as ***fair value hedges*** *are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.*

The effective portion of changes in the fair value of derivatives that are designated and qualify as ***cash flow hedges*** *is recognised in equity reserves. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts deferred in equity are recycled in the income statement when the hedged item is recognised in the income statement.*

Changes in the fair value of ***derivatives which do not qualify for hedge accounting*** *are recognised immediately in the income statement.*

Sensitivity analysis

At 31 July 2021, if interest rates had been +/- 1% per annum throughout the year, with all other variables being held constant, the profit after income tax for the year would have been $3.4 million higher or lower respectively (2020: $2.6 million higher/lower). There would not have been any other significant impacts on equity.

5.5. Contributed equity

	2021	2020	2021	2020
	Number of shares	Number of shares	$'000	$'000
Contributed equity				
Ordinary shares, fully paid	151,596,520	149,937,589	397,060	366,455
Treasury shares	(576,426)	(660,758)	(10,173)	(10,440)
			386,887	**356,015**
Movement in ordinary issued capital				
Opening balance 1 August	149,937,589	149,771,794	366,455	363,515
Issue of shares through employee share plan	223,060	165,795	4,283	2,950
Dividend Reinvestment Plan (DRP) underwriting agreement	1,080,001	-	20,000	-
Dividend Reinvestment Plan (DRP)	355,870	-	6,466	-
Share issue costs			(144)	(10)
Closing balance 31 July	**151,596,520**	**149,937,589**	**397,060**	**366,455**
Movement in treasury shares				
Opening balance 1 August	(660,758)	(810,821)	(10,440)	(12,286)
Bonus shares through employee share plan	(190,403)	(165,795)	(3,712)	(2,950)
Shares purchased under Short-term incentive (STI) scheme	(41,054)	-	(803)	-
Shares vested to employees	315,789	315,858	4,782	4,796
Closing balance 31 July	**(576,426)**	**(660,758)**	**(10,173)**	**(10,440)**

5. Capital and Risk Management (continued)

Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares represent own equity instruments which are issued or acquired for later payment as part of employee share-based payment arrangements and deducted from equity. These shares are held in trust by the trustee of the Brickworks Deferred Employee Share Plan and vest in accordance with the conditions attached to the granting of the shares. The accounting policy applied in respect of share-based payments is disclosed in Note 7.1.

5.6. Reserves

	Note	Capital Profits Reserve	Equity Adjustments Reserve	General Reserve	Foreign Currency Reserve	Share-based Payments Reserve	Investment revaluation reserve	Associates and JVs Reserve	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 August 2020		88,102	(15,284)	36,125	(1,131)	6,482	1,792	177,258	293,344
Other comprehensive income for the year		-	42,138	-	920	-	(478)	(139,982)	(97,402)
Share of associates transfer to outside equity interests		-	66	-	-	-	-	(220)	(154)
Shares purchased under Short-term incentive (STI) scheme		-	-	-	-	803	-	-	803
Issue of shares through employee share plan		-	-	-	-	(571)	-	-	(571)
Shares vested to employees	7.1	-		-	-	(4,782)	-	-	(4,782)
Share based payments expense	7.1	-	-	-	-	6,679	-	-	6,679
Balance at 31 July 2021		**88,102**	**26,920**	**36,125**	**(211)**	**8,611**	**1,314**	**37,056**	**197,917**
Balance at 1 August 2019		88,102	(11,603)	36,125	(657)	5,532	1,461	164,397	283,357
Other comprehensive income for the year		-	(3,681)	-	(474)	-	331	11,939	8,115
Change in ownership interest in the associate		-	-	-	-	-	-	922	922
Shares vested to employees	7.1	-	-	-	-	(4,796)	-	-	(4,796)
Share based payments expense	7.1	-	-	-	-	5,746	-	-	5,746
Balance at 31 July 2020		**88,102**	**(15,284)**	**36,125**	**(1,131)**	**6,482**	**1,792**	**177,258**	**293,344**

As a result of adjustments identified within the WHSP 31 July 2020 financial statements, the Brickworks investment in WHSP at that date was overstated by $56.6 million, deferred tax liabilities by $16.9 million and other comprehensive income by $40.9 million net of taxation and reserves by $1.2 million, representing the equity accounted share of the adjustment. This has been adjusted in the current period and $40.9 million reflected within Other Comprehensive Income. This adjustment had no impact on profit after taxation.

Nature and purpose of reserves

Capital profits reserve represents amounts allocated from Retained Profits that were profits of a capital nature.

Equity adjustments reserve includes amounts for tax adjustments posted directly to equity.

General reserve represents amounts for the future general needs of the operations of the entity.

Foreign currency translation reserve represents differences on translation of foreign entity financial statements.

Share-based payments reserve represents the value of bonus shares and rights granted to employees that have been recognised as an expense in the income statement but are yet to vest to employees.

Investment revaluation reserve represents amounts arising on the remeasurements of financial assets at fair value through other comprehensive income.

Associates and JVs reserve represents the Group's share of its associates and joint ventures reserves balances. The Company is unable to control this reserve in any way, and does not have any ability or entitlement to distribute this reserve, unless it is received from its associates or joint ventures in the form of dividends or trust distributions.

5.7. Management of other risks

(a) Foreign exchange risk

Translation risk

The Group is exposed to fluctuations in US dollars (USD) related to translation of investments in overseas subsidiaries. Foreign currency translation risk is the risk that upon consolidation for financial reporting the value of investment in foreign domiciled entities will fluctuate due to changes in foreign currency rates.

The Group uses USD denominated borrowings to hedge the Group's net investment in overseas subsidiaries. The related exchange gains/losses on foreign currency movements are recognised in the Foreign Currency Translation Reserve. As at 31 July 2021 the net investment in the US subsidiaries of the Group of USD 258.9 million (2020: USD 192.6 million) was hedged with USD denominated borrowings of USD 238.0 million (2020: USD 183.0 million).

Transaction risk

The Group does not have any material exposure to unhedged foreign currency receivables. Export sales are all made through Australian agents or direct to overseas customers using Australian dollars or letters of credit denominated in Australian dollars. The trading of the Group's NZ subsidiary, which is in New Zealand dollars (NZD) is not material to the Group as a whole. Accordingly, any reasonably foreseeable fluctuation in the exchange rate of NZD would not have a material impact on either profit after tax or equity of the Group.

The Group has a limited exposure to foreign currency fluctuations due to its importation of goods. The main exposure is to USD and Euros (EUR). It is the policy of the Group to enter into forward foreign exchange contracts to cover specific currency payments, as well as covering anticipated purchases for up to 12 months in advance.

The fair value of foreign currency forward contracts is outlined below:

	Fair value	
	2021	**2020**
	$'000	$'000
USD forward contracts	20	-
EUR forward contracts	81	-
Net derivative asset	**101**	**-**

The overall level of exposure to foreign currency purchases is not material to the Group. Accordingly, any reasonably foreseeable fluctuation in the exchange rate of the USD and EUR resulting in changes to foreign currency receivables and payables would not have a material impact on either profit after tax or equity of the Group.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The credit risk on liquid funds and derivative financial instruments is considered low because these assets are held with banks with high credit ratings assigned by international credit-rating agencies.

The maximum exposure to trade credit risk at balance date to recognised financial assets is the carrying amount net of provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Group's debtors are based in the building and construction industry; however the Group minimises its concentration of credit risk by undertaking transactions with a large number of customers. The Group ensures there is not a material credit risk exposure to any single debtor.

The Group holds no significant collateral as security, and there are no significant credit enhancements in respect of these financial assets. The credit quality of financial assets that are neither past due nor impaired is appropriate, and is reviewed regularly to identify any potential deterioration in the credit quality. There are no significant financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

(c) Equity price risk

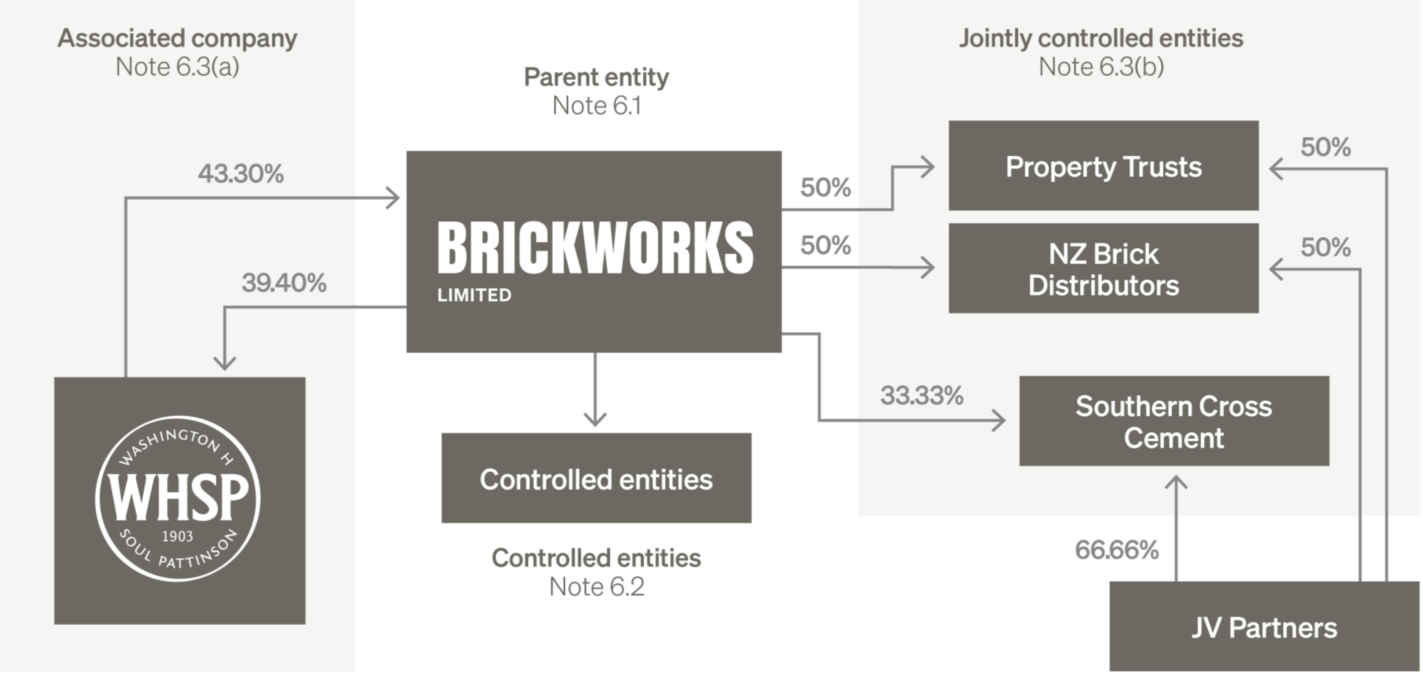
The Group does not have material direct exposure to equity price risk, as the value of its share investment portfolio is insignificant, and hence any fluctuations in equity prices would not be material to either profit after tax or equity of the Group.

The Group has significant indirect exposure to equity price risk through its investment in Washington H Soul Pattinson Co Ltd (WHSP). This investment is accounted for as an equity accounted investment. WHSP has a significant listed investment portfolio which is accounted for at fair value through equity, and contribute to the profit on subsequent disposal. As a result, fluctuations in equity prices would potentially impact on both net profit after tax (where portions of the portfolios are traded) and equity (for balances held at the end of the period) which would result in adjustments to the Group's net profit after tax and equity.

At the time of preparing this report, there was no publicly available information regarding the effects of any reasonably foreseeable fluctuations in equity values on net profit or equity of WHSP at 31 July 2021 or subsequently.

6. Group structure

This section explains significant aspects of Brickworks' group structure, including equity accounted investments that the Group has an interest in and its controlled entities. When applicable, it also provides information on business acquisitions made during the financial year.



6.1. Parent entity disclosures

	31 July 2021 $'000	31 July 2020 $'000
Statement of financial position		
Current assets	36,698	163,565
Non-current assets	1,486,457	1,348,913
Current liabilities	(40,719)	(4,131)
Non-current liabilities	(906,117)	(943,877)
Net assets	**576,319**	**564,470**
Equity		
Issued capital	386,887	356,015
Reserves	114,934	109,186
Retained earnings	74,498	99,269
Total equity	**576,319**	**564,470**
Statement of financial performance		
Profit after tax	69,248	41,686
Total comprehensive income	69,248	41,686

The parent entity's contingent liabilities of $25.2 million (2020: $25.3 million) were associated with a shareholder guarantee provided as part of joint venture arrangements and bank guarantees issued in the ordinary course of business.

There are no contractual commitments for the acquisition of property, plant and equipment of the parent entity (2020: nil).

6. Group Structure (continued)

6.2. Controlled entities

Details of wholly owned entities within the Brickworks Group of companies are as follows.

Entity	% Group's interest 2021	% Group's interest 2020	Entity	% Group's interest 2021	% Group's interest 2020
Incorporated in Australia			**Incorporated in Australia**		
A.C.N. 000 012 340 Pty Ltd[1]	100	100	Brickworks Sub Holding Co No. 6 Pty Ltd[1]	100	100
A.C.N. 074 202 592 Pty Ltd[1]	100	100	Brickworks Sub Holding Co No. 7 Pty Ltd[1]	100	100
AP Installations (NSW) Pty Ltd[1]	100	100	Brickworks Sub Holding Co No. 8 Pty Ltd[1]	100	100
AP Installations (Qld) Pty Ltd[1]	100	100	Bristile Guardians Pty Ltd[1]	100	100
Austral Bricks (NSW) Pty Ltd[1]	100	100	Bristile Holdings Pty Ltd[1]	100	100
Austral Bricks (Qld) Pty Ltd[1]	100	100	Bristile Pty Ltd[1]	100	100
Austral Bricks (SA) Pty Ltd[1]	100	100	Bristile Roofing (East Coast) Pty Ltd[1]	100	100
Austral Bricks (Tas) Pty Ltd[1]	100	100	Bristile Roofing Holdings Pty Ltd[1]	100	100
Austral Bricks (Tasmania) Pty Ltd[1]	100	100	Capital Battens Pty Ltd (formerly Auswest Timbers (ACT) Pty Ltd)[1]	100	100
Austral Bricks (Vic) Pty Ltd[1]	100	100	Christies Sands Pty Ltd[1]	100	100
Austral Bricks (WA) Pty Ltd[1]	100	100	Clifton Brick Holdings Pty Ltd[1]	100	100
Austral Bricks Holdings Pty Ltd[1]	100	100	Clifton Brick Manufacturers Pty Ltd[1]	100	100
Austral Masonry (NSW) Pty Ltd[1]	100	100	Daniel Robertson Australia Pty Ltd[1]	100	100
Austral Masonry (Qld) Pty Ltd[1]	100	100	Davman Builders Pty Ltd[1]	100	100
Austral Masonry (Vic) Pty Ltd[1]	100	100	Brickworks Building Products North America Pty Ltd[1]	100	100
Austral Masonry Holdings Pty Ltd[1]	100	100	Hallett Brick Pty Ltd[1]	100	100
Austral Precast (NSW) Pty Ltd[1]	100	100	Hallett Roofing Services Pty Ltd[1]	100	100
Austral Precast (Qld) Pty Ltd[1]	100	100	Horsley Park Holdings Pty Ltd[1]	100	100
Austral Precast (Vic) Pty Ltd[1]	100	100	International Brick & Tile Pty Ltd[1]	100	100
Austral Precast (WA) Pty Ltd[1]	100	100	J. Hallett & Son Pty Ltd[1]	100	100
Austral Precast Holdings Pty Ltd[1]	100	100	Lumetum Pty Ltd[1]	100	100
Austral Roof Tiles Pty Ltd[1]	100	100	Metropolitan Brick Company Pty Ltd[1]	100	100
Auswest Timbers Holdings Pty Ltd[1]	100	100	Nubrik Concrete Masonry Pty Ltd[1]	100	100
Bowral Brickworks Pty Ltd[1]	100	100	Nubrik Pty Ltd[1]	100	100
Brickworks Building Products Pty Ltd[1]	100	100	Pilsley Investments Pty Ltd[1]	100	100
Brickworks Building Products (NZ) Pty Ltd[1]	100	100	Prestige Brick Pty Ltd[1]	100	100
Brickworks Cement Pty Limited[1]	100	100	Prestige Equipment Pty Ltd[1]	100	100
Brickworks Construction Materials Pty Limited[1]	100	100	Southern Bricks Pty Ltd[1]	100	100
Brickworks Finance Pty Ltd[1]	100	100	The Austral Brick Co Pty Ltd[1]	100	100
Brickworks Supercentres Pty Ltd[1, 2]	100	100	The Warren Brick Co Pty Ltd[1]	100	100
Brickworks Head Holding Co Pty Ltd[1]	100	100	Visigoth Pty Ltd[1]	100	100
Brickworks Industrial Developments Pty Ltd[1]	100	100			
Brickworks Properties Pty Ltd[1]	100	100	**Incorporated in the United States of America**		
Brickworks Property Finance Co Pty Ltd	100	100	Brickworks North America Corporation	100	100
Brickworks Specialised Building Systems Pty Ltd[1]	100	100	Glen-Gery Corporation	100	100
Brickworks Sub Holding Co No. 1 Pty Ltd[1]	100	100	Landmark Stone Products, LLC	100	100
Brickworks Sub Holding Co No. 2 Pty Ltd[1]	100	100	Redfield Quarry, LLC	100	100
Brickworks Sub Holding Co No. 3 Pty Ltd[1]	100	100	Sioux City Brick & Tile Company	100	100
Brickworks Sub Holding Co No. 4 Pty Ltd[1]	100	100	Brickworks Eddie Acquisition Corporation	100	100
Brickworks Sub Holding Co No. 5 Pty Ltd[1]	100	100	Brickworks Supply LLC	100	-

Recognition and measurement

Control *is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity.*

The financial statements have been prepared by consolidating the financial statements of Brickworks Limited and its controlled entities. All inter-entity balances and transactions are eliminated. All wholly owned entities within the Group have been consolidated in these financial statements.

[1] The entity is part of a deed of cross guarantee (refer note 6.4.).

[2] Formerly Austral Facades Pty Ltd.

6. Group Structure (continued)

6.3. Investments accounted for using the equity method

	Note	31 July 2021 $'000	31 July 2020 $'000
Associated companies	6.3(a)	1,416,547	1,549,220
Joint ventures	6.3(b)	929,361	695,409
Total investments accounted for using the equity method		**2,345,908**	**2,244,629**

Recognition and measurement

*Under the **equity method**, the investments are carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of an associate or a joint venture.*

After applying the equity method of accounting, the Group determines whether it is necessary to recognise an additional impairment loss with respect to its investment in an associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as a difference between the recoverable amount of the associate or joint venture and its carrying amount, and the recognises the loss as 'Share of net profits of associates and joint ventures' in the income statement.

The consolidated income statement reflects the Group's share of the results of operations of the associate/jointly controlled entity.

(a) Associated company

	Group's interest		Contribution to Group profit before tax		Carrying value		Market value of shares	
	2021 %	2020 %	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Washington H. Soul Pattinson and Company Limited	39.40	39.40	85,914	367,679	1,416,547	1,549,220	3,079,380	1,843,855

Washington H. Soul Pattinson and Company Limited's (WHSP) shares are publicly traded on the Australian Stock Exchange (ASX code: SOL). The nature of WHSP's activities is outlined below:

Investing	Investments in cash, term deposits and equity investments (including investments in telecommunications, pharmaceutical, property and agriculture businesses listed on the Australian Stock Exchange)
Energy	Coal, oil and gas activities
Copper and gold operations	Copper and gold mining activities

In addition to the Group owning 39.40% (2020: 39.40%) of issued ordinary shares of WHSP, at 31 July 2021 WHSP owned 43.30 % (2020: 43.78%) of issued ordinary shares of Brickworks Limited.

The information disclosed below reflects the total amounts reported in the financial statements of WHSP amended to reflect adjustments made by the Group in applying the equity method of accounting.

	31 July 2021 $'000	31 July 2020 $'000
Current assets	1,335,986	902,996
Non-current assets	5,566,309	5,947,266
Current liabilities	(547,119)	(484,488)
Non-current liabilities	(1,699,458)	(1,561,250)
Outside equity interest (OEI)	(1,060,148)	(872,194)
Net assets	**3,595,570**	**3,932,330**
Equity accounted carrying value	**1,416,547**	**1,549,220**
Revenue	1,501,778	1,368,467
Profit after tax attributable to members	273,196	986,002
Other comprehensive income	(243,277)	31,247
Total comprehensive income	**29,919**	**1,017,249**
Dividends received by Brickworks Limited from the associate	**57,532**	**55,646**

6. Group Structure (continued)

6.3 Investments accounted for using the equity method (continued)

(a) Associated company (continued)

WHSP's lease commitments and contractual commitments for the acquisition of property, plant and equipment were not publicly available at the time of preparation of this report (2020: $182,000 and $149.1 million, respectively). The Group has no legal liability for any expenditure commitments incurred by associates.

Recognition and measurement

Associates *are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.*

The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The consolidated financial statements include eliminations related to the cross share-holding arrangement between the Group and the associate.

(b) Joint ventures

Information relating to joint ventures is outlined below.

	Group's interest		Contribution to Group profit before tax		Carrying value		Principal activity
	2021	2020	2021	2020	2021	2020	
	%	%	$'000	$'000	$'000	$'000	
Domiciled in Australia							
BGAI CDC Trust	50.00	50.00	425	-	-	266	Property development, management and leasing
BGAI Erskine Trust	50.00	50.00	39,080	21,305	163,778	128,894	As above
BGAI1 Capicure Trust	50.00	50.00	5,178	2,167	16,621	12,267	As above
BGAI1 Heritage Trust	50.00	50.00	12,076	7,091	48,092	37,983	As above
BGAI1 Oakdale Trust	50.00	50.00	67,715	26,634	242,133	186,400	As above
BGAI1 Oakdale East Trust	50.00	50.00	17,910	-	53,050	35,140	As above
BGAI1 Oakdale South Trust	50.00	50.00	33,729	38,637	134,058	104,576	As above
BGAI2 Rochedale BT Trust	50.00	50.00	3,760	1,436	12,581	9,508	As above
BGAI2 Rochedale Trust	50.00	50.00	24,050	10,355	77,904	57,489	As above
BGAI2 Rochedale North Trust	50.00	50.00	-	-	8,112	8,002	As above
BGMG1 Oakdale West Trust	50.00	50.00	-	-	154,841	96,840	As above
Gain recognised on recognition as investment property and sale to third parties	-	-	50,066	-	-	-	
Property trusts	**-**	**-**	**253,989**	**107,625**	**911,170**	**677,365**	
Southern Cross Cement	33.33	33.33	3	124	11,053	11,050	Import of cement
Domiciled in New Zealand							
NZ Brick Distributors	50.00	50.00	840	211	7,138	6,994	Import and distribution of building products
Total	**-**	**-**	**254,832**	**107,960**	**929,361**	**695,409**	

Property Trusts and Southern Cross Cement have balance dates of 30 June. The balance date for NZ Brick Distributors is 31 March.

6. Group Structure (continued)

6.3 Investments accounted for using the equity method (continued)

(b) Joint ventures (continued)

Contribution to Group profit before tax from Property Trusts is set out below.

	31 July 2021 $'000	31 July 2020 $'000
Share of fair value adjustment of properties held by joint venture	172,478	78,068
Share of joint venture property rental profits	31,445	29,557
Fair value adjustment on recognition as investment property	50,066	-
Total equity accounted profit from Property Trusts	**253,989**	**107,625**

Profits or losses on transactions with joint ventures are deferred to the extent of the Group's ownership interest where properties remain classified as inventory by the joint venture, until such time as they are either realised by the joint venture on reclassification to investment property or on sale. $50.1 million of previously unrealised profits were recognised in the year on reclassification of Oakdale West to investment property following the change in use as evidenced by the progress made in respect of lease arrangements and lease pre-commitments becoming binding. Investment property held by the joint venture represents property held to earn rentals and/or for capital appreciation.

The information disclosed below reflects the total amounts reported in the financial statements of joint ventures amended to reflect adjustments made by the Group in applying the equity method of accounting. This information has been aggregated due to the similarity of the risk and return characteristics.

	31 July 2021 $'000	31 July 2020 $'000
Current assets	57,611	51,800
Non-current assets	2,735,836	2,025,817
Current liabilities	(207,075)	(45,295)
Non-current liabilities	(716,776)	(630,068)
Net assets	**1,869,596**	**1,402,254**
Equity accounted carrying value	**929,361**	**695,409**
Other balance sheet disclosures		
Cash and cash equivalents	30,240	24,486
Current financial liabilities	(178,229)	(27,492)
Non-current financial liabilities	(689,282)	(552,020)
Revenue	141,188	88,280
Depreciation and amortisation	(3,853)	(31)
Interest income	-	110
Interest expense	(14,157)	(16,976)
Profit after tax	508,817	216,043
Other comprehensive income	-	2,129
Total comprehensive income	**508,817**	**218,172**
Distributions received by Brickworks Limited from the joint ventures	**32,177**	**64,258**
Joint ventures' expenditure commitments		
Capital commitments	382,191	463,145
Contingent liabilities of joint ventures		
Contingent liabilities incurred jointly with other investors	-	-
The entity has no legal liability for any contingent liabilities incurred by joint ventures		

6. Group Structure (continued)

6.3 Investments accounted for using the equity method (continued)

(b) Joint ventures (continued)

Recognition and measurement

*A **joint venture** is a type of arrangement whereby the parties that have joint control of the arrangement have rights to net assets of the joint venture. Joint control is the contractually agreed sharing of control arrangement, which exists only when the decisions about relevant activities require unanimous consent of the parties sharing control.*

The joint venture's accounting policies conform to those used by the Group. When reporting dates of joint ventures are not identical to the Group and the joint venture is not a disclosing entity, the financial information used is internal management reports for the same period as the Group's financial year.

Profits or losses on transactions with the joint venture are deferred to the extent of the Group's ownership interest where properties remain classified as inventory by the joint venture until such time as they realised by the joint venture on sale. Total unrealised eliminated profits as at 31 July 2021 was nil (2020: $50.1 million).

***Investment property** held by the joint venture, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in fair value of investment property are included in the equity accounted share of the joint venture's profit and recognised in the income statement of the Group in the period in which they arise.*

Significant accounting judgements, estimates and assumptions

Management is required to make significant estimates and judgements in assessing the fair value of investment property. An independent valuation specialist was engaged to assess the fair value of investment properties held by the joint venture. The fair value of investment properties is determined using recognised valuation techniques such as the capitalisation of net income method and discounted cash flow method.

6.4. Deed of cross guarantee

Brickworks Limited and a number of its subsidiaries ("Closed Group") are parties to a deed of cross guarantee under which each company, including Brickworks Limited, supports liabilities and obligations of other members of the Closed Group. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned companies) Instrument 2016/785. The entities covered in the deed are listed in Note 6.2. Members of the Closed Group and parties to the deed of cross guarantee are identical.

Set out below is a consolidated balance sheet, consolidated income statement and a summary of movements in consolidated retained profits of the Closed Group.

	31 July 2021 $'000	31 July 2020 $'000
CONSOLIDATED BALANCE SHEET		
Current assets		
Cash and cash equivalents	55,135	167,004
Receivables	108,789	101,081
Inventories	174,890	175,706
Prepayments	5,578	6,000
Derivative financial assets	101	-
Contract assets	3,956	8,001
Current tax asset	-	9,945
Total current assets	**348,449**	**467,737**
Non-current assets		
Receivables	249,361	169,136
Other financial assets	275,721	276,199
Inventories	5,849	7,029
Investments accounted for using the equity method	1,434,738	1,567,264
Property, plant and equipment	536,512	490,240
Right-of-use assets	160,465	85,042
Intangibles	163,723	161,042
Total non-current assets	**2,826,369**	**2,755,952**
Total assets	**3,174,818**	**3,223,689**

6. Group Structure (continued)

	31 July 2021 $'000	31 July 2020 $'000
Current liabilities		
Trade and other payables	101,644	107,315
Borrowings	40,891	-
Derivative financial liabilities	-	134
Lease liabilities	21,817	26,026
Contract liabilities	4,156	6,375
Provisions	53,200	51,131
Total current liabilities	**221,708**	**190,981**
Non-current liabilities		
Borrowings	614,513	638,688
Derivative financial liabilities	6,866	9,633
Lease liabilities	142,913	64,956
Provisions	7,850	11,751
Deferred income tax liabilities	212,139	255,403
Total non-current liabilities	**984,281**	**980,431**
Total liabilities	**1,205,989**	**1,171,412**
Net assets	**1,968,829**	**2,052,277**
Equity		
Contributed equity	386,887	356,015
Reserves	209,894	304,939
Retained profits	1,372,048	1,391,323
Total equity	**1,968,829**	**2,052,277**
CONSOLIDATED INCOME STATEMENT		
Profit before income tax	92,996	292,146
Income tax expense	(14,205)	(58,986)
Profit after income tax expense	**78,791**	**233,160**
MOVEMENT IN CONSOLIDATED RETAINED EARNINGS		
Retained profits at the beginning of the year	1,391,323	1,235,796
Profit after income tax expense	78,791	232,355
Dividends paid	(74,881)	(71,964)
Share of associate's transferred to outside equity interests	(23,185)	(4,864)
Retained profits at the end of the year	**1,372,048**	**1,391,323**

6. Group Structure (continued)

6.5. Business combinations

(a) Information on prior year acquisition

Acquisition of Sioux City Brick

In the prior year the Group acquired the assets and business of Sioux City Brick & Tile Co ("Sioux City Brick"). Sioux City Brick has a leading market position in the Midwest region of the United States.

During the financial year ended 31 July 2021, management finalised the purchase price allocation without any changes to the amounts disclosed on a preliminary basis in the 2020 financial report. The final acquisition balance sheet is presented below:

Business acquired	Sioux City Brick
Date acquired	27 August 2019
Consideration	
Cash paid ($'000)	**49,526**
Assets acquired	
Cash acquired ($'000)	1,195
Receivables ($'000)	6,417
Inventories ($'000)	25,230
Prepayments ($'000)	149
Property, plant and equipment ($'000)	30,608
Right-of-use assets ($'000)	1,441
Liabilities assumed	
Trade and other payables ($'000)	(3,290)
Lease liabilities ($'000)	(1,441)
Deferred tax liabilities ($'000)	(127)
Provisions ($'000)	(6,842)
Fair value of net assets ($'000)	**53,340**
Gain on bargain purchase ($'000)	**3,814**[1]
Direct costs relating to acquisition ($'000)	6,467

[1] Reflects the gain on bargain purchase translated using the spot rate at the acquisition date. The equivalent amount translated using the average rate for the period recognised in the prior year Income Statement amounts to $3,776,000 with the difference on translation recognised in Foreign currency translation reserve in equity.

6. Group Structure (continued)

6.5 Business combinations (continued)

Acquisition of Redland Brick

In the prior year the Group acquired the assets of Redland Brick. Redland Brick has a leading market position in the Northeast and Mid-Atlantic regions of the United States. The purchase consideration is comprised of upfront cash payments and deferred consideration, subject to certain conditions being met.

During the financial year ended 31 July 2021, management finalised the purchase price allocation without any changes to the amounts disclosed on a preliminary basis in the 2020 financial report. The final acquisition balance sheet is presented below:

Business acquired	Redland Brick
Date acquired	10 February 2020
Consideration	
Upfront cash payments ($'000)	53,696
Deferred consideration ($'000)	16,438
Total consideration ($'000)	**70,134**
Assets acquired	
Inventories ($'000)	24,363
Prepayments ($'000)	152
Property, plant and equipment ($'000)	43,496
Right-of-use assets ($'000)	339
Liabilities assumed	
Payables ($'000)	
Lease liabilities ($'000)	(339)
Deferred tax liabilities ($'000)	(10)
Provisions ($'000)	(2,078)
Fair value of net assets ($'000)	**65,923**
Goodwill arising on acquisition ($'000)	**4,211**
Direct costs relating to acquisition ($'000)	7,378

The deferred consideration was discounted using the rate applicable to high quality corporate bonds and presented as 'Other financial liabilities'. The net present value of the remaining deferred consideration at 31 July 2021 amounts to $13.8 million[1] (2020: 15.5 million)

Recognition and measurement

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Costs directly attributable to business combinations are expensed in the period in which the acquisition is settled. When equity instruments are issued in an acquisition, the value of the instruments is their published market price at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

[1] $1.4 million (2020: $1.7 million) included in current liabilities and $12.4 million (2020: $13.8 million) in non-current liabilities.

6. Group Structure (continued)

6.6. Discontinued operations

In the prior year, the Group completed the sale of the Auswest Timbers division. The results for the year ended 31 July 2021 and the prior year have been presented as discontinued operations (net of tax).

(a) Financial performance and cashflow information

	31 July 2021 $'000	31 July 2020 $'000
Results of discontinued operations		
Revenue	-	8,120
Expenses	-	(9,811)
Operating loss	**-**	**(1,691)**
Loss on disposal of subsidiary	(1,334)	(7,211)
Other significant items	-	(2,186)
Loss before tax	**(1,334)**	**(11,088)**
Income tax benefit/(expense)	324	(5,420)
Loss after tax	**(1,010)**	**(16,508)**
Deferred tax asset relating to discontinued operations	-	(6,593)
Income tax benefit related to operating loss	-	670
Income tax benefit related to other significant items	324	503
Income tax (expense)/benefit	**324**	**(5,420)**
Cash flows from discontinued operations		
Net cash used in operating activities	(1,334)	(3,397)
Net cash from/(used) in investing activities	1,493	3,458
Net cash from financing activities	-	-
Net cash inflow/(outflow)	**159**	**61**
Basic (cents per share) from discontinued operations	(0.7)	(11.0)
Diluted (cents per share) from discontinued operations	(0.7)	(11.0)

Recognition and measurement

A discontinued operation is component of the entity that has been disposed of or is classified as held for sale and that represents a cash-generating unit or a group of cash-generating units and is part of a single co-ordinated plan to dispose of such line of business or area of operations. The results of discontinued operations are presented separately in the consolidated income statement.

7. Other Disclosures

This section provides information on items which require disclosure to comply with AASBs and other regulatory pronouncements and any other information that is considered relevant for the users of the financial report which has not been disclosed in other sections.

7.1. Share based payments

At 31 July 2021, the Brickworks Employee Share Plans had 790 members taking part who owned a combined 1,311,619 shares or 0.87% of issued ordinary share capital (2020: 727 employee participants, 1,499,613 shares, 0.97%). These figures exclude shares held by employees outside the Brickworks Employee Share Plans. This represented shares purchased under the salary sacrifice arrangements, as well as shares held as part of the Brickworks equity compensation plan shown below.

(a) Salary sacrifice arrangements

Brickworks Limited has an employee share ownership plan, which allows all employees who have achieved 3 months service with the Group to purchase Brickworks Limited shares, using their own funds plus a contribution of up to $156 per annum from the Group. All shares acquired under salary sacrifice arrangements are fully paid ordinary shares, purchased on-market under an independent trust deed.

(b) Equity-based compensation plans

Deferred Employee Share Plan

The following table shows the number of fully paid ordinary shares held by the Brickworks Deferred Employee Share Plan that had been granted as remuneration. This table does not include any shares held in the plan that were purchased by the employee under the salary sacrifice arrangements described above.

	Unvested	Vested	Total
	No. of shares	No. of shares	No. of shares
Opening balance	608,303	805,287	1,413,590
Granted	206,312	-	206,312
Vested	(315,789)	315,789	-
Forfeited / withdrawn	(37,557)	(308,062)	(345,619)
Closing balance	461,269	813,014	1,274,283

The unvested shares vest to employees at 20% per year for each of the following 5 years, provided ongoing employment is maintained. In addition, a performance hurdle related to the Group's Total Shareholder Return (TSR) is applicable to the unvested shares granted to the Managing Director and Chief Financial Officer. Unvested shares are unavailable for trading by the employees. All shares granted to employees provide dividend and voting rights to the employee.

Executive Rights Plan

The Executive Rights Plan was introduced in the current year. The rights vest at 20% per year for each of the following 5 years, provided ongoing employment is maintained. In addition, a performance hurdle related to the Group's Total Shareholder Return (TSR) is applicable to rights granted to the Managing Director and Chief Financial Officer.

222,573 rights were allocated in the current year (2020: 207,088) including 64,972 rights that vested on 31 July 2021 (2020: 31,289). 5,874 were forfeited during the year to 31 July 2021 (2020: nil).

A fair value of shares with a TSR performance hurdle has been determined with reference to an independent valuation. A summary of key valuation assumptions is outlined below.

	2021
Grant date	24-Nov-20
Valuation method	Monte-Carlo simulation
Performance period	3 years
Grant date share price	$19.48
Estimated volatility	27.00%
Risk free rate (forward rates 1-6 years)	0.08%

7. Other Disclosures (continued)

7.1 Share based payments (continued)

(b) Equity-based compensation plans (continued)

	2021 $	2020 $
Expense arising from share-based payment transactions	6,679,267	5,746,093
Fair value of vested shares held by the plan at the end of the year (based on 31 July share price)	19,715,590	12,892,698
Fair value of shares granted during the year	4,022,617	(3,453,338)
Fair value of executive rights granted during the year	4,358,927	(3,651,539)

More information regarding the Brickworks Employee Share Plans is outlined in the Remuneration Report included in the Directors' Report.

Recognition and measurement

*The fair value determined at the grant date of the equity-settled **share based payments** is expensed over the vesting period, with a corresponding increase to the employee share reserve.*

Unvested shares are included in the Contributed Equity as Treasury Shares (refer note 5.5).

7.2. Related party transactions

During the year material transactions took place with the following related parties:

- Property transactions with various trusts (listed in note 6.3) which are jointly owned by the Group and Goodman Australia Industrial Fund, an unlisted property trust. There were no related party transactions this year (2020: $35.1m). All transactions with the property trust are at arm's length values.
- Directors and their direct-related entities are able, with all staff members, to purchase goods produced by the Group on terms and conditions no more favourable than those available to other customers.
- There were no other transactions with key management personnel during the year (2020: Nil).

7.3. Auditor's remuneration

	31 July 2021 $	31 July 2020 $
Fees for auditing the statutory financial report of the parent covering the group	**961,799**	**1,053,363**
-Other assurance services	-	6,500
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**-**	**6,500**
-Due diligence, tax and other advisory services in relation to business combinations	93,188	201,235
-Taxation services	422,700	164,567
-Other services	-	53,558
Fees for other services	**515,888**	**419,360**
Total fees	**1,477,687**	**1,479,223**

The financial statements of the Group are audited by EY. Details of non-audit services provided by EY are outlined in the Directors' Report.

7. Other Disclosures (continued)

7.4. Commitments and contingencies

(a) Commitments

	31 July 2021 $'000	31 July 2020 $'000
Contracted capital expenditure		
Within one year	34,021	54,902

Contracted capital expenditure relates to contracts to supply or construct buildings or various items of plant and equipment for use in the Building Products operating segment. These have not been provided for at balance date.

(b) Contingencies

	31 July 2021 $'000	31 July 2020 $'000
Shareholder guarantee provided as part of joint venture arrangements and bank guarantees issued in the ordinary course of business	57,783	63,385

The Group does not anticipate that any of the bank guarantees issued on its behalf will be called upon.

The entities forming the Group are parties to various legal actions against them that are not provided for in the financial statements. These actions are being defended and the Group does not anticipate that any of these actions will result in material adverse consequences for the Group.

7.5. Events occurring after balance date

On 2 August 2021 Brickworks entered into a binding agreement to acquire certain assets of Southfield Corporation, including Illinois Brick Company ("IBC") for US$47.8 million (AU$64.8 million). IBC is the largest independently owned and operated brick distributor in the United States of America.

On 21 September 2021 Washington H Soul Pattinson (WHSP) completed an acquisition of 100% of the share capital in Milton Corporation Limited ("Milton"). The existing Milton shareholders (other than WHSP) will be issued new WHSP shares in exchange for their Milton shares. The number of shares to be issued was determined on 2 September 2021.

Following the issue of new WHSP shares, the Group will own 26.1% of issued ordinary shares of WHSP, compared to 39.40% at 31 July 2021. The Group will maintain significant influence over the associate and will continue applying the equity method to account for its investment in WHSP.

On completion of the Milton/WHSP transaction, the change in ownership stake is expected to result in a non-cash gain on deemed disposal for the Brickworks Group during the financial year ending 31 July 2022. This gain will be determined with reference to the equity accounted value of the Group's investment in WHSP as of completion date and the market value of newly issued WHSP shares, net of deferred income tax expense. Based on a preliminary assessment reflecting the WHSP share price as of completion date it is expected this gain will be in the range of $375-425 million (after tax).

There have been no other events subsequent to balance date that could materially affect the financial position and performance of Brickworks Limited or any of its controlled entities.

7.6. Other accounting policies

(a) Other accounting policies

Foreign exchange *differences arising on the translation of monetary items are recognised in the income statement, except when deferred in equity as a qualifying cash flow or net investment hedge.*

Revenues, expenses and assets are recognised net of ***goods and services tax (GST)****, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable or payable to the taxation authority is included as a current asset or liability.*

Cash flows *are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing cash flows which are classified as operating cash flows.*

7. Other Disclosures (continued)

7.6 Other accounting policies (continued)

(b) New accounting standards, interpretations and amendments adopted by the Group

In June 2021, IFRIC published an agenda decision in relation to the accounting treatment when determining net realisable value (NRV) of inventories, in particular what costs are necessary to sell inventories under IAS 2 *Inventories*. The Group is currently assessing the impact the agenda decision will have on its current accounting policy and whether an adjustment to inventory may be necessary. Accordingly, a reliable estimate of the impact of the IFRIC agenda decision on the Group cannot be made at the date of this report. The Group expects to complete the implementation of the above IFRIC agenda decision as part of its reporting for the financial year ending 31 July 2022.

With the exception of interpretations on Software as a Service (SaaS) arrangements there were no new accounting standards, interpretations and amendments significantly impacting the Group in the financial year ended 31 July 2021.

(c) SaaS arrangements

In April 2021, IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred in relation to implementation of SaaS arrangements. As a result, the Group has changed its accounting policy with respect to these costs. The nature and effect of these changes is described below.

The Group's accounting policy has historically been to capitalise costs related to the configuration of SaaS arrangements as non-current assets in the Consolidated Balance Sheet, where they meet the relevant definition. The adoption of the above IFRIC agenda decision resulted in a reclassification of these assets to recognition as an expense in the Consolidate Income Statement and Consolidated Statement of Other Comprehensive Income, impacting both the current and prior periods presentation.

Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, as follows:

	31 July 2020 as reported	Adjustments	As Restated
	$ '000	$ '000	$ '000
Consolidated Balance sheet			
Property, plant and equipment	657,328	(1,151)	656,177
Total non-current assets	3,195,517	(1,151)	3,194,366
Total assets	**3,832,933**	**(1,151)**	**3,831,782**
Deferred tax liabilities	(417,487)	346	(417,141)
Total non-current liabilities	(1,196,040)	346	(1,195,694)
Total liabilities	**(1,428,922)**	**346**	**(1,428,576)**
Net assets	**2,404,011**	**(805)**	**2,403,206**
Retained earnings	**1,754,652**	**(805)**	**1,753,847**

	31 July 2020 as reported	Adjustments	As Restated
	$ '000	$ '000	$ '000
Consolidated Income Statement and Other Comprehensive Income			
Other expenses	(20,326)	(1,151)	(21,477)
Profit from continuing operations before income tax	**390,666**	**(1,151)**	**389,515**
Income tax expense	(75,275)	346	(74,929)
Profit for the year	**298,883**	**(805)**	**298,078**

	31 July 2020 as reported	Adjustments	As Restated
	$ '000	$ '000	$ '000
Consolidated Statement of Cash Flows			
Payments to suppliers and employees	(926,803)	(1,151)	(927,954)
Net cash from operating activities	**75,258**	**(1,151)**	**74,107**
Purchases of property, plant and equipment	(104,161)	1,151	(103,010)
Net cash used in investing activities	**(172,613)**	**1,151**	**(171,462)**

7. Other Disclosures (continued)

(d) New standard not yet applicable

Certain new accounting standards, amendments and interpretations have been issued that are not effective for the financial year ended 31 July 2021. However, the Group intends to adopt the following new or amended standards and interpretations, if applicable, when they become effective with no significant impact being expected on the Consolidated Financial Statements of the Group:

- Amendments to AASB 101 *Classification of Liabilities as Current or Non-current*
- Amendments to AASB 3 *Reference to Conceptual Framework*

Directors’

Declaration

In the opinion of the Directors:

1. the complete set of the financial statements and notes of the consolidated entity, as set out on pages 65 to 108, and the additional disclosures included in the Remuneration Report section of the Directors’ Report designated as audited, are in accordance with the Corporations Act 2001:

   (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 July 2021 and of the performance for the year ended on that date of the consolidated entity;

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;

3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

4. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 6.4 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.

This declaration is made after receiving the declaration required to be made to the Directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 31 July 2021.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated 23 September 2021

R.D. MILLNER
Director

L.R. PARTRIDGE AM
Director

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Independent Auditor's Report to the Members of Brickworks Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brickworks Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 July 2021, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated financial position of the Group as at 31 July 2021 and of its consolidated financial performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of investment properties held within joint venture property trusts

Why significant	How our audit addressed the key audit matter
The Group's total assets include interests in joint venture property trusts that are equity accounted. The primary assets of these joint venture property trusts are investment properties that are carried at fair value. Fair value was assessed by the directors with reference to external independent property valuations. As disclosed in Note 6.3(b) of the financial report, during the year the Group recognised a gain of $172.478 million for its share of changes in fair value of investment properties held within the joint venture property trusts. As also disclosed in Note 6.3(b) of the financial report, the valuation of investment properties is inherently subjective. The valuations are highly sensitive to small changes in key inputs such as the capitalisation rate, discount rate, net operating income and weighted average lease expiry. This was considered a key audit matter due to the significance of the judgments required in determining the fair value of investment properties which in turn impacts the share of profits recognised from the joint venture property trusts.	Our audit procedures included the following: • We discussed with management the following matters related to the investment properties held within the joint venture property trusts: o movements in the investment property portfolio; o changes in the condition of each property; o controls in place relevant to the valuation process; and o the status of investment properties under development. • On a sample basis, we performed the following procedures on the external independent valuations of selected properties: o Evaluated the capitalisation rates adopted, and movements in the year, based on our knowledge of the property portfolio, published industry reports and comparable property valuations; o Evaluated other key assumptions and inputs including the net operating income, discount rate, lease terms, budgeted capital expenditure and lease incentives; o Involved our real estate valuation specialists to assist with the assessment of the valuation assumptions and methodologies; o Assessed the qualifications, competence, and objectivity of the Group's independent property valuation specialists. • We have evaluated the Group's assessment that property valuations conducted during the year appropriately reflect the fair value as at the Balance Sheet date by reviewing available market data and assessing whether there are any material changes in the key inputs to the valuation calculation since the date of the external independent property valuations.

Building a better working world

Gain on reclassification of inventory to investment property for property held within joint venture property trusts

Why significant	How our audit addressed the key audit matter
As set out in Note 6.3(b) of the financial report, the Group is required to defer the profit on the sale of land to the joint venture property trusts in which it maintains an interest. This unrealised profit is recognised as income at the earlier of the property being classified as an investment property within the joint venture property trusts or sold externally. During the year, a $50.066 million fair value gain was recognised in relation to land reclassified as investment property, representing the remainder of all previously deferred profits. This was considered a key audit matter due to the value of the gains recorded and the judgment required in determining the reclassification to investment property.	Our audit procedures included the following: • We evaluated the Group's assessment that the properties met the definition of investment property as set out in Australian Accounting Standards by enquiring as to the Group's intentions for the property, reading board minutes and contractual agreements supporting the change in intention. • We evaluated the adequacy of the associated financial report disclosures.

Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company’s 2021 Annual Report other than the financial report and our auditor’s report thereon. We obtained the Directors’ Report that is to be included in the Annual Report, prior to the date of this auditor’s report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor’s report.

Our opinion on the financial report does not cover the other information and we do not and will not express 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 and, in doing so, 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.

If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 44 to 62 of the directors' report for the year ended 31 July 2021.

In our opinion, the Remuneration Report of Brickworks Limited for the year ended 31 July 2021, complies with section 300A of the *Corporations Act 2001*.

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

Ernst & Young

Ernst & Young

J Inglis

Jodie Inglis
Partner
Sydney
23 September 2021

Statement of

Shareholders

Ordinary as at 31 August 2021

Shareholders

Number of holders	**21,987**
Voting entitlement is one vote per fully paid ordinary share % of total holdings by or on behalf of 20 largest shareholders	72.21%

Distribution of shareholdings:

1 - 1,000	14,974
1,001 - 5,000	5,618
5,001 - 10,000	806
10,001 - 100,000	539
100,001 and over	50
	21,987

Holdings of less than marketable parcel of 21 shares	685

Substantial Shareholders

The names of the substantial shareholders as disclosed in the shareholder notices received by the Company:

Substantial Shareholder	Number of Shares
Washington H Soul Pattinson and Company Limited	65,645,140

20 Largest Shareholders

as disclosed on the Share Register as at 31 August 2021

		Number of Shares	%
1	WASHINGTON H SOUL PATTINSON & COMPANY LIMITED	61,045,140	40.27
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,299,742	9.43
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,936,417	5.89
4	CITICORP NOMINEES PTY LIMITED	5,478,505	3.61
5	MILTON CORPORATION LIMITED	3,234,567	2.13
6	NATIONAL NOMINEES LIMITED <N A/C>	3,100,000	2.04
7	J S MILLNER HOLDINGS PTY LIMITED	3,018,836	1.99
8	NATIONAL NOMINEES LIMITED	2,753,866	1.82
9	MRS MARGARET DOROTHY STONIER	1,498,743	0.99
10	CPU SHARE PLANS PTY LTD <BKW DF2 CONTROL A/C>	832,096	0.55
11	T G MILLNER HOLDINGS PTY LIMITED	698,509	0.46
12	WILDESMEADOW PTY LTD	644,000	0.42
13	BNP PARIBAS NOMS PTY LTD <DRP>	643,750	0.42
14	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	635,000	0.42
15	ARGO INVESTMENTS LIMITED	584,009	0.39
16	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	496,793	0.33
17	BKI INVESTMENT COMPANY LIMITED	436,209	0.29
18	CPU SHARE PLANS PTY LTD	423,174	0.28
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	371,851	0.25
20	MILLANE PTY LIMITED	341,349	0.23
		109,472,556	**72.21**

Corporate
Information

Registered Office

738 - 780 Wallgrove Road
Horsley Park NSW 2175
Telephone: (02) 9830 7800
Website: www.brickworks.com.au
Email: info@brickworks.com.au

Auditors

Ernst & Young

Bankers

National Australia Bank

Share Register

Computershare Investor Services Pty. Limited
GPO Box 2975
Melbourne Victoria 3001
Telephone: 1300 855 080 (Australia)
+ 61 3 9415 4000 (International)

Principal Administration Office

738 - 780 Wallgrove Road
Horsley Park NSW 2175
Telephone: (02) 9830 7800
Email: info@brickworks.com.au

Important Dates

2021 annual result released	23 September 2021
Record date for final ordinary dividend	3 November 2021
Annual General Meeting	23 November 2021
Payment date for final ordinary dividend	24 November 2021
2022 half-year end	31 January 2022
2022 half-year result announced	24 March 2022
Record date for interim ordinary dividend	12 April 2022
Payment date for interim ordinary dividend	3 May 2022
2022 financial year end	31 July 2022
2022 annual result released	22 September 2022

The above dates are indicative only and are subject to change