

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ASX Appendix 4E

Financial year ended 31 July 2022 Results for announcement to the market

	31 July 2022	31 July 2021 ¹	Change
Revenues from continuing operations (\$000's)	1,093,154	850,922	28%
Net profit after tax from continuing operations before significant items (\$000's)	746,144	287,676	159%
Profit from ordinary activities before tax attributable to members (\$000's) ²	1,254,750	323,934	287%
Profit from ordinary activities after tax attributable to members (\$000's) ²	854,391	239,163	257%
Net profit for the period attributable to members (\$000's) ²	854,391	239,163	257%
Basic earnings per share (cents per share)	563.0	158.3	256%
Net tangible assets per share (dollars per share) ³	18.34	13.78	33%
Final dividend declared – 100% franked (cents per share) (Record date: 2 November 2022)	41.0	40.0	3%

There were no dividend reinvestment plans in operation at any time during the year.

- **Statutory NPAT** including significant items and discontinued operations, up 257% to \$854 million
- **Underlying NPAT from continuing operations** before significant items, up 159% to \$746 million
- **Underlying EBIT from continuing operations** before significant items, up 154% to \$982 million. EBITDA up 133% to \$1,058 million
 - **Property** EBIT up 155% to \$644 million, net Property Trust assets \$1.754 billion (including Brickworks Manufacturing Trust)
 - **Building Products Australia** EBIT up 220% to \$153 million and EBITDA up 110% to \$205 million, including an \$89 million profit associated with the sale of 15 properties into the new Brickworks Manufacturing Trust
 - **Building Products North America** EBIT up 192% to \$25 million and EBITDA up 84% to \$48 million
 - **Investments** EBIT up 86% to \$181 million, Brickworks share of WHSP market value \$2.423 billion
- **Operating cashflow** down 7% to \$130 million
- **Final dividend** of 41 cents fully franked, up 1 cent or 3% (Record date 2 November 2022, payment date 23 November 2022)
- **Total full-year dividend** of 63 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.

¹Comparative amounts have been restated as a result of discontinued operations. Refer to note 6.6 in the Financial Statements.

²Including discontinued operations in both periods.

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

BRICKWORKS

ANNUAL REPORT

2022



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National Australia Bank

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Five Year

Summary

	2018	2019	2020	2021 ¹	2022	%
	\$000	\$000	\$000	\$000	\$000	Growth
Total revenue	712,088	841,285	898,420	850,922	1,093,154	28%
Earnings before interest and tax ²						
Building Products Australia	79,653	57,690	39,513	47,768	152,869	220%
Building Products North America	-	6,180	10,061	8,525	24,932	192%
Property	93,979	157,806	129,437	252,679	643,689	155%
Investments	123,498	103,725	50,771	96,946	180,712	86%
Head office and other expenses	(13,664)	(15,026)	(16,849)	(19,417)	(19,803)	(2%)
Total EBIT	283,466	310,375	212,933	386,501	982,399	154%
Total EBITDA	308,465	343,945	283,699	454,290	1,057,924	133%
Finance costs	(14,456)	(23,883)	(25,964)	(18,735)	(20,154)	(8%)
Income tax	(42,415)	(51,920)	(35,218)	(80,090)	(216,101)	(170%)
Underlying net profit after tax²	226,595	234,572	151,751	287,676	746,144	159%
Significant items net of tax	(46,230)	(37,086)	175,495	(44,892)	123,592	NA
Discontinued operations net of tax (inc. sig items)	(4,923)	(42,844)	(29,168)	(3,621)	(15,345)	NA
Net profit after tax (inc sig items, discontinued ops)	175,442	154,642	298,078	239,163	854,391	257%
Per share earnings and dividends						
Basic earnings per share (cents)	117.5	103.3	198.8	158.3	563.0	256%
Underlying earnings per share (cents) ²	151.7	156.7	101.2	190.4	491.7	158%
Final dividend per share (cents)	36.0	38.0	39.0	40.0	41.0	3%
Total dividends per share (cents)	54.0	57.0	59.0	61.0	63.0	3%
Ratios						
Net tangible assets per share (\$)	12.42	13.28	14.08	13.78	18.34	33%
Statutory return on shareholders' equity	8.5%	7.1%	12.4%	9.6%	26.2%	172%
Underlying return on shareholders' equity ²	10.9%	10.8%	6.3%	11.6%	22.9%	97%
Interest cover ratio (underlying)	18.2	17.9	8.4	17.8	35.2	98%
Gearing (net debt to equity)	14.7%	11.7%	18.9%	20.9%	15.1%	(28%)

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

¹ Certain comparative amounts have been restated due to the re-classification of Austral Precast as a discontinued operation.

² This is an alternative measure of earnings that excludes significant items, which are separately disclosed in the consolidated financial statements.

Chairman's

Letter³

On behalf of your Board of Directors, it gives me great pleasure to present Brickworks' Annual Report for the 2022 financial year. It has been a landmark year for the Company, with record earnings achieved across our diversified and stable portfolio of attractive assets.

Review of 2022

Brickworks has delivered an outstanding result in FY2022, achieving record earnings, amidst the backdrop of continued volatile economic conditions.

In addition to the record earnings, we have made strong progress on delivering our strategy. This is illustrated by initiatives such as the launch of the Brickworks Manufacturing Trust, the purchase of strategic land assets in western Sydney, the completion of the first facilities at the new Oakdale West Estate, the commissioning of our new masonry plant in Sydney, and the completion of further bolt-on acquisitions in North America.

In July, I was pleased to spend a week in the United States with the rest of the Board. During this trip we were able to visit many of our facilities and meet with staff and customers. The trip highlighted the enormous progress our team has made towards achieving our goal of establishing a market leading brick business in North America, since our initial investment just four years ago.

During the year, demand for our building products was strong, with housing markets in both Australia and the United States supported by government stimulus packages implemented in the aftermath of the COVID-19 pandemic.

Meanwhile, the continued growth of online shopping and subsequent demand for well-located logistics facilities, has increased the value of our industrial property assets.

Whilst conditions have been broadly supportive for our business, the year has also been highlighted by several unique challenges. In the first half, our building products businesses in Australia and North America were still being significantly impacted by COVID related issues – including restrictions on building activity and workforce absenteeism.

Then in the second half, unprecedented wet weather along the east coast of Australia, and severe labour shortages, impacted our operations in many ways. In addition to reducing building activity, the inclement weather caused significant delays to development activity within the Industrial JV Trust and to the construction of our new brick plant in Sydney.

Late in the financial year, high inflation and rising interest rates in both Australia and the United States have resulted in reduced levels of consumer sentiment. Whilst this threatens to impact the economy over the next 12-24 months, I am confident that the Company is well placed to meet these challenges and continue to deliver strong returns for shareholders.

Record Earnings

Brickworks reported record statutory Net Profit After Tax (NPAT) of \$854 million, up 257% on the prior year. The statutory result was boosted by a significant one-off profit in relation to the deemed disposal of Washington H Soul Pattinson ("WHSP") shares upon its merger with Milton during the first half. Excluding this impact, and other significant items and discontinued operations, the underlying NPAT was \$746 million, up 159%.

Underlying earnings before interest, tax and depreciation (EBITDA) from continuing operations was \$1,058 million, up 133% on the prior year, and after depreciation, EBIT was \$982 million, up 154%.

The strength of the Company's diversification strategy underpinned the result, with increased underlying earnings across all divisions.

Another outstanding contribution from Property was the highlight of the year. This was driven by a significant increase in the value of our industrial property portfolio, and strong development activity within the Industrial JV Trust.

Earnings across Building Products operations in Australia and the United States were also higher, as was the contribution from our investment in WHSP.

Building our Assets

Brickworks' business model is also focussed on building a diversified portfolio of assets with increasing asset value.

At the end of the financial year, Brickworks was backed by inferred net assets worth \$5.03 billion⁴. This includes our 26% stake in WHSP, our share of net Property Trust assets, the net tangible assets held within our Building Products operations in Australia and North America and the market value of selected parcels of development land (above book value), partially offset by net debt.

This translates to an inferred asset backing of \$33.15 per share, providing solid backing for our current share price.

Dividends and Capital Management

The Directors have declared a fully franked final dividend of 41 cents per share, up 3% on the prior year. This brings total dividends for the year to 63 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 46 years. This is a testament to our strong financial position, prudent capital management and our diversified business model.

Despite our significant investment program over the past few years, our borrowing level remains conservative. Net debt declined by \$25 million during FY2022 to finish the year at \$493 million, with gearing of 15%.

³ All revenue and earnings measures throughout this report exclude significant items and discontinued operations unless otherwise stated.

⁴ Inferred net assets comprise: Investments based on the market value of Brickworks' shareholding in WHSP (ASX: SOL) at 31 Jul 2022, Property based on Brickworks' share of net property trust assets, Building Products based on net tangible assets, selected parcels of development land at current "as is" valuation, partially offset by net debt.

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.

As we announced last year, Robert Webster 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, the Company has engaged external consultants to assist with the appointment of one or more new independent non-executive directors to replace Robert and Michael.

In Conclusion

We believe Brickworks diversified portfolio of attractive assets and our robust balance sheet offers shareholders compelling value, stability, and good prospects for long term growth.

We are investing to meet the growing demand for prime industrial property, and we will continue to support our Building Products businesses in Australia and North America with selective investment to improve our competitive position.

Our investment in WHSP continues to deliver strong returns and asset growth. The merger of WHSP with Milton Corporation that was implemented during FY2022 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

2022 has been a standout year for Brickworks, with all four divisions improving performance to deliver record underlying Group earnings. Importantly, we have also made significant progress on the implementation of a range of strategic initiatives to position the Company for continued long-term growth.

Safety

Before outlining the financial results in more detail, I will take some time to reflect on our workplace safety performance and sustainability initiatives.

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.

Pleasingly, we continue to make steady progress on improving safety in our operations. The total recordable injury rate (injuries per million hours worked) has decreased to 11.7 in FY2022, down from 14.3 in the prior year. At the same time the lost time injury frequency rate decreased to 1.1 in FY2022, from 2.9 in the previous year.

Across our operations there were five lost time injuries during the year – four in North America and just one in Australia.

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

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 and often recycled. 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.

We are on track to meet the sustainability targets within our "Build for Living: Towards 2025" strategy. 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 following pillars: Our People, Environment, Responsible Business and Community.

Across our Australian operations, carbon emissions have followed a general downward trend, with a 42% decrease compared to FY2006 (Scope 1 and 2).

Our progress in this area is supported by product redesign, use of recycled material and on-board fuels, firing our kilns with green fuels such as landfill gas, and capital investments into modern, fuel-efficient production processes. For example, at Horsley Park we are currently building the most energy efficient brick plant in the country. Once complete, it will replace two plants that are both more than 45 years old.

We continue to evaluate the feasibility of other plant upgrades across the fleet, with carbon reduction and fuel efficiency being key considerations in evaluating these potential projects.

We have also made steady progress in North America. Since our entry into this market in 2018, we have achieved a 9% improvement in energy efficiency, primarily through our plant rationalisation and upgrade program.

During the year, we announced a collaboration agreement with Delorean (ASX: DEL) to investigate the feasibility of developing biogas facilities at our brick plants. The initial study is focussed on

our new brick plant at Horsley Park, and if successful, has the potential to displace over 200,000 gigajoules per annum of fossil fuel gas with renewable biomethane. The project is progressing well and has advanced to the development stage, following an initial concept study.

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.

Property

It has been a landmark year for Property, generating record EBIT of \$644 million, up 155% on the prior year.

Earnings from the Industrial JV Trust were again the key driver of the result. All assets were revalued during the year, and this resulted in a strong revaluation profit of \$227 million (representing Brickworks' 50% share of the overall valuation gain).

Significant development profits were also recorded, and this included the completion of several new facilities.

A highlight for the year was the completion of the state-of-the-art Amazon distribution centre, the first facility at Oakdale West (Sydney). This follows many years of planning and investment in site preparation and infrastructure at this Estate. With further facilities now close to completion, Oakdale West is well on the way to becoming one of the most prestigious industrial property precincts in the southern hemisphere.

Other Estates at Oakdale South (Sydney) and Rochedale (Brisbane) have now been fully built out, following the completion of final developments at these precincts during the second half.

The revaluations and developments during the year have resulted in total gross assets within the Industrial JV Trust increasing by around \$1.5 billion to \$4.2 billion. After including debt, Brickworks 50% share of net asset value held within the trust was \$1,543 million at the end of the financial year.

Launch of Brickworks Manufacturing Trust

In July, we announced the launch of the Brickworks Manufacturing Trust, a new Joint Venture manufacturing property trust with Goodman Group ("Goodman"). This trust will initially house a portfolio of 15 manufacturing plants, tenanted by our Building Products Australia businesses such as Austral Bricks, Bristle Roofing and Austral Masonry.

The market value of assets sold into the Trust of \$416 million represents a premium of \$280 million to the book value prior to the sale (after including transaction costs and provisions). A pre-tax profit of \$89 million was recorded by Building Products Australia in FY2022, with the remaining benefit to be recognised through reduced right-of-use asset depreciation over the life of each lease.

Gross cash proceeds of \$207 million, representing 49.9% of the asset value, were used to pay down Group debt.

The partial sale and lease back of these properties allows Brickworks to realise value for shareholders and capitalise on the strong growth in industrial land values over the past few years.

Importantly, the lease terms have been structured to ensure minimal impact to the operational flexibility of our Building Products businesses during the lease period.

Together with Goodman we plan to actively manage the new Brickworks Manufacturing Trust, in which there are several properties that have the potential for additional development and greater utilisation.

At the end of the financial year, our equity accounted value of the Brickworks Manufacturing Trust was \$211 million, including capitalised stamp duty costs.

Building Products Australia

Building Products Australia recorded an EBITDA from continuing operations of \$205 million in FY2022. After including depreciation and amortisation, EBIT was \$153 million.

As I mentioned, this includes a profit of \$89 million from the sale of operational land into the Brickworks Manufacturing Trust. Excluding this impact, EBITDA from continuing operations was \$116 million, up 19%, and EBIT was \$64 million, up 34%.

Whilst the underlying performance and financial results from Building Products Australia are pleasing, in many ways it was a frustrating year for the business.

Demand has been strong, with a large volume of detached housing construction projects under construction.

However, sales momentum was repeatedly stifled throughout the year, resulting in the business not reaching its full potential. Most notably, this includes COVID-related building restrictions imposed in the early months of the financial year, supply chain pressures that have slowed the speed of construction across the industry, and unprecedented wet weather events in key east coast markets during the second half.

It is testament to the effort of our team, that despite these many challenges, a number of our state operating divisions delivered record earnings during the year.

The performance of Austral Bricks was particularly strong, where there was a broad-based improvement in earnings across all regions, due to higher sales and improved margins.

The margin expansion achieved by Austral Bricks was particularly pleasing, in light of the high inflation environment. This was underpinned by a pro-active price rise strategy to fully recover the impact of increasing costs.

Fortunately, we have not been significantly impacted by the extreme gas and electricity prices that have hit many manufacturers in the second half. Brickworks is well placed in this regard, with a fixed price wholesale gas contract with Santos on the East Coast, extending until December 2024.

Our major investment program continues to progress, despite being significantly impacted by the same challenges faced by our operating divisions. Construction of the new brick plant at Horsley Park has suffered multiple flooding events, shipping delays, a lack of critical parts and significant cost increases of steel and other materials.

On a more positive note, construction of the Oakdale East Masonry Plant was completed and commissioned during the year. However, the associated value-added plant remains under construction, following lengthy delays.

Brickworks made a strategic investment in FBR Limited (ASX: FBR) in July. FBR has developed a bricklaying robot that has the potential to build walls faster than traditional methods, and with much reduced labour. With an ongoing shortage of bricklayers, exacerbated by the current tight labour market, we see a strong market opportunity for this technology and as the largest brick maker in the country, we have much to benefit from its successful commercialisation.

Building Products North America

Building Products North America delivered EBITDA of \$48 million and EBIT of \$25 million.

This result includes a contribution of \$13 million from the sale of several surplus land holdings – predominantly quarry lands associated with closed brick plants. Land sales profit of \$10 million was recorded in the prior year.

Excluding the impact of land sales, EBITDA of \$35 million was more than double the prior year. This was achieved despite the lingering impacts of the pandemic, with the first half beset by repeated disruption to manufacturing operations and sales activity across the country, as COVID's Delta and Omicron strains impacted workforce availability.

Whilst pandemic-related impacts eased in the second half, new challenges emerged with surging inflation impacting costs all across the supply chain. In particular, labour constraints have resulted in higher wage rates to attract and retain staff. Like in Australia, we have long-term fixed price gas contracts across the majority of our plants, sheltering us from the impact of soaring energy costs.

The business has made strong progress on key strategic priorities over the year, including the completion of two acquisitions to bolster the Company's retail distribution network. This vertical integration strategy provides Glen-Gery with enhanced customer relationships and underpins sales volume to support our manufacturing operations.

The plant rationalisation strategy has also continued, with the closure of two more plants during the year. We commenced this program back in 2019, and since that time have reduced the number of operating plants from 16 to 9. We are now confident that the plant network is right-sized for our forecast production, with each plant operating at much higher utilisation resulting in improved efficiency and reduced total carbon emissions.

Another key benefit of our plant rationalisation program is that capital spend can be more targeted. In FY2022 we completed extensive upgrades to the Hanley plant in Pennsylvania and the Lawrenceville Plant in Virginia, to reduce manufacturing costs and expand the production capability.

In November, the "G21" launch event was held, with the release of an expansive catalogue of new products, including several exciting new ranges from both the Hanley and Lawrenceville plants.

In March, I was proud to attend the launch of our new flagship design studio on 5th Avenue, New York City. This store sets a new benchmark for the building products industry globally, offering an unparalleled opportunity for product promotion, customer engagement and industry collaboration.

Investments

Our investment in WHSP provides a cash flow stream via dividends that provides stability and allows long term strategic decision making. In total, cash dividends of \$61 million were received during the year, up 5% on the prior year. EBIT from Investments was up 86% to \$181 million.

In the first half of the year, WHSP completed a merger with Milton, another large ASX listed investment company. The larger WHSP has increased scale, diversification and liquidity to pursue additional investment opportunities.

Brickworks retains 94.3 million shares in WHSP, but due to the addition of new shareholders to the register, our ownership stake has reduced to 26.1% (previously 39.4%).

Group Outlook

The outlook varies across each of our divisions.

Within **Property**, activity in the Industrial JV Trust remains strong, with developments at Oakdale West expected to drive growth in rent and asset value over the next few years.

Four facilities at Oakdale West are expected to be completed in the first half of FY2023, including a 66,000m² facility to be tenanted by Coles. Following the completion of these facilities, the Oakdale West Estate will be 62% developed. Demand for the remaining 144,000m² of gross lettable area is strong and we expect construction to commence on additional facilities during FY2023.

The completion of the new brick plant at the Horsley Park Plant 2 site in early calendar 2023 will allow the release of additional land at Oakdale East, where Plant 3 is currently located. This land, with a current "as is" market value of around \$300 million, is likely to be sold into the Industrial JV Trust during FY2023. As such, it is expected to generate a significant profit on sale and then allow further development to meet the growing demand from tenants.

Once fully developed, this additional parcel of land is expected to add over \$1 billion of leased assets to the Industrial JV Trust⁵.

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

Turning to **Building Products Australia**, there remains a significant amount of detached house construction work in the pipeline. This healthy pipeline of work is expected to translate to strong sales for at least the first half of FY2023.

In some areas, sales volume is being limited by the availability of trades, with roof tilers in Victoria in particularly short supply.

Once the current backlog of stimulus-induced housing work is completed, a period of softer demand is expected, with the rapid increase in interest rates set to provide challenges for the housing industry in the medium term. This is already evident in declining building approvals and our home builder customers reporting significantly reduced foot traffic through display homes.

In **North America**, market conditions are similar to Australia, with a strong order book providing confidence in the short-term sales trajectory, but rapidly rising interest rates driving a reduced level of new housing starts and a more cautious medium-term outlook.

On the strength of the first six weeks trading and the existing order book, we anticipate increased sales across both the residential and higher margin commercial segments in the first half of FY2023.

Manufacturing costs will benefit from the extensive plant rationalisation activities and upgrades already undertaken.

Over the long term, North American operations are expected to deliver increased earnings, with Brickworks continuing to implement our proven market strategy centred around style and premium product positioning.

We expect our **investment in WHSP** to continue to deliver superior long-term returns and dividend growth well into the future.

In relation to the **Brickworks Manufacturing Trust**, there will be a range of divisional reporting implications, however the overall impact on Brickworks Group underlying NPAT and cashflow is expected to be less than \$2 million, excluding any potential revaluations or development profits / losses. For example, from a cashflow perspective, Building Products Australia will incur additional rent of around \$18 million, with this cash cost being broadly offset by net rental income within Property (based on our

50.1% ownership stake), and reduced bank interest charges following the repayment of debt with the proceeds from the sale.

Looking more broadly, it is clear that we are facing an increasingly uncertain global economic and political outlook. This uncertainty will create both risk and opportunity for Brickworks.

For example, supply chain risks are emerging that have the potential to impact the availability of critical spare parts to maintain our operations. In addition, the European energy crisis has directly impacted several of our valued suppliers who have been forced to curtail brick and roof tile operations due to the extreme gas and electricity prices.

Whilst this situation is devastating for our partners, it also provides opportunity for Brickworks, in that it has become cost-effective to supply bricks into Europe from both our Australian and North American operations. As such, we are actively exploring this opportunity.

I have already mentioned the risk of rising interest rates in relation to the dampening effect on demand for building products. Rising rates will also increase the risk of capitalisation rate expansion across our property portfolio.

Despite the increasing uncertainty, Brickworks' diversified portfolio of assets remains very well-placed to meet any future challenges and continue to deliver strong results for shareholders.

Our People

Finally, I'd like to thank our people. We now have more than 2,100 employees, and it is their energy and dedication that will continue to drive our success.

The world has changed significantly over the past few years, and like all companies, we have had to make changes to the way we work and interact as a team. I am very proud that at Brickworks we have been able to maintain a stable and highly experienced leadership team and a committed workforce. I believe this gives us a competitive edge.

Last month we announced that Grant Douglas has replaced Robert Bakewell as Chief Financial Officer. Grant joined Brickworks in 2011 and has held several senior positions within the Company since that time, including playing a key role in the establishment and growth of our operations in North America. I would like to formally congratulate Grant on his appointment, and also acknowledge the contribution of Robert, who was a valuable member of the leadership team during his six years in the role.

I would also like to congratulate Mark Ellenor, who has been promoted to the role of Executive General Manager, Building Products. Mark has been with Brickworks for more than 20 years in various roles, most recently as President, North America. In this new role, his responsibility will expand to include operations in Australia, and I look forward to working closely with him in this new capacity.

Finally, I would also like to take this opportunity to thank the Board of Directors and the executive team. As you can see, we have achieved a lot during the past 12 months, and none of this would be possible without their support and commitment.

Lindsay Partridge AM
Managing Director

⁵ Assumes GLA of 280,000m², rent of \$160/m² and cap rate of 4.25%.

Overview

- **Statutory NPAT** including significant items and discontinued operations, up 257% to \$854 million
- **Underlying NPAT from continuing operations** before significant items, up 159% to \$746 million
- **Underlying EBIT from continuing operations** before significant items, up 154% to \$982 million. EBITDA up 133% to \$1,058 million
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Earnings

Brickworks posted a statutory Net Profit After Tax (**NPAT**) of \$854 million for the year ended 31 July 2022, up 257% on the prior year. Excluding significant items and discontinued operations, the underlying NPAT was \$746 million, up 159%.

Underlying earnings before interest, tax and depreciation (**EBITDA**) from continuing operations was \$1,058 million, up 133% on the prior year. After depreciation and amortisation, **EBIT** was \$982 million, up 154%.

Property EBIT was a record \$644 million, driven by another strong performance from the 50/50 joint venture industrial property trust with the Goodman Group (“Property Trust”). Strong revaluation and development profits were recorded during the period. This resulted in Brickworks’ share of the net asset value within the Property Trust increasing by \$631 million to \$1,543 million.

The highlight of the year was the completion of the state-of-the-art Amazon warehouse at Oakdale West – the first facility at this Estate.

On revenue of \$694 million, **Building Products Australia EBIT** was \$153 million (EBITDA was \$205 million). This includes an \$89 million profit associated with the sale of 15 operational properties into the new Brickworks Manufacturing Trust, completed in July. Excluding this impact, EBIT from continuing operations was \$64 million, up 34% and EBITDA was \$116 million, up 19%.

The higher earnings were due primarily to a strong performance from Austral Bricks across all east coast states, where increased demand supported improved production efficiencies.

On revenue of \$399 million, **Building Products North America** contributed EBIT of \$25 million and EBITDA of \$48 million. This result includes the sale of a number of surplus quarry sites, generating a profit of \$13 million. Excluding the impact of land sales in both FY2021 and FY2022, EBITDA was up 113% to \$35 million.

The uplift in revenue and earnings was supported by the acquisition of IBC in August 2021, and a modest recovery in commercial building activity in key markets during the second half.

Investments EBIT was up 86% to \$181 million, primarily due to a higher contribution from New Hope Corporation to WHSP earnings. During the first half, WHSP completed a merger with

ASX listed investment company, Milton Corporation (“Milton”, formerly ASX: MLT). The market value of Brickworks’ shareholding in WHSP was \$2.423 billion at 31 July 2022, down \$656 million for the year.

Total **borrowing costs** were up 8% to \$20 million, with underlying **interest cover** finishing the year at a conservative 35 times.

Underlying **income tax** from continuing operations was \$216 million, up from \$80 million in the prior year, due to the higher earnings.

Significant items increased NPAT by \$124 million for the period. This comprised:

- A net profit of \$271 million following WHSP’s merger with Milton. This includes a \$452 million profit on the deemed disposal of WHSP shares, partially offset by Brickworks share of a goodwill impairment incurred by WHSP, upon the merger.
- A \$40 million post-tax gain from other WHSP significant items, primarily related to the de-consolidation of New Hope Corporation.
- A \$17 million expense 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.
- A non-cash impairment in Building Products Australia of \$117 million (post-tax), in accordance with AASB 136. This comprises a goodwill impairment of \$80 million within Austral Bricks and impairments to plant and equipment and right-of-use assets within Bristle Roofing (\$13 million) and Austral Masonry (\$24 million). The impairment charges are based on management’s assessment of more conservative forecasts for building activity over the medium term (in light of increasing inflation and interest rates, and pressure on global supply chains), an increased leased asset base and a higher discount rate applied.
- A \$28 million cost (net of tax), associated with plant relocation and commissioning costs. This is primarily attributable to a non-cash impairment of buildings, plant and equipment and clay in relation to the closure of Plant 3 at Horsley Park in Sydney. This cost also includes commissioning expenses at the new Oakdale East

masonry plant, Plant 2 at Horsley Park and Hanley in North America.

- Restructuring costs of \$10 million (net of tax), primarily relating to the planned shutdown of the Bellevue plant in Western Australia. In North America, costs were incurred in relation to the closure of several retail outlets and the staged decommissioning of production at the York and Caledonia plants.
- COVID-19 related costs of \$8 million (net of tax), reflecting primarily the unabsorbed fixed costs in relation to manufacturing plant slowdowns as a result of COVID-19 absenteeism in North America and incremental costs such as test kits and construction delays on major projects.
- Acquisition costs of \$3 million (net of tax), primarily in relation to the purchase of IBC.
- Other costs of \$4 million (net of tax), primarily in relation to the implementation of a new enterprise resource planning system and the impacts of flooding on the east coast of Australia in the second half.

Significant Items (\$m)	Gross	Tax	Net
Net impact of WHSP merger with Milton	464	(193)	271
Other WHSP significant items	57	(17)	40
Income tax from the carrying value of WHSP	-	(17)	(17)
Building Products Australia impairment	(132)	15	(117)
Plant relocation and commissioning costs	(40)	11	(28)
Restructuring activities	(14)	4	(10)
COVID-19 costs	(11)	3	(8)
Acquisition costs	(4)	1	(3)
Other costs	(6)	2	(4)
Total (Continuing Operations)	315	(191)	124

Cash Flow

Total **cash flow from operating activities** was \$130 million, down 7% on the prior year, with cash generation impacted by increased inventory within Building Products operations and higher interest payments (including interest payments on leases).

Capital expenditure and land acquisitions was \$134 million during the year, with the Company midway through a significant investment program across a range of major projects. Project spend included a new brick plant at Horsley Park (NSW), a new masonry plant at Oakdale East (NSW) and deployment of a new enterprise resource planning system. In North America, extensive upgrades were completed at the Hanley (Pennsylvania) and Lawrenceville (Virginia) plants.

In March 2022 Brickworks completed the purchase of 121 hectares of land at Bringelly, in Southwest Sydney.

In addition, spending on business acquisitions amounted to \$75 million, primarily related to the IBC purchase, completed in August 2021.

Gross cash proceeds of \$207 million were received in July 2022, in relation to the sale of properties to establish the Brickworks Manufacturing Trust.

Balance Sheet

During the year total shareholders' equity was up \$780 million to \$3.260 billion.

Net tangible assets ('NTA') per share was \$18.34 at 31 July 2022, up from \$13.78 at 31 July 2021. The uplift primarily reflects the increase in value of the Industrial JV Trust, and the launch of the Brickworks Manufacturing Trust (with these operational land assets previously held at cost).

Total interest-bearing debt was \$599 million at 31 July 2022. After including cash on hand, **net debt** at the end of the year was \$493 million, a decrease of \$25 million for the 12-month period.

Gearing (net debt to equity) was 15% at 31 July 2022, down from 21% at 31 July 2021.

Net **working capital** was \$316 million at 31 July 2022, including finished goods inventory of \$267 million, up by \$41 million on the prior year. The increase in inventory was due to the extreme wet weather along the east coast of Australia in July, resulting in reduced product despatches at the end of the financial year, and the IBC acquisition in North America.

Dividends

Directors declared a fully franked final **dividend** of 41 cents per share for the year ended 31 July 2022, up 3% from 40 cents. Together with the interim dividend of 22 cents per share, this brings the total dividends paid for the year to 63 cents per share, up 2 cents or 3% on the prior year.

Discontinued Operations - Austral Precast

Following the annual strategic review process, Brickworks has determined that further investment in Austral Precast is not justified, given other capital priorities across the Group.

Brickworks is now focussed on realising the maximum value possible from these assets, through an orderly exit, including the initiation of a sale process. As a result, Austral Precast has been reclassified as held for sale and is not reported in underlying continuing operations.

To ensure consistency, FY2021 financials have been restated on the same basis.

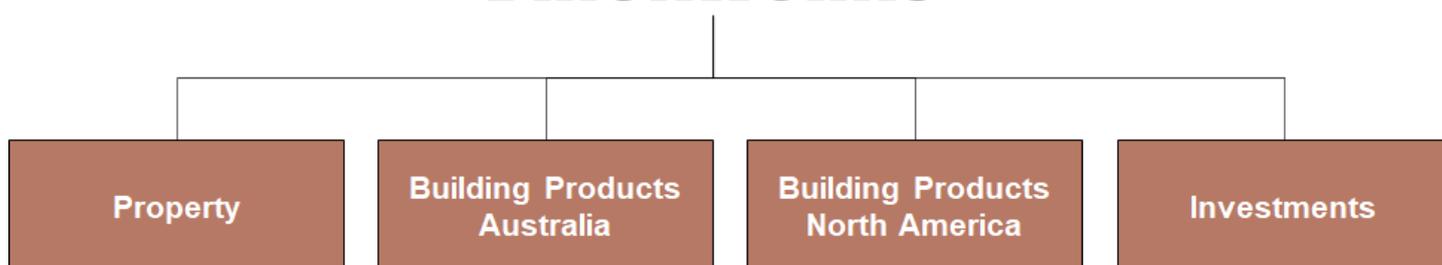
On the reclassification, an after-tax impairment of \$13 million to Austral Precast was recorded, predominantly related to a write down to the carrying value of plant and equipment.

In FY2022, Austral Precast contributed an EBIT loss of \$3 million, broadly in line with the prior year. An improvement in the underlying performance of the business, driven by a range of cost reduction programs, was offset by the impact of severe wet weather in Sydney during the second half, which caused significant delays and disruption to many projects.

Group

Structure

BRICKWORKS



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:

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

Property

The Property division was originally established to maximise the value of land that is surplus to the Building Products business.

Over time, the Property division has evolved and now consists of two Joint Venture Property Trusts with Goodman Group, plus 100%-owned land holdings, both operational and for development.

Brickworks holds a 50% interest in the Industrial JV Trust. This 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. This Trust has grown significantly since its inception, and now has total assets of \$4.2 billion. After including debt, Brickworks 50% share of the Property Trust has an equity value of \$1,543 million.

In July 2022, Brickworks launched the Brickworks Manufacturing Trust. This comprises a portfolio of 15 manufacturing plants, tenanted by the Company's Australian Building Products businesses. Brickworks holds 50.1% ownership of this Trust, with the remaining 49.9% interest sold to Goodman Group.

The creation of this new Trust allows Brickworks to realise the underlying value of operational land assets and will be actively managed to improve site utilisation and enhance the value of these properties.

The Brickworks Manufacturing Trust has total assets of \$416 million and no debt. Brickworks 50.1% ownership had an equity value of \$211 million as at 31 July 2022.

Along with its interest in the Industrial JV Trust and the Brickworks Manufacturing Trust, Brickworks retains around 5,300 hectares of 100%-owned operational and development land across Australia and North America. This includes a number of sites earmarked for future development.

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 29 manufacturing sites, 37 company-owned design centres and studios and a vast network of resellers across the country.

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:** Includes Austral Masonry 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, Redland Brick assets in February 2020 and Illinois Brick Co (“IBC”) assets in August 2021.

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 8 brick manufacturing sites and one manufactured stone plant. This is complemented by a network of 25 company-operated distribution outlets, three design studios (New York, Philadelphia and Baltimore) and a vast reseller network.

Investments

Investments consists primarily of a 26.1% interest in ASX-listed Washington H. Soul Pattinson (“WHSP”) (ASX: SOL), which had a market capitalisation of \$9.273 billion as at 31 July 2022. The market value of Brickworks stake in SOL was \$2.423 billion as at 31 July 2022.

WHSP is a diversified investment house with a portfolio encompassing strategic investments in major listed companies, a large cap equity portfolio, private equity investments, interests in a wide range of emerging companies and a structured yield portfolio.

The investment in WHSP dates back to 1968 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.

Property

Property Overview

FY2022 was another great year for Property, with record earnings and continued strong growth in the value of our Property Trust assets.

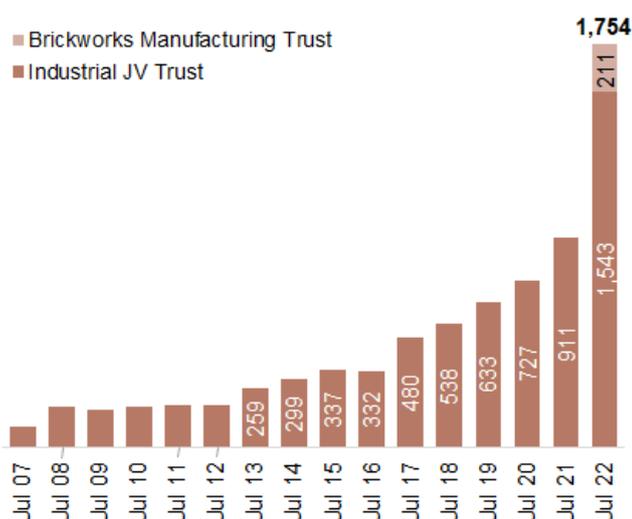
The year was also highlighted by the launch of the Brickworks Manufacturing Trust. Following the launch of this Trust, the Property division now comprises:

- A 50% share of the Industrial JV Trust
- A 50.1% share of the Brickworks Manufacturing Trust

In addition, the Property division actively manages an extensive portfolio of 100%-owned operational and surplus land (currently held within Building Products).

Brickworks share of net asset value across the two property trusts was \$1.754 billion at 31 July 2022, up by \$843 million.

Brickworks Net Property Trust Assets (\$million)



Continued capitalisation rate compression over many years has crystallised the value that the Industrial JV Trust was specifically established to capture. Since its inception, Brickworks net asset value within this trust has increased at 21% per annum, generating significant value for shareholders.

Property Earnings

Year Ended July (\$million)	2021	2022	Change
Net Trust Income	31	36	17%
Revaluation of properties	149	227	53%
Development Profit	24	387	>500%
Industrial JV Trust	204	651	219%
Land Sales	52	(3)	(106%)
Property Admin and Other	(4)	(4)	-
Total	253	644	155%

Record Property EBIT of \$644 million for the 2022 financial year was up 155% on the prior year.

The Industrial JV Trust delivered an EBIT contribution of \$651 million, up 219% on the prior period.

Net trust income was up 17% to \$36 million for the year. This reflects annual rent increases across the leased portfolio, plus the additional contribution from newly tenanted facilities at Oakdale South (one new facility) and Oakdale West (6 months' rent from Amazon, the first tenant at this Estate).

Property Trust assets were revalued during the year, resulting in a profit of \$227 million, up 53% on the FY21 result. The vast majority of revaluations were completed during the first half and resulted in an average 50-basis point compression across the portfolio, driven by strong demand for industrial assets.

The revaluation includes a \$42 million profit associated with fully serviced land held within the Property Trust that is awaiting development.

Development profit of \$387 million was recorded for FY2022. This included:

- A \$74 million profit at Oakdale South, following the completion of the final two facilities at this Estate;
- A \$20 million profit at Rochedale, following the completion of the final 30,200m² facility; and
- A \$293 million profit at Oakdale West, due to the completion of 3 facilities (Amazon, Xylem and Site 1C/1B), plus fair value assessments on an additional four facilities deemed to be greater than 80% complete.

No property sales were completed in FY2022, however an expense of \$3 million has been recorded. This relates to costs incurred to prepare land for sale adjacent to the Austral Bricks Plant 3 site at Horsley Park (to be known as Oakdale East). This cost included earthworks and expenses relating to securing development approvals for this site.

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.

Earnings recorded by the Brickworks Manufacturing Trust were immaterial in FY2022, with the Trust being launched in the final days of the financial year.

Industrial JV Trust Asset Value

As at 31 July 2022, the total value of leased assets held within the Industrial JV Trust was \$3.341 billion. The annualised gross rent generated from the Trust is \$127 million, and the average capitalisation rate is 3.6%. There are currently no vacancies in the portfolio.

Leased Facilities	Asset Value (\$m)	Gross Lettable Area (000m ²)	Gross Rental (\$m p.a.)	WALE ⁶ (yrs)	Cap. Rate
M7 Hub	225	64	9	3.0	3.8%
Interlink	581	192	26	5.0	3.7%
Oak Central	869	245	32	3.7	3.5%
Oak South	603	177	21	6.6	3.6%
Rochedale	376	126	16	10.1	4.0%
Oak East	169	36	6	10.5	3.4%
Oak West	518	78	17	17.0	3.3%
Total	3,341	918	127	7.3	3.6%

During the year, the Estates at Oakdale South and Rochedale were fully built out.

The Industrial JV Trust also holds a further \$867 million in assets for development, all within the Oakdale West Estate. This comprises \$744 million worth of facilities already under construction and \$123 million of land awaiting development.

Including the assets for development at Oakdale West, the total value of assets held within the Industrial JV Trust was \$4.208 billion at the end of the year, up 58% from \$2.668 billion at the end of the prior year.

Borrowings of \$1.123 billion are held within the Industrial JV Trust, giving a total net asset value of \$3.085 billion. Brickworks' 50% share of net asset value was \$1.543 billion at 31 July 2022, up \$631 million during the year.

Gearing on leased assets within the Industrial JV Trust reduced to 26% during the year.

Year Ended July (\$million)	2021	2022	Change
Leased properties	1,982	3,341	69%
Land to be developed ⁷	686	867	26%
Total Property Trust assets	2,668	4,208	58%
Borrowings	(845)	(1,123)	33%
Net Property Trust assets	1,822	3,085	69%
Brickworks 50% share	911	1,543	69%
Gearing on leased assets ⁸	32%	26%	(19%)

Industrial JV 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 Industrial JV Trust is ideally placed to take advantage of these trends, with well-located prime industrial land on large lot sizes.

The development of Oakdale West in New South Wales will drive growth in rent and asset value over both the short and medium-term.

In total, there is 158,000m² of pre-committed gross lettable area ("GLA") currently under construction at Oakdale West and due to be completed in the first half of financial year 2023. This includes a 66,000m² distribution warehouse for Coles.

In addition to the pre-committed facilities, a further 144,000m² of GLA remains available for development within the Oakdale West Trust and will provide further opportunity for growth in the years ahead.

Longer term growth is anticipated through the sale of additional Brickworks owned surplus land into the Industrial Property Trust, subject to approvals.

Brickworks Manufacturing Trust

The Brickworks Manufacturing Trust comprises 15 sites. The sites are predominantly zoned industrial and are well diversified across the country.

As at 31 July 2022, the total asset value was \$416 million and the trust has no debt. Including capitalised stamp duty costs, Brickworks 50.1% ownership has an equity value of \$211 million.

Each of the sites is tenanted by Brickworks' operating businesses, such as Austral Bricks, Bristle Roofing, Austral Masonry and Austral Precast, with long duration leases of 5-20 years, which have options to extend. The weighted average lease expiry (WALE) is 16 years.

Leased Facilities	Asset Value (\$m)	Area (Ha)	Gross Rental (\$m p.a.)	Initial Lease Term (yrs)
Wetherill Park Plant	27	2	1.2	5
Rochedale Plant	118	62	5.0	20
Wacol Plant	13	2	0.6	10
Gympie Plant	4	38	0.2	15
Cairns Plant	7	1	0.4	15
Yatala - surplus	5	8	-	-
Yatala Plant	7	4	0.3	20
Rockhampton Plant	4	2	0.2	10
Ayr Plant	2	1	0.1	10
Golden Grove Plant	19	49	0.8	20
Longford Plant	4	11	0.2	15
Wollert Plant	132	276	5.3	20
Dandenong Plant	16	3	0.7	10
Armadale Plant	42	23	2.0	10
Bellevue Plant	17	15	0.8	5
Total	416	496	17.8	16

Together with Goodman Group, Brickworks will actively manage the new Brickworks Manufacturing Trust, with several properties having the potential for additional development and greater utilisation.

⁶ Weighted average lease expiry by income.

⁷ Includes facilities under development.

⁸ Borrowings on leased assets / total leased assets.

Operational and Development Land

Along with its interest in the Industrial JV Trust and the Brickworks Manufacturing Trust, Brickworks retains around 5,300 hectares of 100%-owned operational and development land across Australia and North America.

This includes four significant land holdings that may be suitable for sale into the property trusts over the coming years. Based on independent market valuations, these sites have a combined current “as is” value of \$0.761 billion and a “rezoned” value of \$1.266 billion.

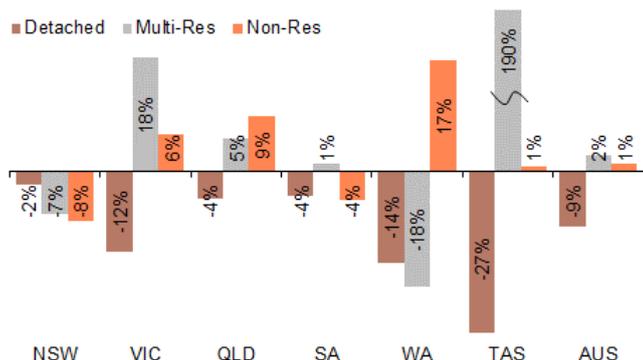
These development sites include:

- A 75-hectare parcel of land at Oakdale East in New South Wales, earmarked for sale into the Industrial JV Trust in FY2023.
- 332 hectares of surplus land at Craigieburn, in Victoria, also with potential for future sale into the Industrial JV Trust, subject to approvals.
- An 83-hectare property at Horsley Park in Sydney, where a new brick plant is currently being built (known as “Plant 2”). This property also comprises another well-established brick plant (“Plant 1”), a quarry and additional surplus land. Subject to rezoning, this site may be suitable for future sale into the Brickworks Manufacturing Trust.
- A large parcel of land in Pennsylvania, North America, surrounding the Mid-Atlantic brick plant. This site has development potential, and the Company has recently executed a non-binding Heads of Agreement with Goodman to investigate the feasibility of industrial development at this site.

Building Products Australia

Market Conditions

Change in Commencements (FY2022 vs FY2021)⁹



Building activity in Australia was mixed in FY2022, with each state facing unique circumstances in the post pandemic and HomeBuilder environment.

Although detached house commencements were down 9% nationally to around 128,300 for the twelve months to June 2022, this level of activity remains elevated compared to historical averages.

Despite concluding well over a year ago, the HomeBuilder program continues to underpin detached housing building activity across Australia. Whilst the vast majority of this work has commenced, a significant pipeline of projects remain under construction. During the current upturn, building timelines have extended as a result of supply chain delays and labour constraints. As a result, the usage of bricks and roof tiles on-site is now typically lagging commencements by 6 months or more.

Annualised multi-residential commencements across the country were 75,400 at June 2022. This represents a slight uplift from the prior year and follows an extended period of declining activity. The weakness of this segment in recent years has been partly due to the pandemic resulting in a shift in consumer preference towards lower density living.

Non-residential building has rebounded in most states (except New South Wales and South Australia), with private investment in offices, accommodation and retail, having previously been scaled back in the first year following the pandemic.

Overview of FY2022 Result

Year Ended July (\$ million)	2021	2022	Change
Revenue	648	694	7%
EBITDA	98	205	110%
EBIT	48	153	220%
EBITDA (ex-Property Sale)	98	116	19%
EBIT (ex-Property Sale)	48	64	34%
EBITDA margin (ex-Property Sale)	15%	17%	11%
EBIT margin (ex-Property Sale)	7%	9%	25%

Revenue from continuing operations for the year ended 31 July 2022 was up 7% to \$694 million. An increase in revenue in Austral Bricks and Concrete Products was offset by a reduction in Bristle Roofing.

EBIT from continuing operations was \$153 million and **EBITDA** was \$205 million. This includes a one-off profit associated with the sale of 15 operational properties into the Brickworks Manufacturing Trust, completed in July.

The gross value of the Brickworks Manufacturing Trust assets of \$416 million represented a premium of \$280 million to the book value of those assets (after allowing for various transaction-related costs and provisions).

A pre-tax profit of \$89 million was recorded by Building Products Australia in FY2022, with the remaining benefit to be recognised through reduced right-of-use asset depreciation over the life of each lease.

Excluding this impact, **EBIT** from continuing operations was \$64 million, up 34% and **EBITDA** was \$116 million, up 19%.

EBIT of \$37 million was achieved in the second half, significantly higher than the first half. At the start of the financial year, sales activity was impacted by the tail end of construction lockdowns that continued to persist in Sydney and Melbourne.

The year has been characterised by strong underlying demand, underpinned by the long backlog of HomeBuilder work, which has not been fully met, due to a range of supply side challenges.

Notable supply side challenges have included a tight labour market that has limited the availability of trades, supply chain disruptions that have slowed construction timelines and extended periods of wet weather in key east coast markets.

Unit margins increased, supported by price rises across most business units, offsetting the impact of supply chain difficulties and inflationary pressures in many areas. Increased plant utilisation resulted in improved production efficiencies, with all manufacturing plants operating at close to capacity for the period (aside from pandemic related enforced shutdowns).

⁹ Source: BIS Oxford Economics Australian Building Forecasts, July 2022. Figures shown are for the 12 months ended in June.

Austral Bricks

Austral Bricks' earnings increased 32% for the twelve months ended 31 July 2022, with sales volume up 4% to 567 million bricks and revenue up 12% to \$466 million.

Increased revenue was recorded in every state, and operations in Queensland, Victoria, South Australia and Tasmania all achieved record earnings.

Despite the significant cost pressures across the industry, Austral Bricks achieved improved margins. General price increases were implemented early in the year, with additional increases or levies selectively applied as necessary to recoup extreme inflationary impacts in some areas of the business.

Strong operational performance at Rochedale in Queensland followed prior period plant upgrades and a sustained focus on operational excellence, resulting in lower unit costs, improved product quality and a broader range.

New South Wales also delivered a strong uplift in earnings, despite a number of challenges faced during the year. In the first half, production was heavily disrupted due to a range of pandemic related issues, including temporary shutdowns at Plant 3 and Punchbowl. Then, operations in the second half were adversely impacted by wet weather, with Sydney recording the highest running annual rainfall rate on record up to the end of July.

This rainfall significantly impacted construction progress of the new brick plant at Horsley Park in Sydney. This facility, which will have capacity to produce 130 million bricks per year, is now due to be completed early in calendar 2023.

Once completed, brick operations in western Sydney will be consolidated at the Horsley Park Plant 1 and 2 site, and 75 hectares of land will be released at Oakdale East, where Plant 3 is located.

In January, 121 hectares of land at Bringelly, in southwest Sydney, was purchased. Subject to approvals, this land will be used as a clay resource to support Austral Bricks operations in Sydney, effectively replacing the existing clay resource at Oakdale East and ensuring that brick operations are not adversely impacted by the release of land for property development.

In Western Australia, the sharp recovery in housing activity has resulted in a strong increase in demand. This has necessitated a ramp-up in production, due to tight industry supply.

In this state pricing is significantly below the rest of the country, and as a result operations remain loss-making and continue to be a drag on overall performance.

Concrete Products

Following the reclassification of Austral Precast as held for sale, Concrete Products now comprises Austral Masonry and Brickworks' 33% share of the Southern Cross Cement joint venture.

Concrete Products earnings declined on the prior year, on relatively steady revenue of \$121 million for the twelve months to 31 July 2022.

Within **Austral Masonry**, construction of the new Oakdale East plant in Sydney reached practical completion in July, and the commissioning process has now been completed. This new facility, with a capacity of around 300,000 tonnes per year, incorporates the latest block-making technology, and will deliver lower costs and a broader product range.

This project also includes an associated value-added facility, to create products such as polished pavers and split face retaining walls. Construction of this facility was delayed due to the restricted mobility of engineering crews and overseas-based suppliers, and then subsequent poor weather. This value-added facility is now

under construction and expected to be completed in the first half of the current financial year.

Whilst there has been some disruption and increased costs during the transition phase, the new plant places the business in a very strong competitive position in this key market.

Competition in southeast Queensland remains intense, resulting in low pricing and tight margins in this region.

Sleeper sales grew strongly during the year, with Austral Masonry utilising its sales and distribution presence to boost sales into New South Wales and Victoria. When this Brisbane based business was acquired in 2019, sales were predominantly focussed on the local market.

The premium Urbanstone paving range remains a popular choice for architects, with a number of significant project wins during the year including the Martin Place and Barangaroo metro stations in Sydney, Murdoch University in Perth and Subiaco East urban renewal in Perth.

In April, Austral Masonry completed the acquisition of a masonry plant in Mackay, Queensland, from National Masonry. As the only masonry plant in Mackay, this will allow Austral Masonry to grow sales in a region where it previously had minimal presence.

Southern Cross Cement continues to provide quality, cost-effective cement to Austral Masonry and Bristle Roofing operations in Brisbane, as well as to other Joint Venture shareholders. However, high energy and shipping costs have impacted cement supply and resulted in reduced earnings for the year.

Due to the high shipping cost, a significant volume of cement was sourced locally during the year.

Bristle Roofing

Bristle Roofing earnings were lower than the prior year, on a 5% reduction in revenue to \$106 million. This includes sales from the Fyshwick roof tile batten mill.

The decline in revenue was primarily attributable to lower sales volume in Victoria, the largest roof tile market in the country. In this region, demand was not fully met, due to trade shortages that remain a significant issue for both tile and metal roof installations. Across other states, revenue was broadly in line with the prior year. The supply chain constraints across the country are expected to effectively cap industry installation capacity and therefore sales volume.

In July, Bristle Roofing completed the acquisition of Alice Roof Tiles, based in Melbourne. The additional sales volume it delivers will be rolled into Bristle's Dandenong plant, increasing utilisation and reducing unit tile costs.

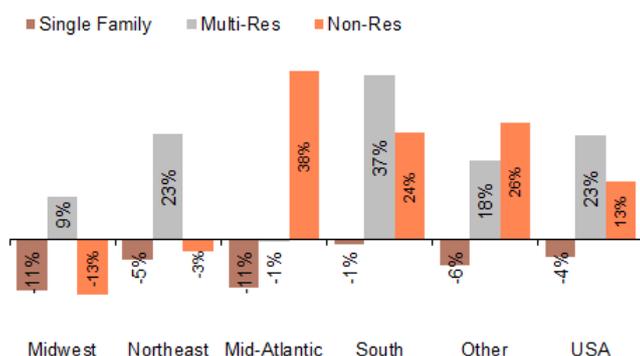
Capital Battens recorded increased revenue and earnings, with the Fyshwick mill operating at near capacity for the entire year.

Building Products

North America

Market Conditions

Change in Commencements (FY2022 vs FY2021)¹⁰



Like in Australia, building activity has been mixed during FY2022, with activity varying significantly by region and segment.

Across the country, the total value of building activity commenced for the 12 months to June 2022 was up 10% compared to the prior year. A 23% increase in multi-residential commencements and 13% increase in non-residential activity was offset by a 4% reduction in single-family commencements.

Building activity, particularly in the non-residential segment, was heavily impacted in the early stages of the pandemic, with many major projects delayed or cancelled by state authorities. Since then, there has been a steady improvement in activity, in response to government stimulus programs and a general re-opening of the economy.

The single-family segment, which rebounded strongly in the aftermath of the pandemic, has softened slightly in more recent months, but remains relatively strong in the key southern region, which makes up over 50% of total single-family starts in the USA.

The recent acquisition of IBC, together with a strategy to grow sales into the large southern housing market (predominantly Texas), has increased Glen-Gery's exposure to the single-family segment. This segment now makes up almost 50% of Glen-Gery sales.

The IBC acquisition has also increased Glen-Gery's exposure to the Midwest, with this region now making up almost 60% of total sales. The Midwest includes major states such as Indiana, Illinois, Iowa, Ohio, Minnesota and Michigan.

Compared to other regions across the country, building activity in the Midwest was relatively soft during the year, with single family starts down 11%, multi-residential starts up 9% and non-residential activity down by 13% (compared to the prior year).

Overview of FY2022 Result

Year Ended July (AU\$ million) ¹¹	2021	2022	Change
Revenue	202	399	97%
EBITDA	26	48	84%
EBIT	9	25	192%
EBITDA (ex-Property Sales)	17	35	113%
EBIT (ex-Property Sales)	(1)	12	NA
EBITDA margin (ex-Property Sales)	8%	9%	8%
EBIT margin (ex-Property Sales)	0%	3%	NA

On sales of 389 million bricks, Building Products North America generated \$399 million revenue for the twelve months to 31 July 2022, 97% above the prior year. In local currency, revenue was up 90% to US\$289 million.

EBITDA for the year was up 84% to \$48 million and EBIT was up 192% to \$25 million.

This result includes a \$13 million contribution from the sale of a number of quarry sites in the second half. Excluding the impact of land sales in both FY2021 and FY2022, EBITDA was up 113% to \$35 million, and EBIT was \$12 million.

The impact of exchange rate movements had a positive impact of \$2 million on EBIT in FY2022, compared to the prior year.

The significant increase in sales revenue was driven by the acquisition of IBC in August 2021 and increased sales to the Texas and southern residential market. The key commercial construction market along the eastern seaboard began a modest recovery in the second half, following an extended pandemic related downturn.

The EBITDA margin was impacted by cost pressures across the supply chain, including a significant increase in transportation costs, amid driver shortages and truck availability issues. Market gas costs are also increasing, but fortunately the impact of this was limited, with most plants having long term supply agreements in place, at fixed prices. More broadly, labour constraints across the industry are resulting in higher wage rates to attract and retain staff.

The significantly higher proportion of sales to the residential segment in Texas, typically base range products at lower prices, also had an adverse impact on the average sales margin.

The business made strong progress on key strategic priorities over the year. Plant rationalisation and upgrades have continued, with the closure of the York and Caledonia plants, both of which had

¹⁰ Source: Dodge Analytics USA Building Starts Forecast – June 2022. Figures shown are for the 12 months ended in June.

¹¹ An average exchange rate for each half year period is used to convert from US\$ to AU\$. The conversion rates used are: 1H22 US\$0.73; 2H22 US\$0.71; 1H21 US\$0.73; 2H21 US\$0.77

reached the end of their useful life, and completion of extensive upgrades at Hanley and Lawrenceville. The Hanley plant in Pennsylvania is focussed on premium architectural products, with the upgrades to the clay preparation area, the extruder and the setting line to deliver much improved manufacturing efficiency, product quality and a broader product range, including thin bricks.

With rationalisation activities now largely complete, Brickworks North America now operates a fleet of nine modern plants. The majority of plant and equipment is less than 20 years old, has much improved energy efficiency and minimal manual handling requirements. These rationalisation initiatives have taken more than three years to complete, with the business now well positioned to service the expected demand at much higher plant utilisation and lower cost. Among the fleet of plants, a number of idle kilns are available to meet increasing demand, if required.

The new global flagship design studio on 5th Avenue, New York City, was officially opened in March. Together with the Philadelphia and Baltimore studios, these facilities will further enhance Glen-Gery's strong reputation for premium products and its competitive position in the high value architectural segment.

The integration of 17 new masonry supply centres (MSCs), as part of the IBC acquisition has been very smooth. In addition to sales of around 70 million bricks per annum, these MSCs offer 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 contribution from these stores has exceeded first year expectations.

Capital Brick, a leading distributor of architectural brick and masonry products, with a single outlet in the Washington D.C. metropolitan area, was acquired in February and immediately integrated. This acquisition expands Glen-Gery's company owned MSC network to 25.

Investments

The EBIT from total investments (including interest income) was up 86% to \$181 million in the year ended 31 July 2022.

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

Brickworks is the major shareholder in WHSP, with our initial investment dating back to 1968. 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.

During the first half of FY2022, WHSP completed a merger with Milton, another large ASX listed investment company. The larger WHSP has net assets of around \$9 billion post the merger, with increased scale, diversification and liquidity to pursue additional investment opportunities.

Brickworks retains 94.3 million shares in WHSP, but due to the addition of new shareholders to the register, the ownership stake has reduced to 26.1% (previously 39.4%).

The market value of Brickworks shareholding in WHSP was \$2.423 billion at 31 July 2022, down \$656 million for the year.

WHSP has delivered strong returns to Brickworks, with 20-year total shareholder return of 12.2% per annum (to 31 Jul 2022), 3.4% per annum ahead of the All-Ordinaries Accumulation Index. Shareholder returns comfortably exceed the benchmark over five, ten and fifteen years periods.

The investment in WHSP returned an underlying contribution of \$180 million for the year ended 31 July 2022, up 87% from \$97 million in the prior year. The increase was due in part to a significantly higher contribution from New Hope Corporation.

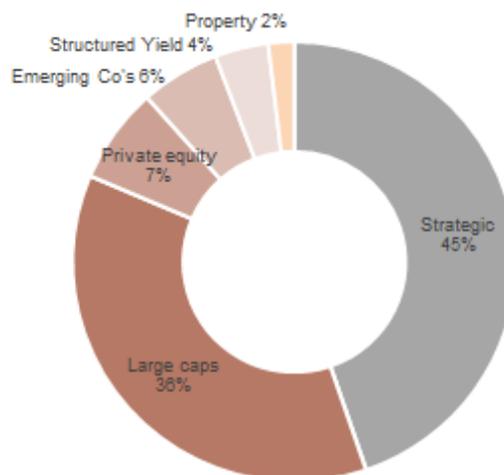
During the period cash dividends of \$61 million were received, up 5% on the prior year.

WHSP Assets

WHSP holds a diversified portfolio of investments. A break-down of WHSP assets as at 31 January 2022 is shown in the chart below.

Strategic investments include significant stakes in a number of listed companies including Brickworks, TPG Telecom, New Hope Corporation and TUAS.

Other assets include a portfolio of ASX listed large cap companies, private equity investments, a portfolio of listed and unlisted emerging companies, structured yield and direct ownership of property.



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. Capable Safety Leadership plays a key role in achieving this at Brickworks, fostering a robust safety culture and a framework for identifying and effectively managing health and safety risks. Continual improvement in health and safety is underpinned by Brickworks Health and Safety Management System, which clearly defines roles, responsibilities, accountabilities, and targets to achieve its health and safety policy commitment. This management system is mature and aligned to ISO 45001.

The welfare of people on Brickworks sites continues to be of paramount importance. Brickworks health and safety strategy encompasses a number of activities which include; assigned safety training for all employees and company contractors, diligently controlled contractor management, with mandatory permit to work, pre-screening and induction processes, Random Alcohol drug and other substance fit for work testing, employee psychosocial health program supported by qualified Mental health first aiders, emergency preparedness procedures reducing safety risks for unplanned events, the presence of safety lead indicator program building safety capacity within Brickworks and a scheduled external safety system audit program to validate the effective application of these safety activities within the business.

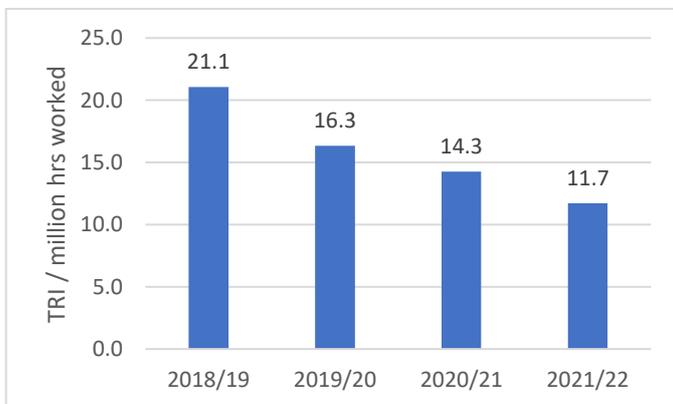
Our 2025 strategy target is for continued reductions in injury rates for company employees, contractors, and others.

SAFETY
Continued reductions in injury rates



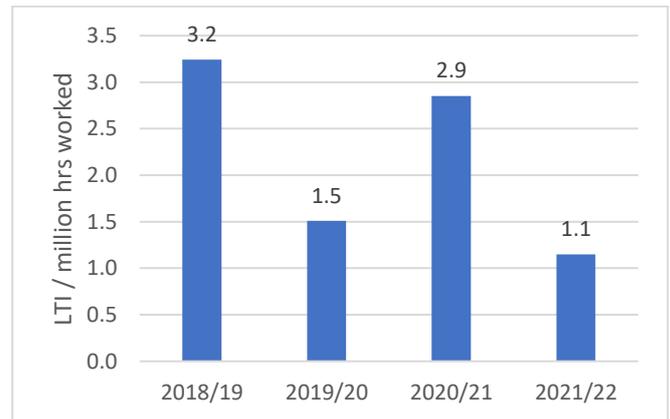
Performance (Group)

Brickworks consolidated total recordable injury frequency rate has improved year on year since the acquisition of the North American operation in December 2018. Total Recordable Injury Frequency Rate (Brickworks)



The total recordable injury frequency rate decreased to 11.7 in FY22 from 14.3 the previous year. This improvement is largely attributable to the implementation of successful Australian health and safety technology and programs into the North American operations.

Lost Time Injury Frequency Rate (Brickworks)



The lost time injury frequency rate also decreased to 1.1 in FY22 from 2.9 the previous year.

Currently contractors are excluded from reported injury frequency rates. Contractor injury frequency rates are in development with a focus on quality and accurate data.

Performance (Australia)

The lost time injury frequency rate for Australian operations FY22 remained in line with the previous year's results. The LTIFR was 0.4. The total recordable injury frequency rate TRIFR was 11.1. This increased marginally from FY21 results.

Brickworks continues with its presence of safety strategy, using lead indicators, targets, and management accountability to drive improved health and safety outcomes. There were over 20,189 eLearning Safety courses completed by company employees and contractors, 474 random alcohol drugs and other substance tests, maintained 197 qualified mental health first aiders and 1,889 workplace inspections undertaken in FY22. Brickworks framework for identifying and effectively managing health and safety risks controlled over 2,126 identified hazards FY22. In addition to this Brickworks has a near miss reporting culture, having a near miss frequency rate NMFR of 20.05 for FY22.

Injury severity for recordable injuries is now categorised into three classes for Brickworks workers; Class 1 being an injury that is permanently life altering, Class 2 temporarily life altering, Class 3 an injury that is not life altering. For Brickworks employees in FY22, there were no class 1 injuries, 23 percent of the total recordable injuries were class 2 with 77 percent being recordable injuries that were not life altering.

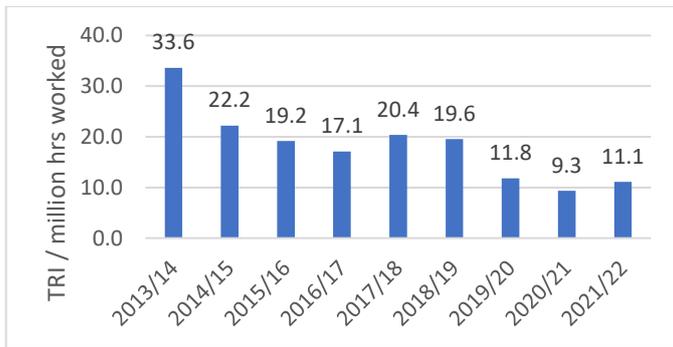
Respirable Dust and Silica

Brickworks has strict controls to manage the risk of respirable dusts and fibres. Worker health monitoring exceeds 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 focus on silica dust controls includes the purchase and use of specialised state of the art respirator fit testing equipment to ensure effective worker respiratory protection.

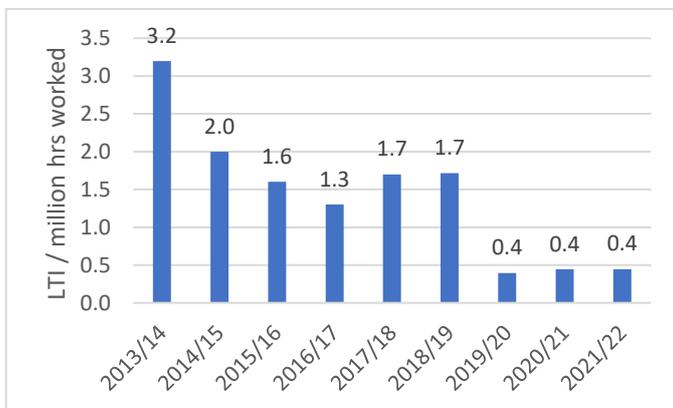
Key Highlights FY2022

- No employee, contractor or bystander fatalities have been recorded over the last 3 years.
- Executive and middle management Health and Safety training and legal briefings
- Computerisation and reporting of health and safety management system Data in Australian and North American operations
- Brickworks building a core competency – Silica and hygiene management
- The growth of the presence of safety program driving safety capacity in Brickworks through visible lead safety indicators

Total Recordable Injury Frequency Rate (Australia)



Lost Time Injury Frequency Rate (Australia)



WHS Cloud Based Software

Brickworks' SHEMS system has now been digitised to three-dimensional online modules, using a cloud based WHS software platform. This moves away from a paper based system that isolates data at a plant level and allows a centralised health and safety risk database.

This central database facilitates advanced data analytics and reporting capabilities, increases record collection including photo attachments and automates action management.

The system has allowed Brickworks to adopt new safety management strategies such as the presence of safety program and knowledge sharing between its Australian and North American operations.

Presence of safety awards

Brickworks has introduced a new safety award that recognises the workplace with the best presence of safety indicators based on our online platform statistics. This encourages our teams to focus on improving their leading safety indicators such as hazard identification and control, safety device checks, safety training, contacts and workplace inspections.

Performance (North America)

The lost time injury frequency rate for North America operations FY22 improved from the previous year's results. The LTIFR was 1.9. The total recordable injury frequency rate TRIFR was 12.3. This was a 69% and 41% improvement on FY21 rates, respectively.

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.

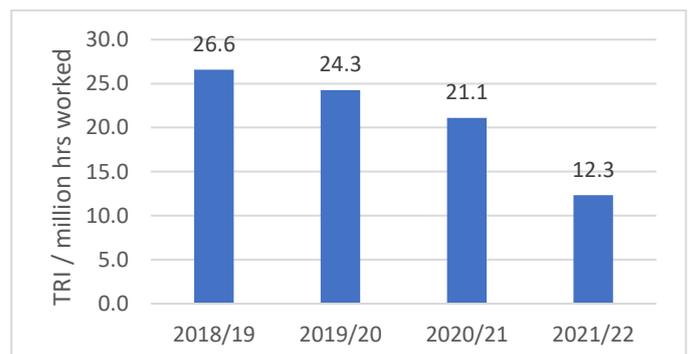
A clear safety roadmap has been established to rollout the management system, which is aligned to ISO 45001, and clearly defines roles, responsibilities, accountabilities and targets. The safety roadmap will support reduced injury rates. A team of people are focused on the integration and progress is reported monthly to the Brickworks Board of Directors.

Significant progress was achieved on the safety roadmap during FY22. The continued rollout of key elements of the Health and Safety Management System resulted in the implementation of the health and safety policy, performance reporting, communication boards, workplace safety committees and programs for health and safety auditing and assessment, orientation, toolbox talks and safety interactions.

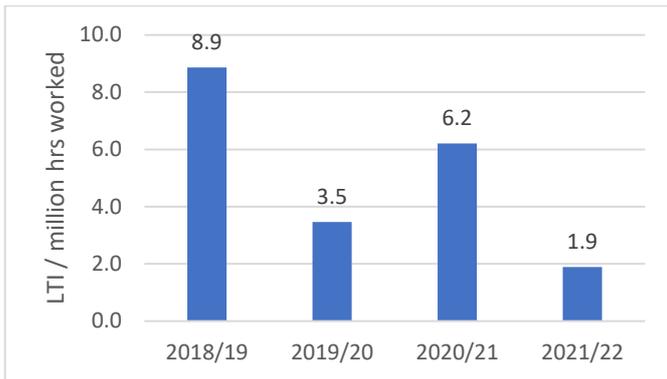
We continued a focus on training in FY22 with our Safety Skills E learning platform launched in February. This allows compliance training to be completed online with courses automatically assigned throughout the year. Our new safety orientation program was also rollout out providing a safety training program for the first five days on the job including assigned mentors and weekly training checks. Safety leadership training was conducted in FY22 and trained 41 new leaders and provided refresher training for 27 leaders.

The Pennsylvania Department of Labor and Industry approved the Application for Certification of the Workplace Safety Committee effective 30 July 2022. The certification of the Pennsylvania safety committee entitles the Company to receive a 5% discount in workers' compensation rates for Pennsylvania factories.

Total Recordable Injury Frequency Rate (North America)



Lost Time Injury Frequency Rate (North America)



Respirable Dust and Silica

We continue to use a third party contractor to conduct silica sampling and we continue to look into controls to reduce silica exposure.

Key Highlights

- ▶ No employee or contractor fatalities recorded FY22
- ▶ Continued focus on harmonizing Brickworks Australia’s successful Health and Safety management systems into North America to reduce injury rates
- ▶ Significant progress was achieved on the safety roadmap during FY22
- ▶ Launched eLearning platform
- ▶ Continuation of management and employee behavioral safety training
- ▶ Commercial driver compliance

OSHA Voluntary Protection Program

The Glen-Gery Shoemakersville Plant was approved for continued site-based participation in the Occupational Safety and Health Administration’s (OSHA) VPP (Voluntary Protection Program) as a STAR participant after undergoing recertification in July 2021. Participants of VPP serve as a role model for other employers, workers, and unions by operating excellent safety and health management programs. Achieving a level of worker protection that goes above and beyond compliance with government regulations is commendable. There are currently only 2,200 work sites in over 400 industries that participate in VPP. The Mid-Atlantic Plant is currently the only Brick Plant holding the VPP Star Status.

Safe + Sound Week

All our North American locations participated in Safe + Sound Week the week of August 9, 2021. Safe + Sound Week is an OSHA nationwide event held each August that recognizes the successes of workplace health and safety programs and offers information and ideas on how to keep America’s workers safe.

Employees participated in toolbox talks, hazard hunts, signed a commitment to working safely, were “caught working safely” and enjoyed a lunch at week’s end where a presentation was given reviewing the 2020-2021 incident statistics as well as the path moving forward to reduce injuries.

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 2022 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 2022 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.	\$250,000 committed to new thermal research with University of Newcastle.	✓✓
 Life Cycle Education We will support design tools, guidance, and information to incorporate life cycle thinking into building design.	Provided 67 continuous professional development sessions resulting in over 808 in person attendees and 18,000 online views.	✓✓
 Sustainable Products By 2025 we will double our volume of products sold in Australia that hold leading sustainable qualities.	Over 6% of product volume in Australia was verified as sustainable by third party labels, expected to increase to 11% this calendar year	✓✓
 Supply Chain Continuing to reduce supply chain risks.	Modern Slavery Roadmap completed.	✓✓
 Governance Business Ethics and Whistle-blower Programs.	Governance programs formalised. Continued annual training.	✓✓✓
 Safety Continue reductions in injury rates.	Injury rates reduced by 43% in Australia and 53% in North America since FY19. Clear safety roadmap for U.S. business.	✓✓
 Engagement Existing target of 100 community engagement activities annually.	100 community engagement activities, meeting our target of 100.	✓✓✓
 Community Support Supporting charities like the Children's Cancer Institute.	\$282,217 contributed to Children's Cancer institute in 2021 calendar year and over \$4.4 million contributions since 2002.	✓
 Diversity and Inclusion Stretch target: 35% female senior executives. Develop and implement a Diversity and Inclusion Strategy.	24% female senior executive in Australia, introduced new company value "Inclusive – connected by diversity."	✓✓
 Carbon Invest in the transition to the hydrogen fuel economy.	Hydrogen feasibility preliminary desktop study completed by Murdoch University. Partnership with Delorean exploring renewable gas options.	✓✓
 Water Reduce potable water use in water stressed areas.	7.5% less mains water usage in Australia v FY21.	✓✓
 Rehabilitation Drive progressive rehabilitation.	270,173m2 land rehabilitated in Australia in FY22.	✓✓✓
 Circular Economy Year on year increase in recycled material use.	47% increase in recycled material use from FY21, 17% recycled content in raw materials in Australia.	✓✓✓
 Emission Control Over \$2 million investment in emission abatement.	Over \$3 million 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 4.2% and natural gas efficiency has improved by 7.0% 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.

Compliance¹³

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.

	FY2022		FY2021	
	Aust.	U.S.	Aust.	U.S.
Prosecutions	0	0	0	0
Penalty Notices	1	1	0	2

Brickworks Compliance Statistics

Incident reporting procedures and training are a central part of the EMS, raising awareness and identifying corrective and preventative actions.

The Australian business received one penalty notice during FY22. Golden Grove Plant received a penalty notice for stack emissions exceeding the post-emission abatement hydrogen fluoride limit in June 2022 resulting in a \$1,094 penalty. This was due to a temporary issue with the hydrogen fluoride pollution abatement scrubber that is now corrected. Focus on pollution control equipment checklists will continue during FY23 and the target remains at zero environmental fines and continued risk reduction.

The North American business received one penalty notice during FY22. Pittsburgh Plant Quarry received a penalty notice for water discharge exceeding the aluminium limit in the third quarter of 2021 as a result of pond capacity and design issues that were not addressed by the previous site owner. The sediment pond cleanout and redesign were required to remedy the issue (refer also to the Water Environmental Program below). These corrective actions were immediately instituted under guidance from the Pennsylvania State Agency and the penalty was reduced from \$2,150 to \$1,850 (USD) and issued in January 2022. The FY2023 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 FY19-FY21, over \$5.6M (AUD) was invested in emissions abatement scrubber equipment installed at Horsley Park Plant 23 and being constructed at Plant 22. This expenditure exceeds the 2025 goal over \$2M (AUD) additional investment in emissions abatement. 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.

The Golden Grove plant has scheduled scrubber refurbishments during a December 2022 shutdown which will also see the scrubber stack extended to improve dispersion of kiln gasses and

reduce odour at ground level as required by the Environment Protection Authority.

An investment of \$1.0M (USD) in upgrades to the North American Pittsburgh Plant kiln pollution control equipment was completed in April 2022. The upgrades have improved the general condition, reliability, and overall operation of the existing pollution control device.

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.

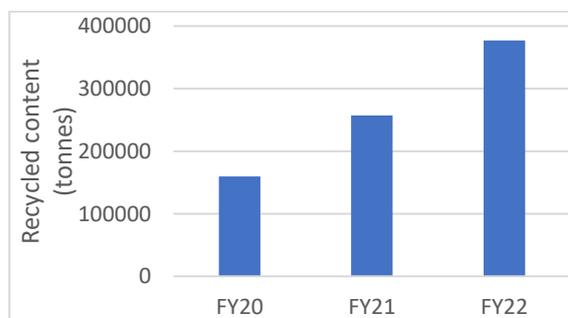


CIRCULAR ECONOMY

Year on year increase in recycled material use

Measured recycled content of Australian building products was 47% higher than the previous year. A total of 377,286 tonnes of recycled material was used in place of raw materials, such as clay and cement. This is approximately 17% of Australian building products total production by weight. A further 13,899 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.



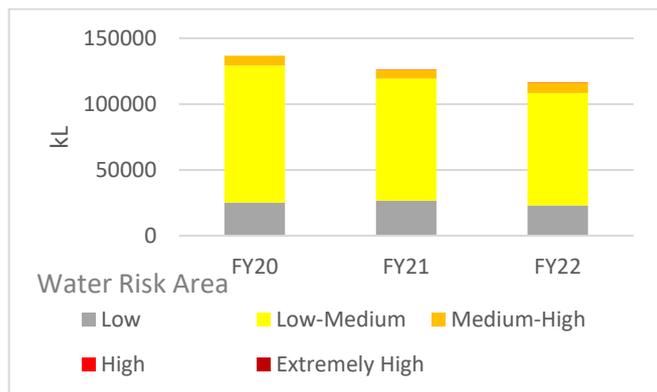
WATER

Reduced potable water use in water stressed areas

Water resource management is most important in water stressed areas. During FY22, 117 ML of potable mains water use was recorded at sites in Australia, a 7.5% decrease compared to the previous year and a 15% decrease since 2020.

¹³ Reported environmental fines and penalties include those received and paid during the reporting year (ending 31 July). Penalties received regarding property notices are excluded.

Total Potable Water Use in Australia by Water Risk Area

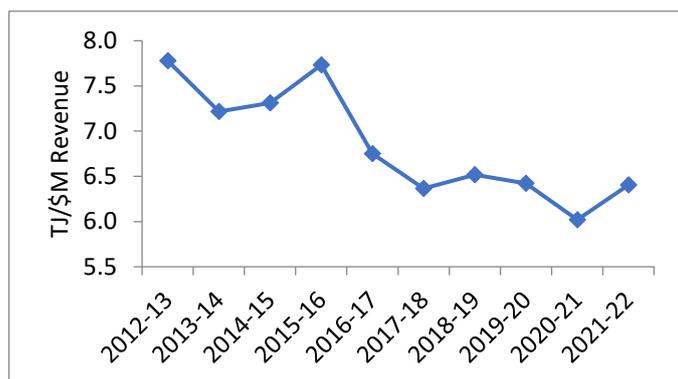


Energy

Brickworks Building Products – Australia

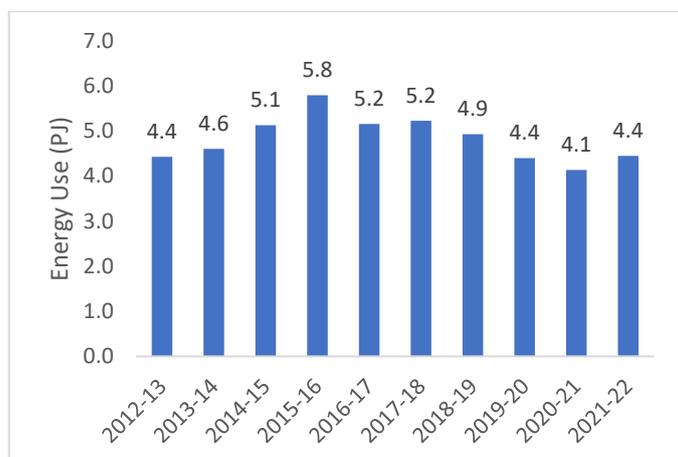
Brickworks continues to reduce energy intensity across the business. Since FY2013, energy intensity (energy consumption vs revenue) has improved by 17.6% in BBP Australia to 6.4 TJ per million dollars (\$AUD) of revenue. Energy intensity increased by 6.4% from FY21, reflecting revenue fluctuations in between FY21 and FY22 due to factors such as product mix.

BBP Australia Energy Intensity (TJ/\$M Revenue)



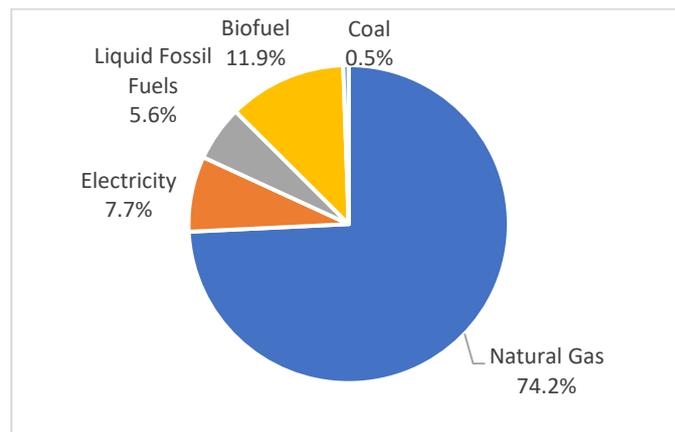
In FY2022, Brickworks Building Products Australia’s (BBP) total energy usage was 4.4PJ, a 7% increase from 4.1PJ the previous year, reflecting increased production volumes.

BBP Australia Total Energy Consumption (PJ)



The majority (74%, 3.3 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 FY2022, alternative biofuels made up 12% of Brickworks’ Australian energy mix, similar to FY2021. Biofuel sources include landfill gas and sawdust. Austral Bricks Horsley Park Plant 21 and 23 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. We continue to investigate ways to increase our biofuels content.

Brickworks Building Products – North America

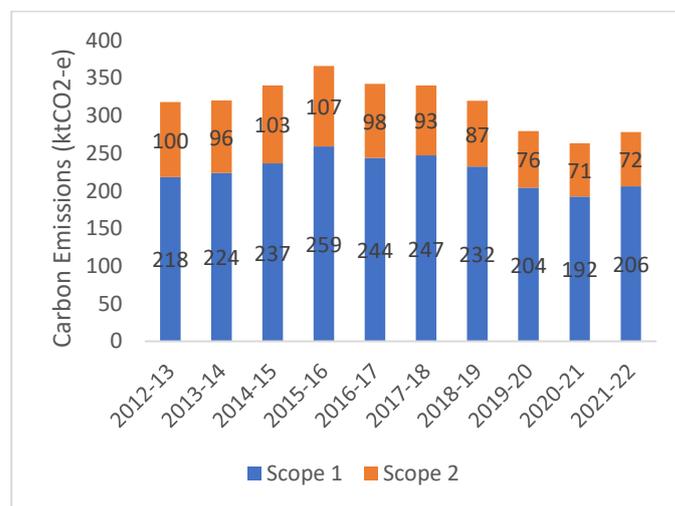
During FY22, energy usage was 2.02PJ across 10 clay brick factories owned by Brickworks were in operation in North America with two factories being retired (York and Caledonia). All North American factories are fuelled by natural gas and contributes to 89% (1.79PJ) of the operation’s energy consumption.

Carbon

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 are for the reporting period 1 July 2020 to 30 June 2021. In FY22, our Australian operations emissions were 206,043 tonne CO₂e (Scope 1) and 72,022 tonne CO₂e (Scope 2), a 5.7% increase on the previous year due to an increase in production.

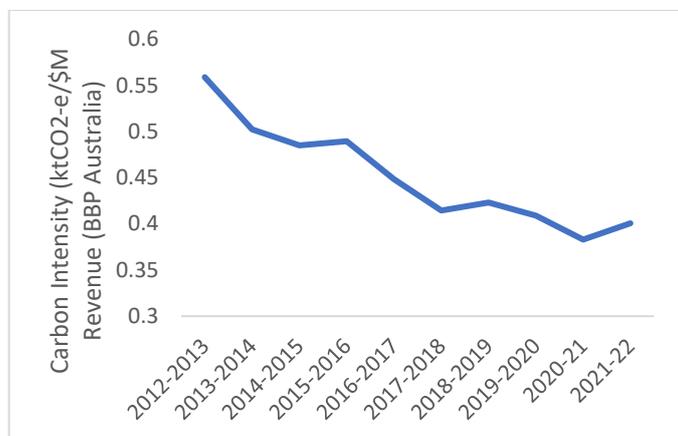
Our North American emissions were 120,675 tonne CO₂e (Scope 1) and 18,040 tonne CO₂e (Scope 2). Site consolidations has led to a 12% decrease in reported Scope 2 emissions. During FY23 greenhouse gas reporting will be expanded to also include all fleet fuels.

BBP Australia Total Carbon Emissions



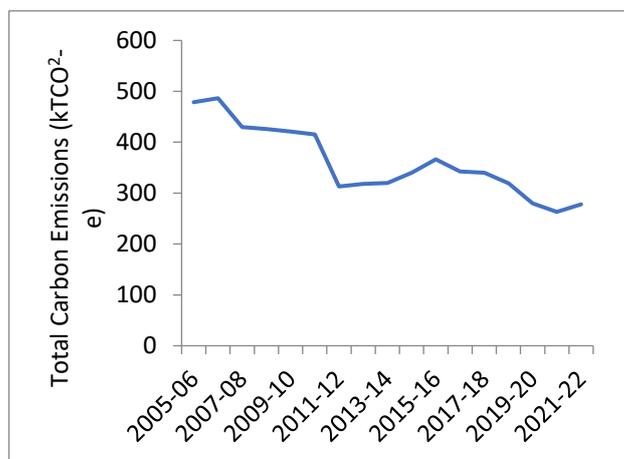
Brickworks continues to reduce energy intensity across the business. Since FY2013, greenhouse gas intensity (greenhouse gas emissions vs revenue) has improved by 28% in BBP Australia to 0.40 ktonne CO₂e per million dollars (\$AUD) of revenue. Carbon intensity for Australia was slightly higher (4.6%) than the previous year, reflecting revenue fluctuations due to factors such as product mix.

BBP Australia Carbon Intensity (ktCO₂-e/\$M Revenue)



Carbon emissions have followed a general downward trend in Australia, with a 42% 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.

BBP Australia Carbon Emissions Since 2005 (ktCO₂-e)



Scope 3 carbon emissions

Brickworks is currently in the process of building a Scope 3 inventory of its material sources including cement. Life-cycle emissions data is currently available for all Australian made clay bricks on request through the Climate Active Carbon Neutral Certification. We have recently published an EPD for Austral Masonry Gympie and we are developing an expanded library of EPD's for our products.

Climate related strategy

Understanding Carbon Risks and Opportunities

We are incrementally adopting the recommendations of the leading carbon risk framework, Task Force on Climate-Related Financial Disclosures (TCFD), such as using climate scenarios to identifying risks and developing climate-related strategy and programs. Our first TCFD Statement was externally validated then

published on our website in February 2022 and we will continue to report on progress updates.

During FY22, we continued our approach to a low carbon future as set out in a Low Emission Technology Statement, which can be downloaded from www.brickworks.com.au/sustainability

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.

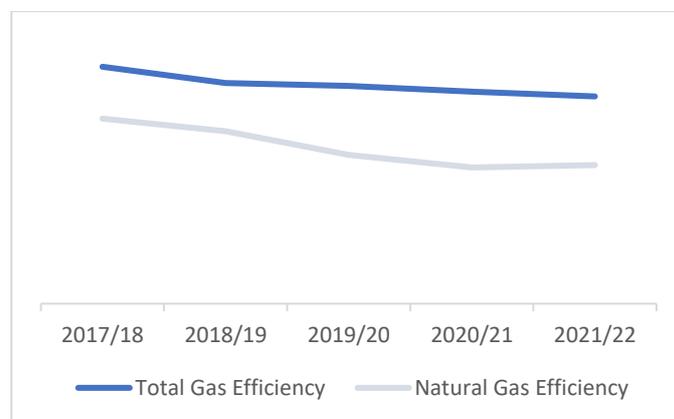
FY2018 marked the start of a strategic 10-year investment vision to drive energy efficiency across Australia. By 2030, major plant upgrades are expected to improve total gas efficiency across Austral Bricks Australia by stretch target 10%, based on FY2018 levels.



ENERGY EFFICIENCY
Stretch target: 10% increase in gas efficiency at Austral Bricks plant by 2030
Baseline FY18

During FY19, the Austral Bricks Horsley Park Plant 22 kiln was shut down in preparation for an upgrade to a state of the art brick manufacturing facility. Plant 22 is expected to commence commissioning in FY23. 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 4.18% since FY18. Natural gas efficiency has improved by 7.05% since FY18.

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

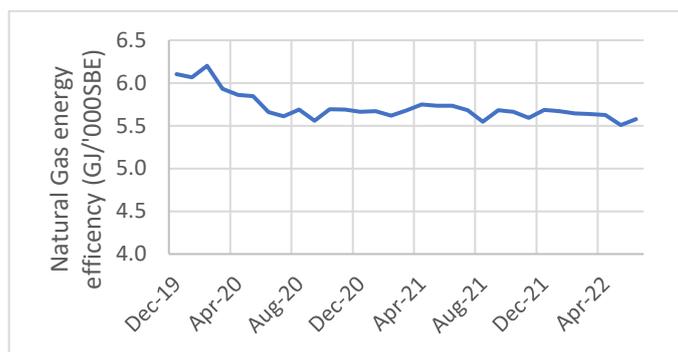


Continued investment into energy efficiency and recovery has improved many Austral Bricks kilns to exceed international leading energy efficiency benchmarks. Strategic focus areas include opportunities to upgrade remaining kilns.

Site consolidations in North America moves production to more efficient factories. Pre-rationalization, Glen-Gery, Redland and Sioux City operated 15 factories at less than 50% of capacity with an average kiln age of 42 years.

Closure and consolidations of the much older and less fuel-efficient factories has resulted in eight factories operating at 84% of capacity with an average kiln age of approximately 24 years. This has led to an 8.6% improvement in gas efficiency from the 2019 calendar year to FY22.

BBP North America Natural Gas Efficiency 12 month rolling average



Alternative Energy and Biofuels Strategy

Brickworks has long-since used biogas and sawdust for renewable energy generation. The Alternative Fuels Program saw Brickworks Australia achieve 12% energy use composition of biofuels in FY2022.

We continue to investigate ways to increase our biofuels content. Austral Bricks has partnered with Western Sydney University, Macquarie University and Global renewables to repurpose recovered organic materials as alternative raw materials for brick production.

Brickworks is also assessing the feasibility of a renewable bioenergy facility to be located next to a brick plant in Horsley Park NSW. We have partnered with Delorean Corporation to undertake a comprehensive feasibility assessment on the development of an anaerobic digestion facility that converts organic waste into renewable gas.

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.



CARBON
Invest in the transition to the hydrogen fuel economy

Brickworks is investing in the transition to a hydrogen fuel economy through desktop and lab-scale trials, in partnership with Murdoch University. In FY22 a preliminary desktop study was completed by Murdoch University to understand the effect of and ability to use hydrogen in the brickmaking process. This study identified plant infrastructure considerations under multiple scenarios for hydrogen use.

Brickworks has joined with AGL Energy and other South Australian and major natural gas buyers such to examine a potential green hydrogen plant in South Australia that could serve domestic and export markets with clean fuel. The study is one of several early-stage proposals AGL Energy are completing for large-scale green hydrogen production around Australia.

Renewable Electricity

Our Rockhampton and Sydney Oakdale masonry sites now have solar generation capacity. 55.5kW of solar was installed and commissioned at our Rockhampton plant in February 2022, reducing our scope 2 emissions for this site by 14%. The 113kW and 240kW solar systems for Oakdale were installed prior to commencing manufacturing, reducing our scope 2 emissions by 16% from the outset.

In Victoria, we are now progressing with surveys and preparation for 1.7MW solar power generation capacity at our major Wollert brick facility.

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.

The area of progressive rehabilitation completed in Australia in FY22 was 50,173m². Progressive rehabilitation is driven across the business by adding available land reviews to annual rehabilitation planning.

End of life rehabilitation in the form of recontouring and redevelopment was also completed over an area of 220,000 m² at the Horsley Park Plant 23 quarry in New South Wales to create the new Oakdale East industrial site.

We have significant experience in rehabilitating our sites. Many of our quarries are located in centralised urban areas and are often transferred into the Property Trust Joint Venture with Goodman at end of life for final rehabilitation into industrial estates. Where possible, we aim to enhance the local environment through initiatives such as land rehabilitation, water sensitive urban design, green corridors and using native species in landscaping.



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 FY22, we completed 100 recorded community activities. 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



Customer focused sustainable product portfolio

As enablers of safe, resilient and sustainable buildings, at Brickworks, we see a strong future for bricks, masonry, rooftiles and precast. Our bricks and concrete products are manufactured to provide resilience. They are durable, fire-proof, contain thermal mass for energy efficient design, excellent acoustic properties, and no indoor air emissions (VOCs); and our clay bricks hold a 100-year guarantee.

During FY22, 6% of product volume in Australia was verified as sustainable by third party labels and is expected to increase to 11% this calendar year. We are continuing to verify our sustainable products and have identified 57% of the product volume in our Australian portfolio have environmental or social benefits. There is also a range of opportunities across our North American products. Further information of the environmental or social benefits of these products is provided in the Sustainability Report.

Measured recycled content of Australian building products was 47% higher than the previous year. This is approximately 17% of Australian building products total production by weight.

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, so that they can reach their ultimate goal of one day curing every child of 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 \$4.4 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 2021 calendar year and the team at Brickworks raised \$282, 217, helping CCI move closer to achieving the vision of curing all children with cancer.

One of the highlights for early 2022, was the ‘86k for a Cure’ campaign that had teams in every state and 55 staff focussing on their wellbeing and getting active by walking or running 86k in March and also fundraising an incredible \$50,044.

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. 2021 saw the Brickworks staff contribute an amazing \$53, 232 through the Casual Friday program with Brickworks matching this doubling the donation and impact.



COMMUNITY SUPPORT

Supporting charities like Children’s Cancer Institute



Brickworks staff offer their time and efforts to drive a range of fundraising activities for CCI, including the Diamond Ball, CEO Dare to Cure 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 during the COVID-19 pandemic.

Our People

COVID-19 Response

Brickworks has monitored the coronavirus disease (COVID-19) since January 2020, acting with caution and following stringent health advice from company doctors and government health orders. 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, enabling the company to act swiftly to manage this pandemic threat.

Remote working in response to COVID-19 has been effective across the business. Work from home risk assessments were undertaken to ensure the safety of remote working employees. 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.

Further COVID-19 Response Australia

During FY22, 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 implemented at all Brickworks sites providing an additional level of worker safety.

During FY22, positive COVID-19 cases were identified and controlled on Australian Brickworks sites.

Further COVID-19 Response North America

In North America, COVID-19 has affected staff, with 1037 staff absences recording 402 positive employee COVID-19 cases since the start of the pandemic. We continue to complete daily temperature checks and remain current with Centers for Disease Control and Prevention guidelines for isolation and quarantine.

Our Workplace Australia and US

Key Employment Data	Australia	US
Total Workforce	1187	932
Total female breakdown	25% (up from 23% in FY21)**	22% (up from 20% in FY21)
Female Senior Executives	26.5% (down from 28% in FY21)**	21%
Average age of employees	43.5	45.9
Employees aged 50 and over	35%	42.3%
Average length of service	9.4 years	11.3 years

Workplace Profile	Aus. Total**	Aus. Female*, **	US Total	US Female*
Management	21%	23%	21%	27%
Professionals	7%	37%	3%	31%
Tech/Trades	17%	6%	1%	0%
Administration	14%	75%	16%	66%
Sales	9%	52%	6%	18%
Operators/ Labourers	32%	3%	53%	8%

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

** from WGEA data 2022

Culture and Engagement

At Brickworks, we continue to focus on the culture of our people with the "We are Brickworks" Values and behaviours. During FY22, our values were refreshed with new employees from a variety of backgrounds and divisions. We introduced a new value of Inclusive – connected by diversity and North America launched the 'WE ARE BRICKWORKS' Values and Behaviors across our sites in the United States.

Fostering our culture by embracing our uniqueness, and creating an environment where everyone feels welcomed, heard and respected, is important to us. In turn, our globally inclusive culture inspires and empowers all of us to unite, belong and grow.

Inclusion cultivates and preserves the bond between our colleagues, customers and partners and recognises the strength in our differences. We believe diversity of thought provides us with the opportunity to transform and accelerate change within our company, industry and the communities we serve.

Employee Retention

Employee retention continues to be a strong focus across the company. A tough labour market has seen an increase in demand in talent across all industries. Our renewed focus on our employee value proposition has inspired us to commence implementation of an employee engagement survey platform to promote an open feedback culture.

Real time survey results will be available for managers to view, and respond to individual comments. Results are obtained across a number of key metrics to holistically measure our employees' engagement.

Employee Turnover	Aus. FY21	Aus. FY22*	North America FY21	North America FY22*
Voluntary	13%	16%	32%	33.5%
Total	17%	18%	42%	46%

Brickworks Australia FY22 employee voluntary turnover (resignations and retirement) was 16%, with a total turnover of 18%. Brickworks monitors employee retention numbers and exit survey data is regularly reviewed to ensure our employee value proposition is aligned with the feedback from our employees.

Brickworks North America employee voluntary turnover was 33.5%, with a total turnover of 46%. The FY22 employee turnover increase was driven by two factors. In the first quarter, labor market competition drove higher than normal voluntary turnover in employees with less than one month of hire and one year of hire. In addition, the plant closures of York and Caledonia were contributing factors to the increase in overall turnover.

The North American business has developed a strategy to address retention concerns in FY23. The strategy includes: market competitive compensation and incentives adjustments; financial support for education in the skilled trades; flexible work schedules where appropriate; and employee culture and engagement survey launch.

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.

North America launched its second cohort of the Graduate Program, The Brew Crew, designed to encourage company awareness, support professional and personal skill development, and promote organisational engagement. The first cohort entered the second phase of the program, Brew Masters, to continue their professional development with the company. The Brew Crew and Brew Masters consist of emerging professionals, under the age of 25, who are 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 FY21 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.

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 FY21 with a stronger focus on sexual harassment. Training and education is provided on the policy. The Board is notified of complaints and non-compliances against the policy including incidence of sexist behaviour.

Advancing our inclusive culture

Brickworks recognises that sustaining a strong culture, driven by the diversity and inclusion of our people, is critical to our long-term success. For that reason, the Diversity Council, led by the Managing Director, sets our strategic approach and overseeing our Diversity targets towards our stretch target of 35% female senior executives in Australia by 2025.

Unfortunately, in FY22 we saw a decrease in female senior executive representation from 28.1% to 24%, and 21% in North America, which was influenced in part by interruptions relating to the COVID pandemic. Our continued our focus on attracting more women into the business saw an increase of 2% in Australia and North America, building a critical future pipeline.

Our Diversity and Inclusion 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.

International Women’s Day 2022

Brickworks celebrated International Women’s Day on 8th March with guest speaker Lisa McInnes-Smith. Lisa is in the top echelon of corporate speakers and has presented to more than one million people across twenty-two countries and authored seven bestselling books. Brickworks honoured this year’s theme of #BreakTheBias by encouraging participation from all employees, men and women, in support of our newest value, Inclusive. Lisa drew from her own personal experience and delivered universal take away messages for all to model in day-to-day life, both at work and in the home. A diverse group of management and staff across the organisation were invited to reflect on what International Women’s Day meant to them.



Photos: international women’s day

Collective Bargaining Agreements (CBAs)

A total of 74 % of wages employees in Australia are covered by a collective bargaining agreement and 35 % of agreements are union based. There has been a shift over the last few years of employees seeking non-union agreements with the Company.

Employees at the Brickworks North America Sergeant Bluff, IA plant voted to decertify the union reducing the number of union plants to 5. The number of non-union plants remained at 4 due to the closure of the Caledonia plant. During FY22, one collective bargaining agreement was successfully negotiated and executed at the Mid-Atlantic Plant.

With the purchase of the IBC/Southfield distribution business, North America assumed 6 CBA’s, covering 9 yard locations, consisting of 40 truck drivers and yard workers. During FY22, two CBA’s were successfully negotiated and executed at the Naperville and Chicago, IL locations.

There are 486 labour and distribution employees in the North American manufacturing plants and distribution yards. Of those, 62% 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 ¹	North America ²
Collective Bargaining Agreement	74 %	62%
No Agreement	26 %	38%

Composition of Collective Bargaining Agreements

Union Based	35%	100%
Non-Union Based	65%	0%

- 1 Wages Employees Australia
- 2 Labour / Distribution Employees North America

Compliance

A number of Fair Work conciliations have resulted in settlements, with no fines or non-monetary sanctions received in FY22.

Board of Directors

Robert D. Millner FAICD

Chairman | Director since 1997 (25 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
- ▶ Aeris Resources Limited
- ▶ Apex Healthcare Berhad
- ▶ New Hope Corporation Ltd
- ▶ TPG Telecom Ltd
- ▶ BKI Investment Company Ltd
- ▶ Tuas Limited

During the last 3 years, Mr Millner also held listed company directorships in:

- ▶ Milton Corporation Limited (resigning October 2021)
- ▶ Australian Pharmaceutical Industries Ltd (resigning July 2020)
- ▶ TPG Corporation Limited (resigning July 2020)

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

Managing Director | Since 2000 (22 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. 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.

Michael J. Millner MAICD

Deputy Chairman | Director since 1998 (24 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).

The Hon. Robert J. Webster MAICD

Non-executive Director | Director since 2001 (21 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 and the Audit and Risk 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 2014 (8 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 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 and was appointed as a member of the Takeovers Panel in March 2022.

Mrs Page holds directorships in the following listed companies:

- ▶ Pandal 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).

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

Non-executive Director | Director since 2020 (2.5 years)

Ms Stubbs was appointed to the Board in 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 and the Audit & Risk Committee.

Ms Stubbs holds a listed company directorship in Inghams Group Limited. She is also currently a director of HMC Funds Management Limited (as the responsible entity of the HomeCo Daily Needs REIT).

During the last 3 years, Ms Stubbs also held listed company directorships in:

- ▶ InvoCare Limited (resigning in February 2021)
- ▶ Aventus Group (which merged with HomeCo Daily Needs REIT in March 2022).

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

Non-executive Director | Director since 2019 (3 years)

Mr Bunday was appointed to the Board in October 2019.

Mr Bunday 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 Bunday 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 and a member of the Nomination Committee and the Audit and Risk Committee.

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

Executive Management

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

Managing Director | Since 2000 (22 years), joined the Company in 1985.

Refer to Board of Directors, page 32.

Grant Douglas Hons BComp; CA; GAICD

Chief Financial Officer

Mr Douglas was appointed on 29 August 2022 to replace Robert Bakewell as Chief Financial Officer.

Mr. Douglas is a Chartered Accountant with extensive international experience in both professional services and senior finance leadership roles focused on listed Australian and international companies. Grant joined Brickworks in 2011 and has worked across multiple senior finance roles in Australia and as Executive Vice President – Finance for Brickworks Building Products – North America from 2018 to 2022, where he was integral in the establishment and growth of the North American business. He is responsible for all financial operations of the business including group accounting and taxation, treasury, banking and finance and investor relations.

Robert Bakewell B.Comm; CA

Chief Financial Officer

Mr Bakewell will leave Brickworks on 28 February 2023 after 6 months' notice.

Mr Bakewell was appointed Chief Financial Officer in June 2016. He is a chartered accountant with more than 37 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.

Megan has over 25 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.

Susan is admitted to practice in NSW and has over 17 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.

Mark Ellenor B.Bus

Executive General Manager Building Products

Mr Ellenor was appointed to the position of Executive General Manager, Building Products in August 2022.

Mark started with Austral Bricks in the graduate program in 1999 and progressed to hold various General Manager roles in Australia including Group General Manager Austral Bricks and Bristle Roofing.

In 2018, Mr. Ellenor was appointed President – Brickworks Building Products North America and relocated to the United States following the acquisition of Glen Gery. Mark was instrumental in the leadership and successful integration and growth of Brickworks in North America.

Now based in Philadelphia, Mark has operational responsibility across Brickworks Building Products Australia and USA.

Mark has completed the Stanford Executive Program.

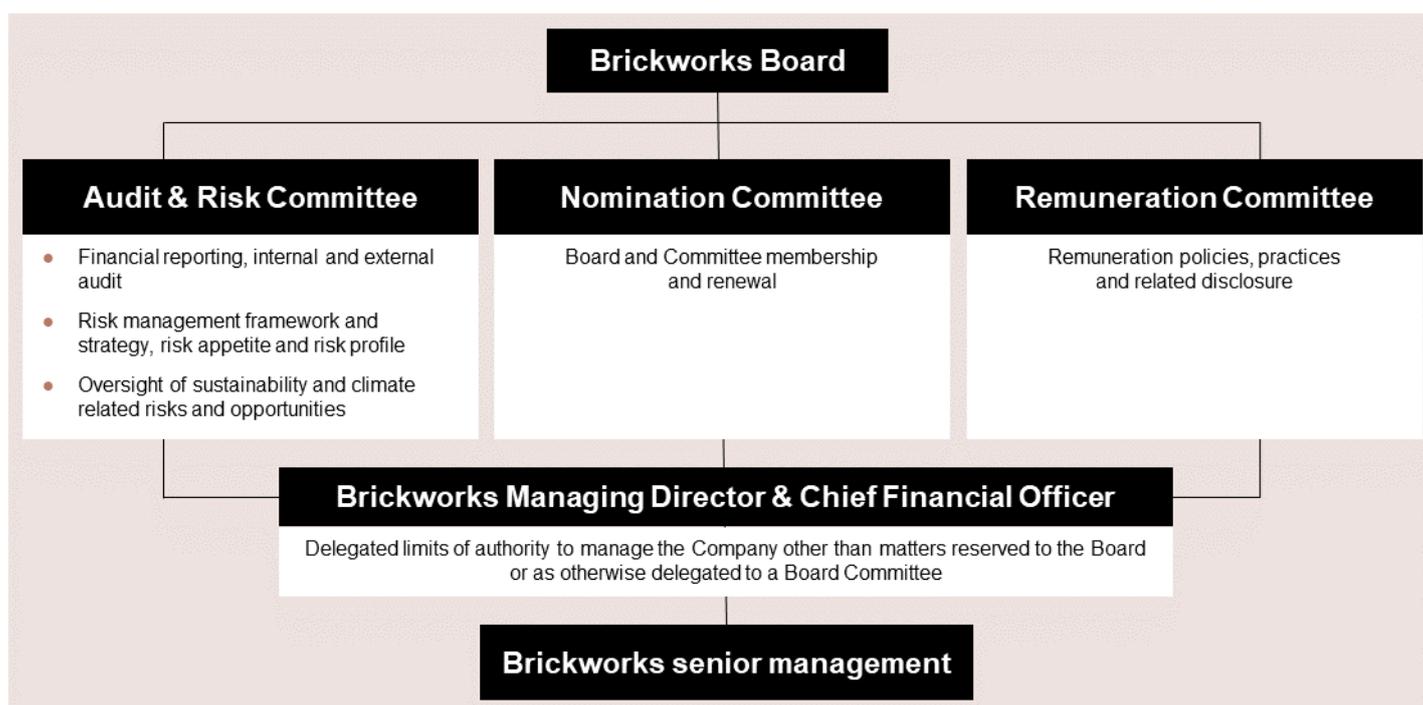
Corporate

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 2022, there were 12 full meetings of the Board.

Board Committees

The Board has established three permanent Committees to assist in the execution of its responsibilities. The current permanent Committees are the Audit & Risk Committee, the Nomination Committee and the Remuneration 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 Deloitte.
- ▶ 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 2022.

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. Bunday** B.Bus (Accounting), GAICD
- ▶ **Robyn N. Stubbs** B.Bus, M.Sc., GAICD

Each Director's experience and special responsibilities are set out on pages 32 to 33 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
- ▶ Aeris Resources Ltd Appointed July 2022
- ▶ Apex Healthcare Berhad since 2000
- ▶ 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
- ▶ Pental Group Ltd since 2014
- ▶ Service Stream Ltd since 2010
- ▶ Growthpoint Properties Australia Ltd since 2021

Robyn N. Stubbs

- ▶ Inghams Group Limited since 2021
- ▶ Invocare Limited Appointed 2017
Resigned 2021
- ▶ Aventus Group Appointed 2015
(merged with HomeCo Daily Needs REIT) Ceased 2022

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 2022 of the Brickworks Group after income tax expense, amounted to \$854,391,000 compared with \$239,163,000 for the previous year.

Dividends

The Directors recommend that the following final dividend be declared:

Ordinary shareholders – 41 cents per share (fully franked)

The record date for the final ordinary dividend will be 2 November 2022, with payment being made on 23 November 2022.

Dividends paid during the financial year ended 31 July 2022 were:

- (a) Final 2021 ordinary dividend of 40 cents per share (fully franked) paid on 24 November 2021 (2020: 39 cents).
- (b) Interim 2022 ordinary dividend of 22 cents per share (fully franked) paid on 3 May 2022 (2021: 21 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 18 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

No 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.

Sustainability

We continue to improve our sustainability performance, delivering a positive impact for our stakeholders. In FY20, 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 2022 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), publishing a TCFD Statement in early 2022, available at www.brickworks.com.au.

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-compliance 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 22 to 27.

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 Australian operations, Santos supplies gas under a long-term agreement, and the energy division manages the day-to-day wholesale market risks. The North American operations have long-term gas contracts in place. 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 16 percent of total employees qualified in Mental Health First Aid.
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	<p>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.</p> <p>Exposure in the United States is significantly more diversified, with approximately 50% of sales to the commercial and multi-residential market.</p>
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.

Risk	Mitigation
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. Brickworks employs its own occupational hygienists (2 hygienists, situated in Melbourne and Brisbane covering Brickworks nationally) to manage this important area. A rigorous monitoring and testing program has been implemented following government regulations.
Market Risk - deteriorating market conditions	<p>The Group is investing in geographic expansion into new markets in the US and product diversification, cost control and continuous improvement of business.</p> <p>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.</p>
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 9 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 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, our first TCFD Statement was released. The Group has established a gas efficiency target and an alternate fuels program that considers emerging energy sources such as biogas and hydrogen. 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 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 Natural Resources 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:	12	3	2	4	1
Number attended:					
R D Millner	12	N/A	2	3	N/A
M J Millner	12	N/A	2	4	N/A
L R Partridge	12	N/A	N/A	N/A	1
D R Page	12	3	2	4	1
R J Webster	12	3	2	4	1
M P Bunday	12	3	2	4	1
R N Stubbs	12	3	2	3	1

Directors Interests

As at 31 July 2022, Directors had the following relevant interests in Brickworks shares:

	Ordinary Shares
R D Millner	4,817,967
M J Millner	4,797,141
L R Partridge	194,711*
D R Page	17,400
R J Webster	15,922
M P Bunday	1,170
R N Stubbs	1,000

* In addition, Lindsay Partridge has been allocated 115,449 ERP awards on terms subject to performance criteria outlined in the remuneration report.

As at 31 July 2022, 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 2022 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 11.7 at 31 July 2022 from 14.3 at 31 July 2021 as we continue to target a reduction of injury rates year on year.

The COVID-19 pandemic continued creating 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.

Operational and Financial Performance

Brickworks had another year of strong performance in FY 2022 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:

- a successful integration of the Illinois Brick Company ("IBC") acquired in North America in August 2021
- commissioning of the Austral Masonry Oakdale East grey block plant in New South Wales
- a finalisation of the new ERP implementation in Australia
- completion of new facilities within the Property Trust, including the state-of-the-art Amazon warehouse at Oakdale West in December 2021. A substantial progress was achieved in respect of other developments at Oakdale West (including the Coles facility) which were deemed to be greater than 80% complete at 31 July 2022.
- establishment of Brickworks Manufacturing Trust, a new Joint Venture manufacturing property trust with Goodman Group involving a portfolio of 15 manufacturing plants, tenanted by the Group's Australian Building Products businesses. A successful completion of this transaction allowed the Group to realise value for shareholders and capitalise on the strong growth in industrial land values in recent years.

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 \$47.8 million in FY2021 to \$152.9 million in FY2022. The annual FY22 EBIT from continuing operations included an amount of \$89.1 million representing a gain on sale of assets to the Brickworks Manufacturing Trust.
- The annual EBIT (before significant items) generated by the Property division in Australia has significantly increased from \$252.7 million in FY2021 to \$643.7 million in FY2022. This included a development profit of \$387.0 million and revaluation gains of \$227.4 million.
- The annual EBIT (before significant items) generated by Brickworks North America has increased from \$8.5 million in FY2021 to \$24.9 million in FY2022. This included an EBIT of \$13.2 million arising in respect of Property transactions (2021: \$9.9 million).
- The Underlying Shareholder Return on NTA – excluding equity accounting investment in WHSP - demonstrates an increase from FY2021 to FY2022 from 20.3% to 47.1%
- Statutory Group NPAT (after significant items) in FY2022 amounted to \$854.4 million compared to \$239.2 million in FY2021. The current year NPAT included a net one-off gain of \$271.1 million arising in respect of the WHSP-Milton merger and the resulting gain on deemed disposal for Brickworks.

Capital Management

- The Group operating cash flow for the year ended 31 July 2022 amounted to \$130.5 million compared to the prior year operating cash flow of \$139.8 million. A successful establishment of Brickworks Manufacturing Trust resulted in cash proceeds of \$198.3 million (net of stamp and transfer duties payable). Property sales in North America contributed \$18.1 million.
- 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 2022 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 12.1%, Leverage Ratio at 1.66x and Interest Cover at 12.97x. During the financial year ended 31 July 2022 Brickworks increased its dividend from 61.0 to 63.0 cents per share (3.3% 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 FY2022

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 2022 financial year included:

Executive fixed remuneration

The CEO and CFO fixed remuneration remained unchanged for FY2022.

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 160.2% of the target annual STI opportunity. With the STI cash incentive capped at 50% of total fixed remuneration the remaining amount of \$137,301 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 FY2022 after approval from shareholders the Board awarded an LTI of 75% of fixed remuneration to the Managing Director and 60% of fixed remuneration to the CFO to be tested against absolute and relative TSR measures between 1 August 2021 to 31 July 2024;
- ▶ 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 was tested on 31 July 2022.
 - The Absolute TSR Performance over a 3-year period (for testing historical allocations) was 11.1% p.a. As this rate of return was higher than a threshold of 8% p.a. required for 100% vesting, all awards tested under the Absolute TSR test have vested.
 - Relative TSR Performance over this period (for testing of historical allocations) placed Brickworks at the 71st percentile of the S&P ASX 200 constituents. As this ranking is higher than the 60th percentile threshold for 100% vesting, all awards under the Relative TSR test have vested.
- ▶ **Long term incentives (Historical LTI Plan):** Independent assessment of the historical performance of share allocations made to the MD and CFO in 2017 and 2018 which were eligible for testing at 31 July 2022 established the following:
 - The Absolute TSR Performance (for testing of historical allocations) was 14.5%. Relative TSR Performance (for testing of historical allocations) was at 138% 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 2022 vesting.

Remuneration in FY2022 and FY2023

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.

MD and CFO

Remuneration Structure	MD FY2022	CFO FY2022
Total Fixed Remuneration (TFR) (including car allowance and superannuation and other non-monetary benefits)	\$1,577,185	\$830,428
Short Term Incentive	75% of TFR at target 90% of TFR at maximum	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	60% of TFR

For the Managing Director and CFO, a 5% salary increase (inclusive of 0.5% increase in superannuation guarantee levy) came into effect from 1 July 2022.

Other Executives

For other executives, salary increases by an overall average of 5% (inclusive of the 0.5% increase in the superannuation guarantee levy) will apply for FY2023 with effect from 1 July 2022.

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 resolved to increase non-executive director fees by 5% (inclusive of the 0.5% increase in the superannuation guarantee levy) in FY2022. Together with a \$5,000 increase in the fees for each of the Remuneration Committee Chair and the Audit & Risk Committee Chair this represents a total increase of \$63,238 in non-executive director fees compared to the fees paid to current directors in FY2022. The current shareholder approved non-executive director fee pool is \$1.3m. The Company proposes to seek shareholder approval at the 2022 AGM to increase the maximum aggregate amount of fees that may be paid to all non-executive directors by \$200,000 per annum to \$1,500,000 per annum. The increase in the non-executive Directors' fees will also allow for reasonable increases in fees over future years without requiring ongoing shareholder approval.

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.

A handwritten signature in blue ink, appearing to read 'M. Bunday', is positioned above a thin horizontal line.

Malcolm Bunday
Remuneration Committee Chair

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 2021 AGM with 97.3% of votes in favour of the Remuneration Report.

During FY2022 Brickworks reviewed the reports of proxy advisors and engaged with major shareholders and proxy advisors in relation to remuneration matters.

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 AM	Executive Director (Managing Director)
Mrs D. Page AM	Non-executive Director
The Hon. R. Webster	Non-executive Director
Mr M. Bunday	Non-executive Director
Mrs R. Stubbs	Non-executive Director

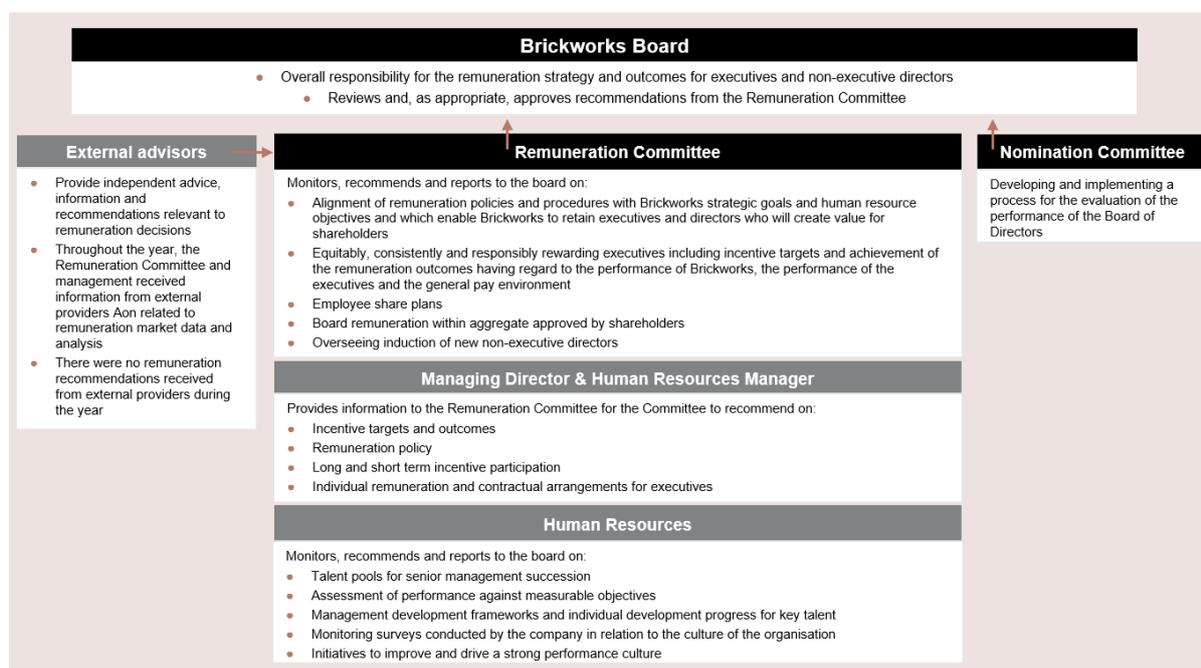
Executives

Mr R. Bakewell	Chief Financial Officer ¹
Ms M. Kublins	Executive General Manager – Property & Development

¹ On 29 August 2022 it was announced that Mr Robert Bakewell will leave Brickworks on 28 February 2023. He will be replaced by Mr Grant Douglas who was appointed the Chief Financial Officer on 29 August 2022 and is considered a KMP from the date.

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.



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

The Committee is chaired by Malcolm Bunday 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 \$11,000.
- 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, Bristle Roofing, Austral Precast² and Brickworks North America;
2. the Property Group - exists to maximise the value of surplus land created by the Building Products business, and
3. Investments – includes primarily 26.1% 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 15 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 The Austral Precast FY2022 result is classified as losses on discontinued operations with FY2021 comparatives restated on the same basis.

2. Remuneration components

2.1. Remuneration structure

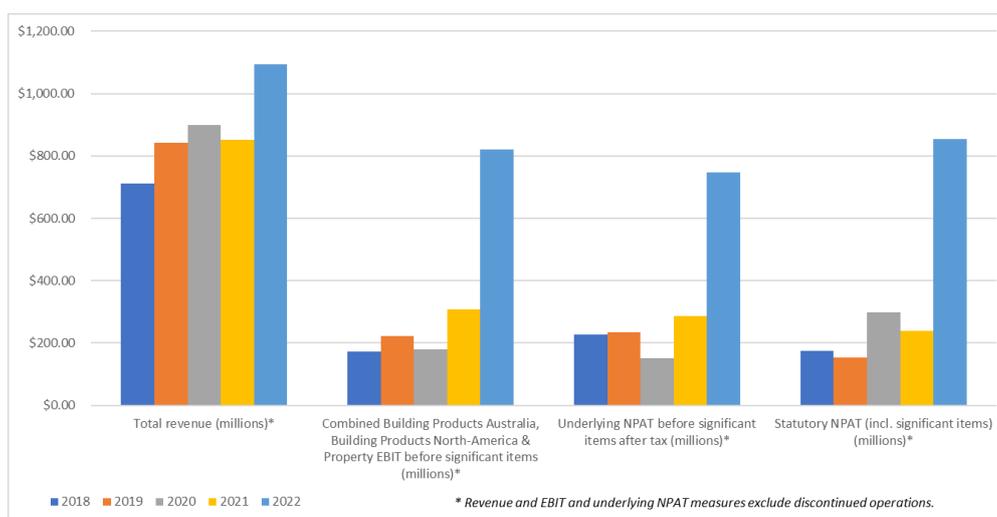
The core elements of Brickworks remuneration structure for the executive KMP are outlined below:

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: <ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Base salary Superannuation Other benefits such as maintained motor vehicles Other eligible salary sacrifice benefits 	<ul style="list-style-type: none"> 100% cash For the MD and CFO 50% deferred into equity for 1 year 	<ul style="list-style-type: none"> 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

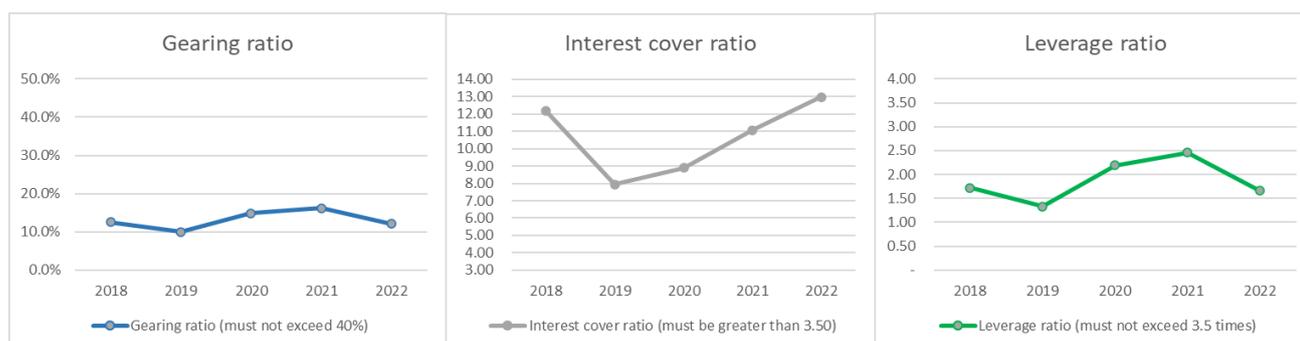
Financial Performance

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 FY2022 amounted to \$854.4 million compared to \$239.2 million in FY2021. The current year NPAT included significant property revaluation gains and development profits of \$614.4 million and a net one-off after-tax gain of \$271.1 million arising primarily in respect of the WHSP-Milton merger and the resulting gain on deemed disposal.

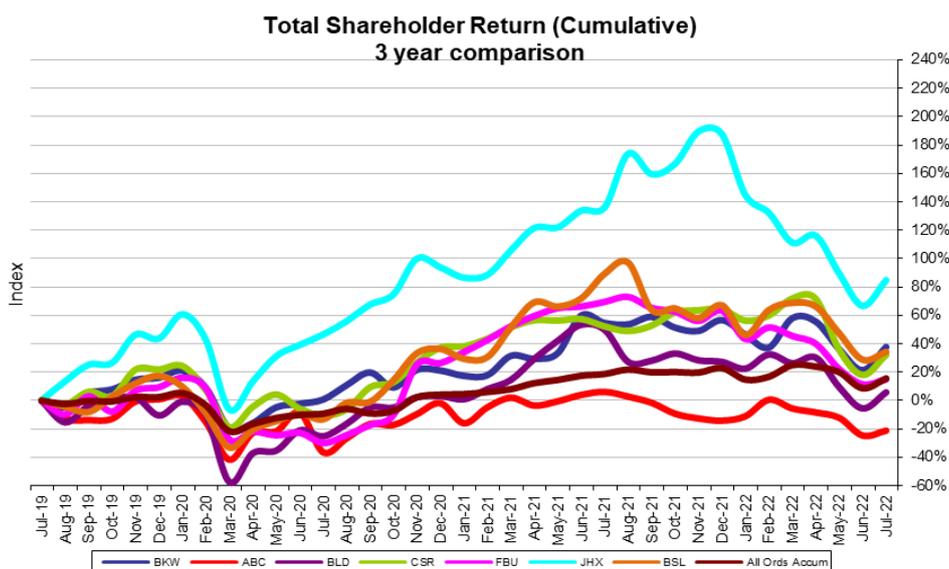
The above graph shows the alignment of LTI outcome with medium to long term financial performance.



Total Shareholder Returns (TSR)

Our diversified portfolio of assets has translated into consistently strong absolute shareholder returns, including a return of 11.3% for the 3-year period to 31 July 2022 compared to a 4.9% 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	(11.0%)	11.3%	13.4%	11.2%	6.5%	9.9%
All Ordinaries Accumulation Index	(2.6%)	4.9%	8.4%	9.6%	5.3%	8.8%
BKW Relative Performance	(8.4%)	6.4%	5.0%	1.6%	1.2%	1.1%



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.



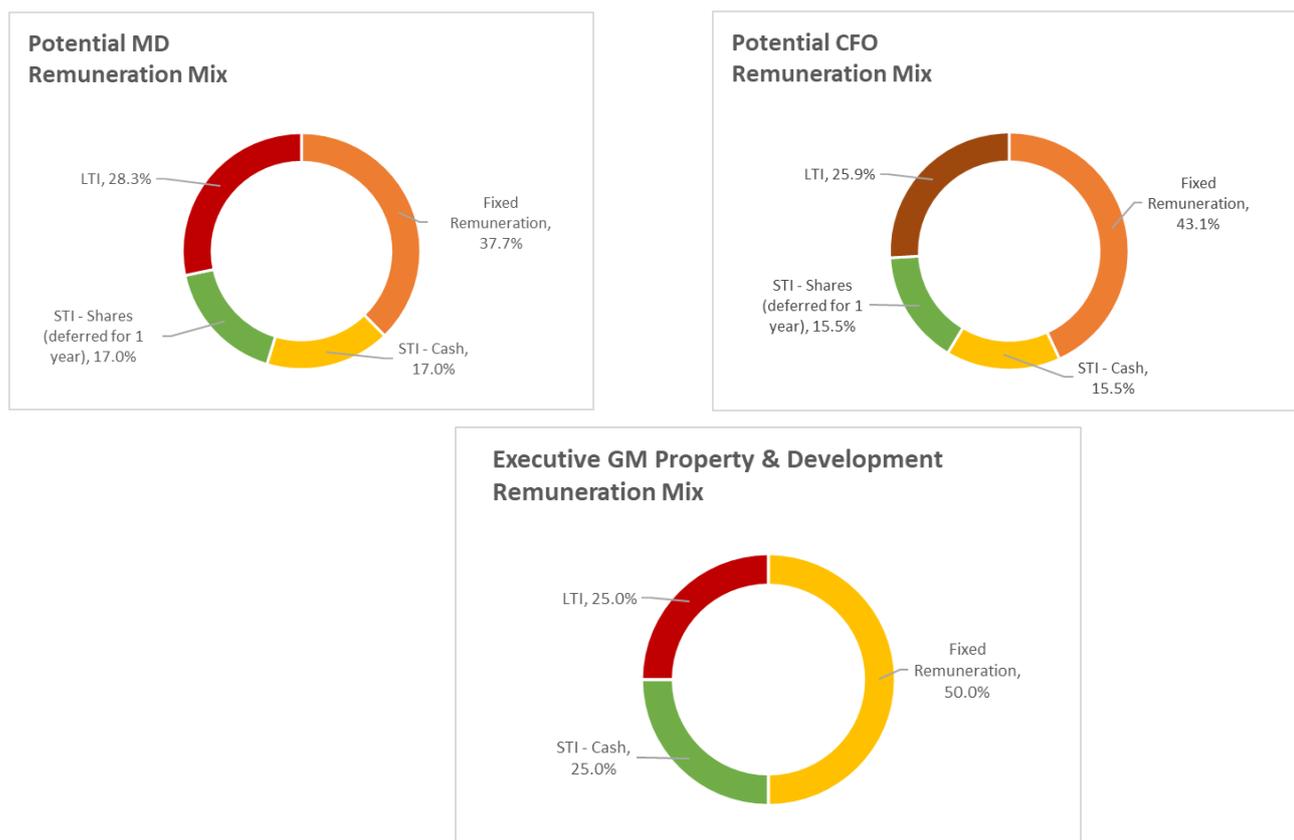
United States

In North America, a significant improvement in productivity measures was observed with Building Products revenue per employee increasing from US\$189,563 in FY2021 to US\$308,612 in FY2022. This was driven by additional revenue and synergies related to the IBC acquisition in August 2021, continued rationalisation of manufacturing and retail operations and an increase in participation in the detached residential market.

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 2022 with STI and LTI based on maximum opportunities.

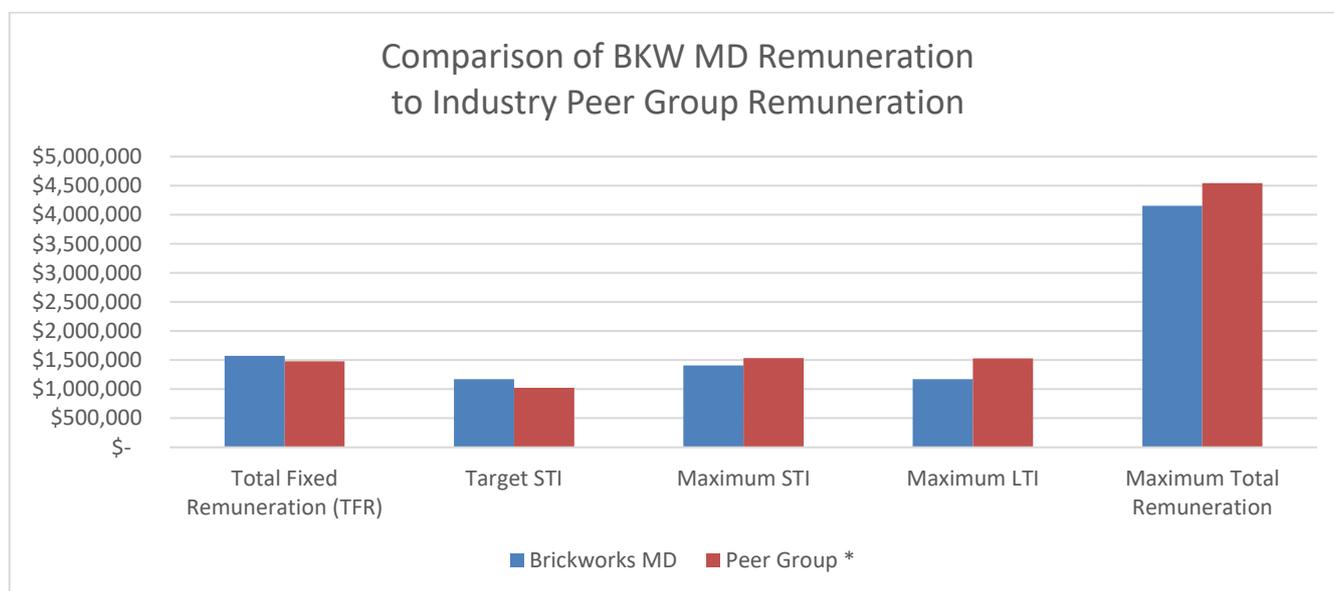
This structure is designed to retain and pay executives competitively based on their performance.



2.4. Remuneration Component – Fixed Remuneration

There has been no material increase in total fixed remuneration for any KMP during the FY2022 year.

A benchmarking exercise was undertaken during FY2022 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 13 organisations engaged in property, manufacturing of construction materials, building products generally within 50% to 200% of BKW’s one-year average market capitalisation as follows: Abacus, ADBRI, Boral, Charter Hall, Cromwell, CSR, Fletcher Building, Growthpoint Properties, Incitec Pivot, Nufarm, Orica, Orora and Reliance Worldwide Corporation.

By way of summary:

- Brickworks MD’s TFR is positioned within the market with 6% above median and 8% below 75th percentile.
- With the increase of the at-risk component of the MD’s remuneration, the MD’s Target STI opportunity is 15% above market median whilst the Maximum STI opportunity is between market 25th percentile and market median, similar positioning applies to the LTI of the MD, where the Maximum LTI sit reasonably between market median and market 25th percentile.
- Consequently, Brickworks MD’s Target Total Remuneration is positioned at market median, and Maximum Total Remuneration is positioned within the market with 9% below market median of the 2022 comparator group.

Brickworks

9.9% p.a. growth (since July 2002)

All Ordinaries Accumulation Index

8.8% p.a. growth (since July 2002)

**2.5. Remuneration Component - Short Term Incentives (STI)**

The information below outlines the Company's STI Plan for FY2022:

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?	<p>MD and CFO</p> <p>The target STI opportunity for the MD is 75% of total fixed remuneration (including base salary, superannuation and car allowance) and maximum opportunity at 90% of fixed remuneration.</p> <p>The STI opportunity for the CFO is 60% of total fixed remuneration at target and 72% of total fixed remuneration at maximum.</p> <p>Other Executives</p> <p>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.</p>												
Is any part of the STI awarded deferred into equity?	<p>MD and CFO</p> <p>Half of any STI awarded to the MD and CFO will be deferred into shares for one year.</p> <p>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.</p> <p>Other Executives</p> <p>No STI awarded to other executives is deferred into equity.</p>												
What is the target and maximum STI opportunity?	<p>The STI Target Opportunities are set out below:</p> <table border="1" data-bbox="304 1675 1517 1912"> <thead> <tr> <th></th> <th>Target STI opportunity</th> <th>Max STI opportunity (cash) *</th> </tr> </thead> <tbody> <tr> <td>MD</td> <td>75% of total fixed remuneration (including base salary, car allowance and superannuation)</td> <td>90% of total fixed remuneration</td> </tr> <tr> <td>CFO</td> <td>60% of total fixed remuneration (inc. base salary, car allowance and superannuation)</td> <td>72% of total fixed remuneration</td> </tr> <tr> <td>Other Executives ** ***</td> <td>Between 10% and 50% of fixed remuneration (inc. base salary and superannuation)</td> <td>50% of total fixed remuneration (including base salary, car allowance and superannuation)</td> </tr> </tbody> </table> <p>* For the MD/CFO maximum STI 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.</p> <p>** 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.</p>		Target STI opportunity	Max STI opportunity (cash) *	MD	75% of total fixed remuneration (including base salary, car allowance and superannuation)	90% of total fixed remuneration	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)
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	<p>*** 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.</p>										
<p>How are STI performance measures determined?</p>	<p>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.</p> <p>The MD determines the KPIs which are aligned to the delivery of the strategy and performance of the business for other executives.</p> <p>STI profit targets are determined on an annual basis at the beginning of the financial year after consideration of many complex factors including:</p> <ul style="list-style-type: none"> ▶ 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 changes. <p>The impact and the Company's response to COVID-19 was also a key consideration this year, however no KPIs for FY2022 were amended during the year as a consequence of COVID-19.</p> <p>Payments under the STI are determined by performance against KPIs set at the beginning of the financial year.</p> <p>STI performance measures and weightings vary by executive depending on individual accountabilities. The metrics and their rationale for selection are as follows:</p>										
<p>Why are the STI measures adopted considered appropriate?</p>	<p>Financial measures (MD and CFO: 75%)</p> <table border="1"> <tr> <td>Group NPAT (before significant items excluding equity accounted profit from associates (WHSP) and property revaluation gains) – 37.5%</td> <td> <p>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.</p> <p>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.</p> </td> </tr> <tr> <td>Cash generation – 37.5%</td> <td>Managing cash to ensure cash and working capital is available whenever and wherever required by the business.</td> </tr> </table> <p>Non-financial measures – (MD and CFO: 25%)</p> <table border="1"> <tr> <td>Quality of earnings – 12.5%</td> <td>This measure considers the quality of earnings result including goodwill and asset impairment and windfall gains.</td> </tr> <tr> <td>Safety and Health – 6.25%</td> <td>This measure incentivises executives to demonstrate leadership in enhancing workplace health and safety and taking a sustainable approach to operations through process innovation.</td> </tr> <tr> <td>People – 6.25%</td> <td>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.</td> </tr> </table>	Group NPAT (before significant items excluding equity accounted profit from associates (WHSP) and property revaluation gains) – 37.5%	<p>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.</p> <p>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.</p>	Cash generation – 37.5%	Managing cash to ensure cash and working capital is available whenever and wherever required by the business.	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.
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<p>What is the financial and non-financial component of the STI Award for the MD and CFO and how is it applied?</p>	<p>Percentage of financial component of STI Award payable for the MD and CFO</p> <p>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.</p> <p>Profit – 37.5% of total available STI Award</p> <table border="1"> <thead> <tr> <th>Achievement</th> <th>STI Award</th> </tr> </thead> <tbody> <tr> <td>Below base profit</td> <td>0%</td> </tr> <tr> <td>Between base profit and target profit</td> <td>Pro rata award on a straight-line basis between 60% and 100% of target STI</td> </tr> <tr> <td>Between 100% and 110% of target profit</td> <td>Pro rata award on a straight-line basis between 100% and 120% of target STI being Maximum STI.</td> </tr> </tbody> </table> <p>Setting the Target for Profit Performance</p> <p>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.</p>	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.		
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	<p>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.</p> <p>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.</p> <p>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.</p> <p>All property revaluation gains were excluded from the profit measures used to determine the FY2022 incentive amounts payable.</p> <p>Operating cash flow – 37.5% of total available STI Award</p> <table border="1" data-bbox="304 483 1497 629"> <thead> <tr> <th>Achievement</th> <th>STI Award</th> </tr> </thead> <tbody> <tr> <td>Below base cash flow</td> <td>0%</td> </tr> <tr> <td>Between base cash flow and target cash flow</td> <td>Pro rata award on a straight-line basis between 60% and 100%</td> </tr> </tbody> </table> <p>Setting the Target for Cash Performance</p> <p>In setting the target for cash performance consideration is given to the prior year's cash 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.</p> <p>Where Budget Cash Flow is greater than last year's Cash Flow, 80% of last year becomes the base cash flow and Budget becomes the target cash flow. Where Budget Cash Flow is less than the prior year, 80% of Budget Cash Flow becomes the base cash flow and last year's Cash Flow becomes the target cash flow.</p> <p>Cash flow is the Operating cash flow plus Investing cash flows generated from the sale of property assets including through the sale of land via the subscription of units in a trust.</p> <p>The remaining 25% of any STI Award is subject to the achievement of challenging non-financial measures.</p>	Achievement	STI Award	Below base cash flow	0%	Between base cash flow and target cash flow	Pro rata award on a straight-line basis between 60% and 100%								
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<p>What is the financial and non-financial component of the STI Award for Other Executives and how is it applied?</p>	<p>Percentage of financial component payable for other executive KMP (other than the MD and CFO)</p> <p>Profit – 37.5% of total STI Award</p> <table border="1" data-bbox="304 1128 1520 1364"> <thead> <tr> <th>Achievement</th> <th>STI Award</th> </tr> </thead> <tbody> <tr> <td>Below base profit</td> <td>0%</td> </tr> <tr> <td>Between base profit and target profit</td> <td>Pro-rata award on a straight-line basis between 50% and 100%</td> </tr> <tr> <td>> target profit</td> <td>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</td> </tr> </tbody> </table> <p>Operating cash flow – 37.5%</p> <table border="1" data-bbox="304 1413 1520 1603"> <thead> <tr> <th>Achievement</th> <th>STI Award</th> </tr> </thead> <tbody> <tr> <td>Below Base Cash Flow</td> <td>0%</td> </tr> <tr> <td>Between Base Cash Flow and Target Cash Flow.</td> <td>Straight line between 50% and 100%</td> </tr> </tbody> </table> <p>The Cash Base and Target is set in the same manner as for the MD and CFO.</p> <p>The remaining 25% of any STI Award is subject to the achievement of challenging non-financial measures.</p> <p>There is no upside available against cash and non-financial measures.</p>	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	Achievement	STI Award	Below Base Cash Flow	0%	Between Base Cash Flow and Target Cash Flow.	Straight line between 50% and 100%
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Between Base Cash Flow and Target Cash Flow.	Straight line between 50% and 100%														
<p>When and how is the STI Award assessed?</p>	<p>MD and CFO</p> <p>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.</p> <p>These assessment methods have been chosen as they provide the Remuneration Committee with an objective assessment of each individual's performance.</p> <p>Other Executives</p> <p>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.</p>														

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 2022 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 \$404.4 million which translated into a fully achieved maximum STI target and was significantly higher compared to \$84.4 million in the prior financial year.	100% achieved
	Cash flow	The Group Cash Flow for the year ended 31 July 2022 was \$346.9 million compared to \$139.8 million in the prior year. FY2022 Cash Flow measure includes net proceeds of \$198.3 million from the Project Build transaction and the sale of other property assets across the Group. This 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 \$416.2 million which was significantly above the performance target and the prior year profit of \$103.8 million.	100% achieved
	Divisional cash generation against target	The cash flows generated by the Property division amounted to \$234.4 million which was significantly above 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	<ul style="list-style-type: none"> ▶ Return on Net Tangible Assets for the Group excluding investments in associates (WHSP) amounted to 47.1% 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 the Group: <ul style="list-style-type: none"> ▶ A reduction in the number of LTIs and TRIs compared to the prior year ▶ An improvement in LTIFR and TRIFR compared to the prior year Other key lead target metrics <ul style="list-style-type: none"> ▶ 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 ▶ 10% of total employees with certified qualifications in mental health first aid across Australia ▶ leadership training for executives 	<ul style="list-style-type: none"> ▶ A substantial improvement in the number of Lost-time injuries (LTI's) compared to the prior year. In FY2022 there were 5 LTIs across the Group compared to 11 in FY2021. This reduction was driven by enhanced safety performance in North America. The number of LTI's in Australia remained low (1 LTI in both FY2022 and FY2021). ▶ An improvement in injury frequency rates with the Group Long-term injury frequency rate (LTIFR) of 1.1 compared to 2.9. Total recordable injury frequency rate (TRIFR) reduced from 14.3 to 11.7. ▶ Other key lead target metrics all met, including: <ul style="list-style-type: none"> - A greater than 10% improvement in closing open hazards - drug and alcohol testing embedded into the business - traction in employee certified qualifications in mental health 	100% achievement of safety KPIs

Executive	Measure(s)	Performance	Outcome
	<ul style="list-style-type: none"> active participation in safety committee meetings 	<ul style="list-style-type: none"> 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:	<ul style="list-style-type: none"> Successful appointment of Mark Ellenor to an expanded role of Executive General Manager Building Products 	100% achievement of succession planning KPIs
	<ul style="list-style-type: none"> Regular talent and succession reviews 	<ul style="list-style-type: none"> Successful completion of bi-annual succession strategy sessions 	
	<ul style="list-style-type: none"> Mentoring program for emerging leaders in Australia 	<ul style="list-style-type: none"> Brickworks North America included into Group gender diversity and succession planning programs 	
	<ul style="list-style-type: none"> Inclusion of Brickworks North America into Group Gender Diversity and Succession Planning 	<ul style="list-style-type: none"> Values and culture program embedded throughout the organisation in performance management processes 	
	<ul style="list-style-type: none"> Embed values in performance management processes at all levels of the organisation 		
EGM Property & Development	Property Trust Return on net assets/ quality of earnings considerations	Return on Net Tangible Assets for the Property division of 41.7% which translated into a fully achieved STI target.	
	Safety Target Metrics	Strong safety performance as measured by the number of safety events in the financial year ended 31 July 2022:	100% achievement of non-financial KPIs
	<ul style="list-style-type: none"> Category 1 events (fatalities) - nil Category 2 events (injuries, near misses and development related risks) – 2 or less 	<ul style="list-style-type: none"> Category 1 events (FY2022: nil) Category 2 events (FY2022: two) 	
Mixture of Strategic and Operational relevant to the executive	<ul style="list-style-type: none"> Successfully managed Trust property leases to achieve high occupancy rates (>99%) at 31 July 2022 		

STI achieved

The table below outlines the weighting of financial and non-financial KPIs in relation to each executive for 2022 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 2022.

Executive	Financial			Non-financial			STI awarded \$	STI over performance subject to LTI \$		
	Target STI Opportunity \$	Max STI Opportunity \$	Weighting %	Achieved* %	Forfeited %	Weighting %			Achieved* %	Forfeited %
MD	1,174,780	1,409,736	75%	120%	0%	25%	120%	0%	1,409,736 ³	-
CFO	482,924	579,509	75%	120%	0%	25%	120%	0%	579,509 ³	-
EGM Property & Development	265,000	287,250	75%	180%	0%	25%	100%	0%	287,250	137,301

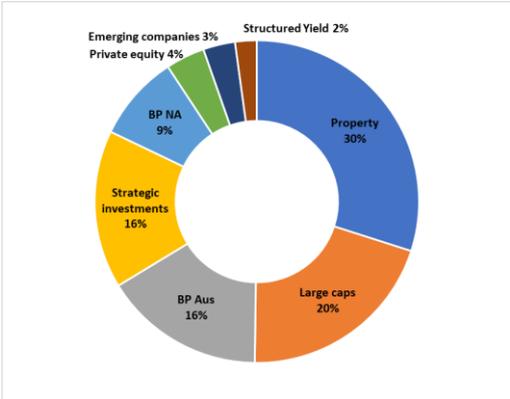
* Calculated as % of Target STI opportunity.

2.7. Remuneration Component - Long Term Incentives (LTI) for FY2022

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: <ul style="list-style-type: none"> a broad-based employee share plan with 579 employees participating as at 31 July 2022 via 1,082,233 shares on allocation of which 31.17% remain unvested (and 68.83% vested). In addition, 37,258 shares in the plan were forfeited during the year to 31 July 2022; and an Executive Rights Plan with 32 participants as at 31 July 2022 via 545,064 rights on allocation of which 73.44% remain unvested (and 26.56% vested). 0 rights were forfeited during the year to 31 July 2022.

³ 50% of MD and CFO's STI awards deferred into equity for one year being \$704,868 for the MD and \$289,754 for the CFO.

<p>What is the purpose of the LTI?</p>	<p>The primary purpose of the LTI is the retention of the Company's senior executive team.</p> <p>The LTI also provides alignment between executive remuneration and shareholders, as measured by the absolute and relative total shareholder return (TSR).</p>																																
<p>What is the LTI Opportunity for the MD and CFO?</p>	<p>The value of shares or performance rights granted to the MD was a fixed 75% of total fixed remuneration (including superannuation and car allowance) and to the CFO 60% of total fixed remuneration. This fixed allocation is subject to Brickworks meeting the absolute and relative TSR performance criteria set out below over the ensuing three-year period.</p> <p>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.</p>																																
<p>What is the LTI Opportunity for other executives?</p>	<p>For all other executives, the LTI base entitlement is up to 50% of total fixed remuneration (excluding car allowance) at target. The allocation made is determined following assessment by the Board of the prior year's performance against STI targets.</p> <p>In years where STI targets are not met in difficult market conditions the Board awards half the LTI opportunity to other executives.</p>																																
<p>What LTI performance measures apply to executives (other than the MD and CFO)?</p>	<p>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.</p>																																
<p>What LTI performance measures apply to the MD and CFO?</p>	<p>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.</p> <p>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.</p> <p>The remaining 50% of the award is subject to an absolute TSR p.a. compounding vesting condition also over the same period.</p>																																
<p>How does the Relative TSR measure (50% of each award) work?</p>	<p>A summary of the Relative TSR measure for the MD and CFO is as follows.</p> <p>Relative TSR measure</p> <hr/> <table border="1"> <thead> <tr> <th>Performance Period</th> <th>3-year performance period</th> </tr> </thead> <tbody> <tr> <td>Measure</td> <td>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)</td> </tr> <tr> <td>Vesting</td> <td> <p>Below the median - 0% vesting</p> <p>At the median - 50% vesting</p> <p>Between the median and 60th percentile - pro rata vesting on a straight-line basis between 50% and 100%</p> <p>At the 60th percentile or above - 100% vesting</p> </td> </tr> <tr> <td>Re-testing</td> <td>No re-testing. Testing to be undertaken once only at end of the 3-year period.</td> </tr> <tr> <td>Dividends and voting rights</td> <td> <p>No dividends or voting rights on unvested performance rights</p> <p>Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria.</p> </td> </tr> <tr> <td>Shareholder approval</td> <td>Yes for allocations made to the Managing Director</td> </tr> </tbody> </table> <p>During 2022, 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.</p> <table border="1"> <thead> <tr> <th>XJOAI Returns</th> <th>1 Year to 31 July 2022</th> <th>1 Year to 31 July 2021</th> <th>1 Year to 31 July 2020</th> </tr> </thead> <tbody> <tr> <td>At Index Level</td> <td>(5.9%)</td> <td>29.0%</td> <td>(9.9%)</td> </tr> <tr> <td>At 60th percentile</td> <td>1.1%</td> <td>40.1%</td> <td>(5.4%)</td> </tr> <tr> <td>At 75th Percentile</td> <td>9.1%</td> <td>64.9%</td> <td>5.1%</td> </tr> <tr> <td>BKW</td> <td>(10.0%)</td> <td>58.3%</td> <td>(9.4%)</td> </tr> </tbody> </table>	Performance Period	3-year performance period	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	<p>Below the median - 0% vesting</p> <p>At the median - 50% vesting</p> <p>Between the median and 60th percentile - pro rata vesting on a straight-line basis between 50% and 100%</p> <p>At the 60th percentile or above - 100% vesting</p>	Re-testing	No re-testing. Testing to be undertaken once only at end of the 3-year period .	Dividends and voting rights	<p>No dividends or voting rights on unvested performance rights</p> <p>Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria.</p>	Shareholder approval	Yes for allocations made to the Managing Director	XJOAI Returns	1 Year to 31 July 2022	1 Year to 31 July 2021	1 Year to 31 July 2020	At Index Level	(5.9%)	29.0%	(9.9%)	At 60 th percentile	1.1%	40.1%	(5.4%)	At 75th Percentile	9.1%	64.9%	5.1%	BKW	(10.0%)	58.3%	(9.4%)
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	<p>We note the difficulty with delivering TSR results in excess of 9.1% % in the current macroeconomic climate.</p> <p>More appropriately, Brickworks has adopted the 60th percentile, which requires a very challenging hurdle for 100% vesting. Average annual return of return over a 3-year period ended 31 July 2022 was 11.93%.</p> <p>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.</p>																		
<p>How does the Absolute TSR measure (50% of each award) work?</p>	<p>A summary of the Absolute TSR measure for the MD and CFO is as follows.</p> <p>Absolute annual compounding TSR measure</p> <hr/> <table border="0"> <tr> <td style="vertical-align: top;">Performance Period</td> <td>3-year performance period commencing on 1 August 2020</td> </tr> <tr> <td style="vertical-align: top;">Vesting</td> <td> <p>Less than 6% - 0% vesting</p> <p>Equal to 6%- 50% vesting</p> <p>Between 6% and 8% - pro rata vesting on a straight-line basis between 50% and 100%</p> <p>Equal to 8% or greater- 100% vesting</p> </td> </tr> <tr> <td style="vertical-align: top;">Re-testing</td> <td>No re-test. Testing is to be undertaken once only at end of the 3-year period</td> </tr> <tr> <td style="vertical-align: top;">Dividends and voting rights</td> <td> <p>No dividends or voting rights on unvested performance rights</p> <p>Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria</p> </td> </tr> </table>	Performance Period	3-year performance period commencing on 1 August 2020	Vesting	<p>Less than 6% - 0% vesting</p> <p>Equal to 6%- 50% vesting</p> <p>Between 6% and 8% - pro rata vesting on a straight-line basis between 50% and 100%</p> <p>Equal to 8% or greater- 100% vesting</p>	Re-testing	No re-test. Testing is to be undertaken once only at end of the 3-year period	Dividends and voting rights	<p>No dividends or voting rights on unvested performance rights</p> <p>Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria</p>										
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<p>Why is an absolute TSR measure considered appropriate for LTI Awards to the MD and CFO?</p>	<ul style="list-style-type: none"> ▶ 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 (25%) and property (30%), the Company has exposure to other companies in telecommunications, finance, energy and health through its investment in WHSP. <div style="text-align: center;">  <table border="1" style="margin: 0 auto;"> <caption>Asset Exposure Breakdown</caption> <thead> <tr> <th>Asset Class</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Property</td> <td>30%</td> </tr> <tr> <td>Large caps</td> <td>20%</td> </tr> <tr> <td>Strategic investments</td> <td>16%</td> </tr> <tr> <td>BP Aus</td> <td>16%</td> </tr> <tr> <td>BP NA</td> <td>9%</td> </tr> <tr> <td>Private equity</td> <td>4%</td> </tr> <tr> <td>Emerging companies</td> <td>3%</td> </tr> <tr> <td>Structured Yield</td> <td>2%</td> </tr> </tbody> </table> </div> <p>* Based on 31 January 2022 asset values reported by WHSP.</p>	Asset Class	Percentage	Property	30%	Large caps	20%	Strategic investments	16%	BP Aus	16%	BP NA	9%	Private equity	4%	Emerging companies	3%	Structured Yield	2%
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<p>Why is an absolute TSR measure combined with a relative TSR measure considered appropriate for LTI Awards to the MD and CFO?</p>	<p>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:</p> <ul style="list-style-type: none"> ▶ 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 																		

	<p>scenarios to confirm that outcomes align with the Company's historical notion of superior long-term performance.</p> <ul style="list-style-type: none"> ▸ 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?	<p>The Board has the discretion to either purchase shares on-market or to issue new shares for participants.</p> <p>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.</p>
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 FY2022 MD and CFO

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 2022 are:

Year TSR	Test period from	Test period to	TSR Performance
1-year TSR	1-Aug-2021		(1.4%)
2-year TSR	1-Aug-2020		28.7%
3-year TSR	1-Aug-2019	31 July 2022	14.0%
4-year TSR	1-Aug-2018		14.5%
5-year TSR	1-Aug-2017		16.6%
Average TSR			14.5%
Target Criteria			8%
Outcome			100% vested MD – 7,567 shares CFO – 3,998 shares

Brickworks' Average TSR of 14.5% 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 2022 (including all unvested shares carried forward from the prior financial year).

Absolute TSR performance (rights allocation made under the new Executive Rights LTI Plan implemented in 2019)

Brickworks' 3-year TSR of 37.2% for the period from 1 August 2019 to 31 July 2022 is equal to an annual TSR of 11.1%. As this is higher than the threshold of 8% p.a. for 100% vesting, all awards under the Absolute TSR test will vest (MD – 16,700 shares to vest, CFO – 8,593 shares to vest).

Relative TSR performance (for historical allocations)

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	3.6%	(1.4%)		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	18.1%	28.7%			
3 years	8.6%	14.0%			
4 years	10.6%	14.5%			
5 years	11.5%	16.6%			
Simple average	10.5%	14.5%	138.0%		
Relative vesting in FY2022				100% - vested MD – 4,080 shares CFO – 2,177 shares	100% MD – 3,487 shares CFO – 1,820 shares

Brickworks' relative TSR performance of 138.0% 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 2022.

Relative TSR performance (rights allocation made under the new Executive Rights LTI Plan implemented in 2019)

During the 3-year period from 1 August 2019 to 31 July 2022, Brickworks generated a TSR of 37.2%, which would place BKW at the 71st percentile of the S&P/ASX200 constituents. As this ranking is higher than the 60th percentile threshold for 100% vesting, all awards under the Relative TSR test will vest (MD – 16,700 shares to vest, CFO – 8,593 shares to vest).

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 2022, there were 775 employees participating in the Brickworks Deferred Employee Share Plan and the Brickworks Exempt Employee Share Plan, holding 1,193,247 shares (0.79% 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, inclusive of superannuation guarantee charge, for FY2022 and FY2023 are as follows:

	FY2022	FY2023
Chair	\$269,100	\$282,555
NED Base Fee	\$134,550	\$141,278
Member - Audit & Risk Committee	\$8,280	\$8,694
Member - Remuneration Committee	\$6,210	\$6,521
Member - Nomination Committee	\$4,140	\$4,347
Chair - Audit & Risk Committee	\$21,735	\$27,822
Chair - Remuneration Committee	\$21,735	\$27,882
Chair - Nomination Committee	\$13,196	\$13,856

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 2022 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 ⁴	Retirement benefit	Total
Directors									
RD Millner	2022	245,559	-	24,662	270,221	-	-	-	270,221
	2021	237,443	-	22,656	260,099	-	-	-	260,099
MJ Millner	2022	132,224	-	13,280	145,504	-	-	-	145,504
	2021	127,854	-	12,199	140,053	-	-	-	140,053
BP Crotty	2022	-	-	-	-	-	-	-	-
	2021	42,627	-	4,050	46,677	-	-	-	46,677
DR Page	2022	167,746	-	-	167,746	-	-	-	167,746
	2021	161,061	-	-	161,061	-	-	-	161,061
RJ Webster	2022	148,043	-	14,869	162,912	-	-	-	162,912
	2021	143,151	-	13,659	156,810	-	-	-	156,810
MP Bunday	2022	154,324	-	15,501	169,825	-	-	-	169,825
	2021	144,064	-	13,746	157,810	-	-	-	157,810
RN Stubbs	2022	154,540	-	15,515	170,055	-	-	-	170,055
	2021	135,017	-	1,035	136,052	-	-	-	136,052
LR Partridge	2022	1,548,923	4,550	23,712	1,577,185	1,409,736	840,206	-	3,827,127
	2021	1,542,650	4,946	21,850	1,569,446	1,126,440	771,604	-	3,467,490
Total	2022	2,551,359	4,550	107,539	2,663,448	1,409,736	840,206	-	4,913,390
	2021	2,533,867	4,946	89,195	2,628,008	1,126,440	771,604	-	4,526,052
Other Key Management Personnel									
RC Bakewell	2022	784,339	22,377	23,712	830,428	579,509	435,358	-	1,845,295
	2021	775,525	21,606	21,850	818,981	578,160	258,622	-	1,655,763
M Kublins	2022	553,288	7,719	23,712	584,719	287,500	340,122	-	1,212,341
	2021	535,306	7,219	21,694	564,219	278,500	330,672	-	1,173,391
Total	2022	1,337,627	30,096	47,424	1,415,147	867,009	775,480	-	3,057,636
	2021	1,310,831	28,825	43,544	1,383,200	856,660	589,294	-	2,829,154

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

- ▶ L R Partridge: net increase of \$12,047 in accrued leave entitlements (2021: \$27,072 increase)
- ▶ R C Bakewell: net increase of \$41,569 in accrued leave entitlements (2021: \$15,693 increase)
- ▶ M Kublins: net decrease of \$20,364 accrued leave entitlements (2021: \$14,922 decrease)

⁴ Reflects the grant date fair value of the shares/executive rights vested during the financial year.

5.2. Director and Key Management Personnel shareholdings

	Held 31 July 2021					Granted as Remuneration		Purchases	Shares Disposed	Held 31 July 2022				
Directors														
RD Millner	4,817,967					-		-	-	4,817,967				
MJ Millner	4,787,141					-		10,000	-	4,797,141				
DR Page	17,400					-		-	-	17,400				
RJ Webster	15,922					-		-	-	15,922				
MP Bunday	1,020					-		150	-	1,170				
RN Stubbs	1,000					-		-	-	1,000				
#	FPO	DESP	EEP	ERP	STI Def	ERP	STI Def			FPO	DESP	EEP	ERP	STI Def
LR Partridge	112,896	74,283	-	64,843	26,917	50,606	21,604		(40,989)	151,000	22,107	-	115,449	21,604
Other Key Management Personnel														
RC Bakewell	8,201	28,564	111	33,324	14,137	20,803	11,088	45	31,064	8,201	11,637	156	54,127	11,088
M Kublins	23,509	35,342	-	45,247	-	11,754 ⁵	-		(5,202)	23,509	35,342	-	51,799	-

#

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.

⁵ Includes 479 shares allocated in FY22 with reference to the number of rights vested on 31 July 2021 in lieu of dividends paid during the vesting period.

Auditor's Independence Declaration

Following a mandatory partner rotation, the financial year ended 31 July 2022 is the second 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 \$475,071. The non-audit services were for the provision for tax advisory services, as well as advisory services in relation to Taskforce on Climate-related financial disclosures (TCFD).

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: 21 September 2022



R.D. MILLNER
Director



L.R. PARTRIDGE AM
Director



**Building a better
working world**

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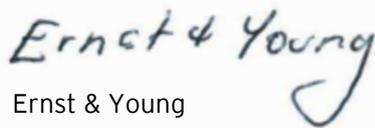
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Auditor's independence declaration to the directors of Brickworks Limited

As lead auditor for the audit of the financial report of Brickworks Limited for the financial year ended 31 July 2022, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene 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.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "J Inglis".

Jodie Inglis

Jodie Inglis
Partner
21 September 2022

Consolidated

Financial Statements

Consolidated Income Statement

	Note	31 July 2022 \$'000	Restated ¹ 31 July 2021 \$'000
Continuing operations			
Revenue	2.2	1,093,154	850,922
Cost of sales		(752,251)	(599,881)
Gross profit		340,903	251,041
Gain on deemed disposal of associate	6.3	722,179	-
Other income	2.2	111,233	12,105
Distribution expenses		(85,915)	(65,927)
Administration expenses		(65,987)	(51,181)
Selling expenses		(130,081)	(93,191)
Impairment of non-current assets	3.2	(145,352)	(1,954)
Restructuring costs		(27,737)	(13,052)
Business acquisition costs		(4,965)	(3,301)
Other expenses		(36,240)	(24,555)
Share of net profits of associates and joint ventures	2.3	630,408	340,746
Profit from continuing operations before finance cost and income tax		1,308,446	350,731
Finance costs	2.2	(31,699)	(21,837)
Profit from continuing operations before income tax		1,276,747	328,894
Income tax expense	4.1	(407,011)	(86,110)
Profit from continuing operations after tax		869,736	242,784
Discontinued operations			
Loss from discontinued operations, net of income tax benefit	6.6	(15,345)	(3,621)
Profit after tax		854,391	239,163
Profit after tax attributable to:			
Shareholders of Brickworks Limited		854,391	239,163
		Cents	Cents
Earnings per share attributable to the shareholders of Brickworks Limited			
Basic (cents per share)	2.4	563.0	158.3
Diluted (cents per share)	2.4	561.2	157.9
Basic (cents per share) from continuing operations	2.4	573.2	160.7
Diluted (cents per share) from continuing operations	2.4	571.2	160.3

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

¹ The comparative numbers of the Group have been restated to present the discontinued operations separately from the continuing operations.

Consolidated Statement of Other Comprehensive Income

	Note	31 July 2022 \$'000	31 July 2021 \$'000
Profit after tax		854,391	239,163
Other comprehensive income, net of tax			
<i>Items that may be subsequently reclassified to Income Statement</i>			
Share of increments/(decrements) in reserves attributable to associates and joint ventures		258	(760)
Foreign currency translation		1,528	920
Income tax (expense)/benefit relating to these items	4.1	(77)	228
Net other comprehensive profit/(loss) that may be reclassified to Income Statement		1,709	388
<i>Items not to be subsequently reclassified to Income Statement</i>			
Share of increments/(decrements) in reserves attributable to associates and joint ventures		5,196	(139,222)
Net fair value gain/(loss) on financial assets at fair value through other comprehensive income		2,351	(478)
Income tax (expense)/benefit relating to these items	4.1	(2,264)	41,910
Net other comprehensive income/(loss) not to be reclassified to Income Statement		5,283	(97,790)
Other comprehensive income/(loss), net of tax		6,992	(97,402)
Total comprehensive income		861,383	141,761
Total comprehensive income, attributable to:			
Shareholders of Brickworks Limited		861,383	141,761

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

Consolidated Balance Sheet

	Note	31 July 2022 \$'000	31 July 2021 \$'000
Cash and cash equivalents	5.2	106,083	139,825
Receivables	3.1	152,693	132,447
Inventories	3.1	327,202	285,392
Prepayments		11,452	9,525
Contract assets	3.1	2,228	3,956
Current income tax asset	4.2	2,348	8,618
Assets classified as held for sale	6.6	24,224	-
Derivative financial assets	5.8	28	101
Total current assets		626,258	579,864
Inventories	3.1	6,901	5,849
Financial assets at fair value through other comprehensive income	5.3	5,876	1,314
Investments accounted for using the equity method	6.3	3,822,570	2,345,908
Derivative financial assets	5.4	1,031	-
Property, plant and equipment	3.2	636,013	705,525
Right-of-use assets	3.3	332,516	191,073
Intangible assets	3.2	141,510	196,300
Total non-current assets		4,946,417	3,445,969
TOTAL ASSETS		5,572,675	4,025,833
Payables	3.1	149,249	124,766
Borrowings	5.4	15,250	40,891
Derivative financial liabilities	5.4	41	-
Current income tax liability	4.2	6,315	417
Post-employment liabilities	3.5	826	1,199
Contract liabilities	3.1	9,367	5,160
Lease liabilities	3.3	39,559	27,344
Other financial liabilities	5.5	1,427	1,355
Liabilities directly associated with assets classified as held for sale	6.6	16,701	-
Provisions	3.4	86,953	67,150
Total current liabilities		325,688	268,282
Borrowings	5.4	579,407	614,514
Derivative financial liabilities	5.4	-	6,866
Post-employment liabilities	3.5	15,984	17,569
Lease liabilities	3.3	504,213	173,551
Other financial liabilities	5.5	10,955	12,423
Provisions	3.4	35,498	11,408
Deferred income tax liability	4.2	840,935	441,472
Total non-current liability		1,986,992	1,277,803
TOTAL LIABILITIES		2,312,680	1,546,085
NET ASSETS		3,259,995	2,479,748
Issued capital	5.6	392,263	386,887
Reserves	5.7	183,616	197,917
Retained profits		2,684,116	1,894,944
TOTAL EQUITY		3,259,995	2,479,748

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

Consolidated Statement of Changes in Equity

	Note	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
For the year ended 31 July 2022					
Balance at 1 August 2021		386,887	197,917	1,894,944	2,479,748
Profit after tax		-	-	854,391	854,391
Other comprehensive income/(loss) – net of tax		-	6,992	-	6,992
Net dividends paid	2.5	-	-	(79,983)	(79,983)
Share issue costs	5.6	(13)	-	-	(13)
Change in ownership interest in the associate	5.7	-	(22,862)	22,268	(594)
Issue of shares through employee share plan	5.7	1,229	(1,229)	-	-
Shares vested to employees	5.6	4,209	(4,209)	-	-
Shares purchased under STI scheme	5.6	(852)	852	-	-
Shares vested under STI scheme	5.6	803	(803)	-	-
Share of associates other movements in retained earnings	5.7	-	-	(7,504)	(7,504)
Share based payments expense	7.1	-	6,958	-	6,958
Balance at 31 July 2022		392,263	183,616	2,684,116	3,259,995
For the year ended 31 July 2021					
Balance at 1 August 2020		356,015	293,344	1,753,848	2,403,207
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	5.6	(144)	-	-	(144)
Issue of issues through Dividend Reinvestment Plan		26,466	-	-	26,466
Issue of shares through employee share plan	5.7	571	(571)	-	-
Shares vested to employees	5.6	4,782	(4,782)	-	-
Shares purchased under STI scheme	5.6	(803)	803	-	-
Share of associates other movements in retained earnings	5.7	-	(154)	(23,186)	(23,340)
Share based payments expense	7.1	-	6,679	-	6,679
Balance at 31 July 2021		386,887	197,917	1,894,944	2,479,748

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

Consolidated Statement of Cash Flows

	Note	31 July 2022 \$'000	31 July 2021 \$'000
Cash flows from operating activities			
Receipts from customers		1,149,350	955,357
Payments to suppliers and employees		(1,100,139)	(892,961)
Interest received		236	299
Interest and other finance costs paid		(29,727)	(22,723)
Dividends and distributions received		97,487	89,709
Income tax refund/(paid)		13,279	10,114
Net cash from operating activities		130,486	139,795
Cash flows from investing activities			
Purchases of property, plant and equipment		(134,030)	(111,542)
Proceeds from sale of property, plant and equipment		227,494	14,419
Purchases of intangible assets		(5,314)	(8,366)
Purchase of investments		(7,724)	(8,050)
Proceeds from sale of subsidiary		-	1,493
Purchase of controlled entities, net of cash acquired ¹		(74,962)	(1,689)
Net cash from/(used in) investing activities		5,464	(113,735)
Cash flows from financing activities			
Proceeds from borrowings		368,885	160,372
Repayments of borrowings		(419,960)	(140,000)
Payment of principal portion of lease liabilities		(29,023)	(29,182)
Proceeds from underwriter of Dividend Reinvestment Plan (DRP)		-	20,000
Share issue costs		(13)	(144)
Dividends paid		(94,101)	(83,932)
Net cash provided by/(used in) financing activities		(174,212)	(72,886)
Net increase/(decrease) in cash held		(38,262)	(46,826)
Effects of exchange rate changes on cash		4,520	(458)
Cash at the beginning of the financial year		139,825	187,109
Cash at the end of the financial year	5.2	106,083	139,825

Reconciliation of net profit attributable to shareholders of Brickworks Limited to net cash from operating activities

Profit after tax		854,391	239,163
<i>Adjustments for non-cash items</i>			
Depreciation and amortisation		44,232	40,770
Amortisation of right-of-use assets		33,961	29,588
Non-cash amortisation of borrowing costs		(1,588)	(455)
Capitalised borrowing costs on qualifying asset		(523)	(852)
Net fair value change on derivatives		(7,782)	(3,003)
Impairment of non-current assets and assets held for sale		164,079	1,954
Gain on deemed disposal of associate		(722,179)	-
Net losses/(gains) on disposal of property, plant and equipment		(114,548)	(7,298)
Non-cash share based payment expense		6,958	6,679
Share of net profit of investments accounted for using the equity method		(532,922)	(251,037)
Net cash provided by operating activities before changes in assets and liabilities		(275,921)	55,509
<i>Changes in assets and liabilities net of effects from business combinations</i>			
(Increase)/decrease in receivables		(22,907)	(5,545)
(Increase)/decrease in inventories		(22,912)	(8,308)
(Increase)/decrease in net contract assets		245	2,502
Movement in right of use assets and lease liabilities		3,420	-
(Increase)/decrease in prepayments		(932)	(1,069)
(Decrease)/increase in payables		20,051	3,497
(Decrease)/increase in provisions		19,741	(1,593)
(Decrease)/increase in post-employment liabilities		(2,960)	(94)
(Decrease)/increase in other financial liabilities		(687)	-
(Decrease)/increase in current and deferred income tax		413,348	94,896
Net cash provided by operating activities		130,486	139,795

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

¹ Includes a deferred consideration payment of \$ 1.4 million in the current year (2021: \$1.4 million). Refer Note 5.5.

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 currency¹;
- ▶ 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 2021;
- ▶ 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 21 September 2022.

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
3.3	Right-of-use assets and lease liabilities
3.4	Provisions
6.3(b)	Fair value – investment property
6.6	Discontinued Operations

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. 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 and supply of vitrified clay, concrete used in the building industry. Major product lines include bricks, masonry blocks, pavers, roof tiles, floor tiles, fibre cement walling panels and roof battens used in the building industry.
Building Products North America	Manufacture and supply of vitrified clay and concrete products used in the building industry. Major product lines include bricks, masonry blocks and accessories 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 2022	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	620,596	397,663	-	-	1,018,259	7,733	1,025,992
Revenue from supply and install contracts ⁴	64,904	-	-	-	64,904	27,844	92,748
Interest received	-	-	-	236	236	-	236
Rental revenue	30	139	46	-	215	-	215
Other operating revenue	8,079	1,403	58	-	9,540	87	9,627
Revenue	693,609	399,205	104	236	1,093,154	35,664	1,128,818
RESULT							
Segment EBITDA	115,775	35,290	643,689	180,712	975,466	(15)	975,451
Amortisation of right-of-use assets	(26,204)	(6,719)	-	-	(32,923)	(1,038)	(33,961)
Depreciation and amortisation	(25,778)	(16,824)	-	-	(42,602)	(1,630)	(44,232)
Segment EBIT (before gain on sale of land and buildings)	63,793	11,747	643,689	180,712	899,941	(2,683)	897,258
Gain/(Loss) on sale of land and buildings	89,076	13,185	-	-	102,261	-	102,261
Total segment EBIT	152,869	24,932	643,689	180,712	1,002,202	(2,683)	999,519
Unallocated expenses							
▸ Significant items					314,502	(19,314)	295,188
▸ Borrowing costs ⁵					(20,154)	-	(20,154)
▸ Other unallocated expenses					(19,803)	-	(19,803)
Profit/ (loss) before income tax					1,276,747	(21,997)	1,254,750
Income tax (expense)/benefit ¹					(407,011)	6,652	(400,359)
Profit/ (loss) after income tax					869,736	(15,345)	854,391
ASSETS							
Segment assets	1,158,164	538,249	1,754,134	2,094,527	5,545,074	24,224	5,569,298
Unallocated assets					3,377	-	3,377
Total assets					5,548,451	24,224	5,572,675

¹ Included in the income tax expense is tax expense related to significant items amounting to \$185,116,000.

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 (\$7,782,000) and exclude items disclosed in the “Significant items” line.

2. Financial Performance (continued)

2.1 Segment Reporting (continued)

31 July 2022 (continued)	Building Products Australia	Building Products North America	Property	Investments	Continuing operations	Discontinued operations ²	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
LIABILITIES							
Segment liabilities	708,581	138,160	2,888	466,341	1,315,970	16,701	1,332,671
Borrowings					594,657	-	594,657
Other unallocated liabilities		-			385,352	-	385,352
Total liabilities					2,295,979	16,701	2,312,680
OTHER							
Share of profit of an associate and a joint venture	42	-	650,579	(20,213)	630,408	-	630,408
Carrying value of investments accounted for by the equity method	17,430	-	1,754,134	2,051,006	3,822,570	-	3,822,570
Acquisition of non-current segment assets	112,048	101,145	2,150	-	215,343	-	215,343
Non-cash expenses other than depreciation and amortisation	186,886	37,020	-	-	223,948	18,727	242,675
31 July 2021 (restated)							
REVENUE							
Sale of goods ³	574,380	201,331	-	-	775,711	9,724	785,435
Revenue from supply and install contracts ⁴	73,512	-	-	-	73,512	29,034	102,546
Interest received	-	-	-	299	299	-	299
Rental revenue	98	-	74	-	172	278	450
Other operating revenue	117	1,036	75	-	1,228	355	1,583
Revenue	648,107	202,367	149	299	850,922	39,391	890,313
RESULT							
Segment EBITDA	97,668	16,544	252,679	96,946	463,837	(815)	463,022
Amortisation of right-of-use assets	(23,951)	(4,787)	-	-	(28,738)	(850)	(29,588)
Depreciation and amortisation	(25,949)	(13,102)	-	-	(39,051)	(1,719)	(40,770)
Segment EBIT (before gain on sale of land and buildings)	47,768	(1,345)	252,679	96,946	396,048	(3,384)	392,664
Gain/(Loss) on sale of land and buildings	-	9,870	-	-	9,870	-	9,870
Total segment EBIT	47,768	8,525	252,679	96,946	405,918	(3,384)	402,534
Unallocated expenses							
▸ Significant items					(38,872)	(1,576)	(40,448)
▸ Borrowing costs ⁵					(18,735)	-	(18,735)
▸ Other unallocated expenses					(19,417)	-	(19,417)
Profit/ (loss) before income tax					328,894	(4,960)	323,934
Income tax (expense)/benefit ¹					(86,110)	1,339	(84,771)
Profit/ (loss) after income tax					242,784	(3,621)	239,163
ASSETS							
Segment assets	1,187,937	463,764	911,170	1,454,242	4,017,113	-	4,017,113
Unallocated assets					8,720	-	8,720
Total assets					4,025,833	-	4,025,833

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 items disclosed in the “Significant items” line.

2. Financial Performance (continued)

2.1 Segment Reporting (continued)

31 July 2021 (restated)	Building Products Australia	Building Products North America ¹	Property	Investments	Continuing operations	Discontinued operations ²	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
LIABILITIES							
Segment liabilities	326,793	108,221	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
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

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.

2. Financial Performance (continued)

2.1 Segment reporting (continued)

Significant items⁵

	Note	31 July 2022	Restated 31 July 2021
		\$'000	\$'000
Impairment of non-current assets ¹	3.2	(132,223)	-
Plant relocation and commissioning costs ²		(39,788)	(4,514)
COVID-19 - incremental and unabsorbed costs ³		(11,061)	(5,325)
Other restructuring activities and site closure costs – Australia ⁴		(8,482)	(4,977)
Other restructuring activities and site closure costs - North America ⁵		(5,250)	(5,588)
Acquisition costs ⁶		(4,271)	(3,659)
ERP implementation costs ⁷		(3,060)	(3,128)
Australian East Coast floods ⁷		(2,853)	-
Change in accounting policy – Software as a Service (SaaS)		-	(948)
Significant items from continuing operations before income tax (excluding associates)		(206,988)	(28,139)
Income tax benefit on other significant items (excluding associates) ⁸		36,567	11,798
Significant items from continuing operations after income tax (excluding associates)		(170,421)	(16,341)
Gain on deemed disposal of associate	6.3	722,179	-
Income tax expense arising on deemed disposal ⁸		(270,609)	-
Gain on deemed disposal of associate after income tax		451,570	-
Significant one-off transactions of associate ⁹		(200,689)	(10,733)
Income tax expense arising from the carrying value of the investment in the associates (WHSP) ⁸		43,132	(17,818)
Significant items after income tax (associates)		(157,557)	(28,551)
Significant items from continuing operations after income tax (including associates)		123,592	(44,892)
Impairment of assets held for sale ¹⁰		(18,727)	-
Other significant items ¹⁰		(587)	(1,576)
Significant items from discontinued operations before income tax	6.6	(19,314)	(1,576)
Income tax (expense)/benefit ¹⁰		5,794	397
Significant items from discontinued operations after income tax		(13,520)	(1,179)

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 'Impairment of non-current assets' line on the Income Statement. An impairment assessment was conducted in line with the value-in-use methodology at 31 July 2022. Refer Note 3.2. (c).

² Disclosed in 'Cost of Sales' (\$9.4 million), 'Finance Costs' (\$3.4 million), 'Impairment of non-current assets' (\$11.6 million) and 'Restructuring costs' (\$15.4 million) lines on the Income Statement.

³ Unabsorbed production costs disclosed in 'Cost of Sales' (\$2.8 million) and incremental costs disclosed in 'Other Expenses' (\$8.3 million) lines on the Income Statement.

⁴ Disclosed in 'Restructuring costs' (\$8.1 million) and 'Impairment of non-current assets' (\$0.4 million) lines on the Income Statement.

⁵ Disclosed in 'Restructuring costs' (\$4.2 million) and 'Impairment of non-current assets' (\$1.1 million) lines on the Income Statement.

⁶ Disclosed in 'Business acquisition costs' (\$5.0 million), 'Finance Costs' (\$0.3 million) and offset by 'Other Income' (\$1.0 million) lines on the Income Statement

⁷ Disclosed in 'Other Expenses' line on the Income statement.

⁸ Disclosed in 'Income tax expense' line on the Income statement.

⁹ Disclosed in 'Share of net profits of associates and joint ventures' line on the Income Statement.

¹⁰ 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 2022	Restated 31 July 2021
	\$'000	\$'000
REVENUE		
<i>Revenue from contracts with customers</i>		
Sale of goods	1,018,259	775,711
Revenue from supply and install contracts ¹	64,904	73,512
	1,083,163	849,223
<i>Other operating revenue</i>		
Sale of surplus gas	6,842	-
Interest received	236	299
Rental revenue	215	172
Other	2,698	1,228
Total operating revenue from continuing operations	1,093,154	850,922
OTHER INCOME		
Net gain on disposal of property, plant and equipment	102,414	7,298
Net fair value change on derivatives	7,782	3,003
Property development profits	-	1,751
Other items	1,037	53
Total other income from continuing operations	111,233	12,105

In July 2022 the Group entered into a sale and leaseback transaction involving a portfolio of 15 sites representing selected Building Products Australia manufacturing locations.

The operating sites in total comprise 496 hectares in land area and have a market value of \$416 million. The sites were sold into a newly established Brickworks Goodman Manufacturing Trust. Brickworks has retained 50.1% ownership of the new trust, with the remaining 49.9% interest sold to Goodman Group. The trust represents a joint control arrangement. Further information on Group's interests in joint ventures is disclosed in Note 6.3 (b).

A net gain on sale of \$89.6 million was recognised in the current year and included in Other Income (net of environmental remediation provisions of \$10.0 million and transaction costs of \$2.1 million). The gain was separately reported as part of the Building Products Australia operating segment.

Cash proceeds of \$204.0 million (net of stamp and transfer duties paid in the current financial year) were received during the period.

A right-of-use asset of \$104.4 million was recognised along with a \$268.1 million lease liability in respect of this transaction (refer Note 3.3.)

A lease make good provision of \$26.1 million was recognised in relation to make good obligation under each lease (refer Note 3.4).

¹ All remaining performance obligations related to supply and install contracts are expected to be recognised within one year.

2. Financial Performance (continued)

2.2 Revenue and expenses (continued)

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.

(b) Expenses

	31 July 2022	Restated 31 July 2021
	\$'000	\$'000
SPECIFIC EXPENSE DISCLOSURES		
Wages and salaries	241,948	198,880
Post-employment benefits expense	14,900	12,359
Health insurance expense – North America	11,291	9,444
Share based payments expense	6,958	6,679
Other	13,344	8,008
Employee benefits expense from continuing operations	288,441	235,370
Depreciation of property, plant and equipment	42,036	39,005
Amortisation of right-of-use assets	32,923	28,738
Amortisation of intangible assets	566	46
Depreciation and amortisation from continuing operations	75,525	67,789
Interest and finance charges paid/payable	22,053	17,810
Interest on lease liabilities	9,303	3,669
Unwind of discounting on deferred consideration – Redland Brick acquisition	343	358
Total finance costs from continuing operations	31,699	21,837

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. Financial Performance (continued)

2.3. Share of net profits of associates and joint ventures

		31 July 2022	31 July 2021
		\$'000	\$'000
Share of net of profits/(losses) of associates	6.3 (a)	(20,213)	85,914
Share of net profits of joint ventures	6.3 (b)	650,621	254,832
		630,408	340,746

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.

2.4. Earnings per share (EPS)

	31 July 2022	Restated 31 July 2021
Profit after tax attributable to shareholders of Brickworks Limited (\$'000)	854,391	239,163
Profit from continuing operations after tax (\$'000)	869,736	242,784
Weighted average number of ordinary shares used in the calculation of basic EPS (thousand)	151,744	151,098
Weighted average number of ordinary shares used in the calculation of diluted EPS (thousand)	152,251	151,455
Basic EPS (cents per share)	563.0	158.3
Diluted EPS (cents per share)	561.2	157.9
Basic EPS (cents per share) from continuing operations	573.2	160.7
Diluted EPS (cents per share) from continuing operations	571.2	160.3

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.

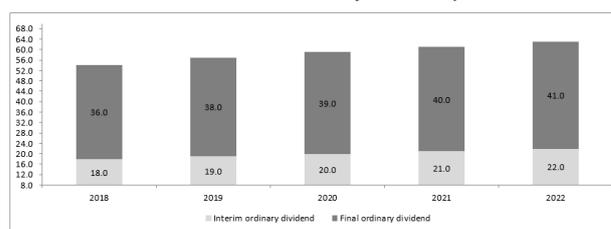
Diluted EPS adjusts the figures used in the determination of basic EPS to reflect the after income tax effect of interest and other finance costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to 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. Financial Performance (continued)

2.5. Dividends and franking credits

Type of dividend (fully franked)	Cents per share	Total amount \$'000	Date paid/payable
2020 Final	39.0	58,563	25-Nov-20
2021 Interim	21.0	31,835	28-Apr-21
2021 Final	40.0	60,639	24-Nov-21
2022 Interim	22.0	33,931	3-May-22
2022 Final ¹	41.0	62,228	23-Nov-22

Dividends declared in each financial year – cents per share



	31 July 2022 \$'000	31 July 2021 \$'000
2021 Final ordinary dividend (PY: 2020)	60,170	58,563
2022 Interim ordinary dividend (PY: 2021)	33,931	31,835
Group's share of dividend received by associated company	(14,118)	(15,517)
	79,983	74,881
Franking account balance on a tax paid basis	160,371	181,801

The impact on the franking account of dividends resolved to be paid after 31 July 2022, but not recognised as a liability, will be a reduction in the franking account of \$26.7 million (2021: \$26.0 million).

¹ The final dividend for the 2022 financial year has not been recognised as a liability in this financial report because it was resolved to be paid after 31 July 2022. The amounts disclosed as recognised in 2022 are the final dividend in respect of the 2021 financial year and the interim dividend in respect of the 2022 financial year.

3. Operating Assets and Liabilities (continued)

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 2022	31 July 2021
	\$'000	\$'000
Trade receivables	149,973	128,289
Allowance for expected credit losses	(2,548)	(2,134)
Net trade receivables	147,425	126,155
Other debtors	5,268	6,292
Total	152,693	132,447
Movement in allowance for expected credit losses		
Opening balance	2,134	2,063
Trade debts provided	1,938	1,490
Trade debts written-off	(635)	(1,401)
Transferred to assets held for sale	(913)	-
Foreign currency exchange difference	24	(18)
Closing balance	2,548	2,134
Receivables past due		
Past due 0-30 days	12,857	10,116
Past due 30+ days	10,595	9,775
	23,452	19,891

(b) Inventories

	31 July 2022	31 July 2021
	\$'000	\$'000
Current		
Raw materials and stores	54,402	54,180
Work in progress	5,699	4,942
Finished goods	267,101	226,270
Total	327,202	285,392

Non-current

Raw materials	6,901	5,849
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Write-down of inventories recognised as an expense for the 2022 financial year amounted to \$11.8 million (2021: \$6.7million).

(c) Current payables

	31 July 2022	31 July 2021
	\$'000	\$'000
Trade payables and accruals	149,249	124,766

Average terms on trade payables are 30 days from statement.

As at 31 July 2022 the contract assets amounted to \$2.2 million (2021: \$4.0 million) and contract liabilities to \$9.4 million (2021: \$5.2 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	
		2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost		342,541	389,715	817,474	799,334	1,160,015	1,189,049
Accumulated depreciation and impairment losses		(50,878)	(74,473)	(473,124)	(409,051)	(524,002)	(483,524)
Net carrying amount 31 July		291,663	315,242	344,350	390,283	636,013	705,525
Net carrying amount at 1 August		315,242	320,789	390,283	325,531	705,525	646,320
Additions ¹		67,536	12,206	67,020	100,194	134,556	112,400
Acquisitions through business combinations	6.5	28,327	-	7,386	-	35,713	-
Disposals		(115,809)	(5,947)	(41,236)	(1,174)	(157,045)	(7,121)
Transfer to assets held for sale	6.6	-	-	(18,727)	-	(18,727)	-
Impairment losses		(758)	(399)	(31,341)	(1,555)	(32,099)	(1,954)
Foreign currency exchange difference		6,523	(2,334)	5,233	(1,062)	11,756	(3,396)
Depreciation expense		(9,398)	(9,073)	(34,268)	(31,651)	(43,666)	(40,724)
Net carrying amount 31 July		291,663	315,242	344,350	390,283	636,013	705,525

As at 31 July 2022 capital works in progress, disclosed as part of plant and equipment, amounted to \$135.3 million (2021: \$154.7 million).

Impairment losses of \$32.1 million include:

- \$19.0 million of impairment losses recognised based on an assessment of CGU asset carrying amounts in line with value-in-use methodology (Note 3.2(c))
- \$11.6 million of impairment losses recognised following a review of carrying amounts of assets impacted by plant relocations (Note 2.1).
- \$1.5 million of impairment losses recognised following a review of carrying amounts of assets impacted by site closures undertaken as part of restructure activities (Note 2.1).

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.

Management is required to make significant estimates and judgements in assessing the carrying amount of property, plant and equipment for impairment. This assessment is performed in consideration of impairment indicators at an individual asset level (e.g. site closures or plant relocations) or with reference to valuations supporting the carrying amounts at the Cash Generating Unit (CGU) level – refer to Note 3.2 (c).

¹ Additions to plant and equipment include \$0.5 million (2021: \$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	285,936	19,632	22,709	328,277
Accumulated amortisation and impairment losses	(185,684)	-	(1,083)	(186,767)
Net carrying amount 31 July 2022	100,252	19,632	21,626	141,510
Net carrying amount 1 August 2021	160,997	17,129	18,174	196,300
Additions	-	2,031	4,018	6,049
Acquisitions through business combinations	20,164	-	-	20,164
Impairment losses	(82,000)	-	-	(82,000)
Foreign currency exchange difference	1,091	472	-	1,563
Amortisation expense	-	-	(566)	(566)
Net carrying amount 31 July 2022	100,252	19,632	21,626	141,510
Cost	264,682	17,129	18,691	300,502
Accumulated amortisation and impairment losses	(103,685)	-	(517)	(104,202)
Net carrying amount 31 July 2021	160,997	17,129	18,174	196,300
Net carrying amount 1 August 2020	161,205	17,318	9,854	188,377
Additions	-	-	8,366	8,366
Foreign currency exchange difference	(208)	(189)	-	(397)
Amortisation expense	-	-	(46)	(46)
Net carrying amount 31 July 2021	160,997	17,129	18,174	196,300

Recognition and measurement

Recognition and measurement

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is not amortised, but tested annually and whenever there is an indicator of impairment.

Brand names obtained through acquiring businesses are measured at fair value at the date of acquisition. The brand names have been assessed as having an indefinite useful life, as the brands have been part of the building products industry for a long time and the Group intends to continue trading under these brands.

Other intangible assets are valued at cost on acquisition. If the intangible is considered to have an indefinite useful life, it is carried at cost less any impairment write-downs. If the intangible has a definite life, it is amortised on a straight-line basis over the expected future life of that right. Other intangible assets include a newly implemented ERP system which is amortised over an estimated useful life of 20 years on a straight-line basis.

Intangible assets with definite useful life 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.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indicator of impairment. For impairment testing purposes, these assets are allocated to the Group's Cash Generating Units ('CGUs'). Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates.

3. Operating Assets and Liabilities (continued)

3.2 Property, plant and equipment and intangible assets (continued)

(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 2022 the following CGUs representing business operations had allocations of goodwill tested for impairment:

- ▶ Austral Bricks: \$152.0 million (2021: \$152.0 million);
- ▶ Bristle Roofing \$2.0 million (2021: \$nil);
- ▶ Building Products North America: \$28.2 million (2021: \$9.0 million).

For the purpose of impairment assessment outlined below brand names with indefinite useful lives with a carrying value of \$19.6 million (2021: \$17.1 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 (2021: \$9.0 million);
- ▶ Building Products North America: \$10.6 million (2021: \$8.1 million).

Each CGU tested for impairment has been valued based on value-in-use methodology, using the assumptions outlined in point (ii) below.

(ii) Results of impairment assessment

The current year has seen increasing inflation, tightening labour markets, rapidly rising interest rates and pressure on both energy costs and global supply chains. The result of this has been a general moderation in the market outlook for the Australian economy and building sector relative to 31 July 2021. These factors, together with the increased leased asset base within Building Products Australia and an increase in discount rates, have been reflected in the impairment assessment conducted in respect of the Austral Bricks, Austral Masonry and Bristle Roofing CGUs at 31 July 2022.

An impairment assessment was conducted in line with the value-in-use methodology at 31 July 2022. Based on the assessment, the Group recognised an impairment loss of \$132.2 million (2021: nil). The loss was allocated as follows:

- ▶ Austral Bricks: \$80.0 million fully allocated to goodwill;
- ▶ Austral Masonry: \$35.0 million - (\$23.5 million allocated to Right-of-Use assets and \$11.5 million allocated to Property, Plant & Equipment);
- ▶ Bristle Roofing: \$17.2 million - (\$2.0 million allocated to goodwill, \$7.7 million allocated to Right-of-Use assets and \$7.5 allocated to Property, Plant & Equipment);

The impairment loss was recognised within 'Impairment of non-current assets' in the consolidated income statement.

(iii) 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.

The valuations used to support the carrying amounts of the intangible assets are based on forward looking key assumptions that are, by nature, uncertain. Any changes in the assumptions can lead to significant changes in the recoverable amounts of the CGUs. The Group has based its impairment testing upon conditions existing as at 31 July 2022 and what the Management and the Directors believe can reasonably be expected at that date.

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. Management further assesses sales mix and market share of the relevant CGU.
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. Management takes into consideration actual historic price growth achieved when forecasting price growth in the forecast period.

3. Operating Assets and Liabilities (continued)

3.2 Property, plant and equipment and intangible assets (continued)

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 3 final years of the forecast period.
Long-term growth rates	Long-term growth rates used in cash flow valuation reflect 2.5% (2021: 2.5%).
Discount rate	Management uses an independent external advisor to calculate the appropriate discount rate applied consistently across all CGUs. For 2022, the post-tax discount rate calculated including the impact of AASB 16 - Leases for the Australian CGUs was 9.23% (2021: 9.17%) and 8.96% (2021: 8.96%) for the North American CGU.

(iv) Sensitivity to changes in assumptions

In respect of Austral Bricks, Bristle Roofing and Austral Masonry, given an impairment was recognised in the year, the carrying value of the CGU's are held at their recoverable amount. Therefore, any negative change in a key assumption will result in an impairment charge being recognised.

The impairment testing described above and performed at 31 July 2022 did not result in any impairment being recognised for the North America CGU. However, due to the impact of the COVID-19 pandemic and the uncertainties around economic conditions, headroom is USD\$100.8 million and sensitive to changes in key assumptions. If any of the following changes occur, the headroom would reduce to nil:

- If the post-tax discount rate applied to the cash flow projections of this CGU had been 2.26 percentage points higher than the discount rate determined by an independent external advisor (11.22% instead of 8.96%);
- If the forecast compound annual EBIT growth rate over the forecast period is reduced by 8.34 percentage points per annum compared to the Board approved financial projections.

No reasonable possible change in the terminal value growth rate would lead to an impairment being required.

3. Operating Assets and Liabilities (continued)

3.3. Right-of-use assets and lease liabilities

	Note	Right-of-use assets				Liabilities
		Property \$'000	Equipment \$'000	Vehicles \$'000	Total \$'000	
As at 1 August 2021		120,063	68,139	2,871	191,073	(200,895)
New and modified leases ²		126,359	83,764	629	210,752	(377,679)
Leases terminated		(672)	(174)	(38)	(884)	1,002
Depreciation expense		(16,347)	(16,005)	(1,609)	(33,961)	-
Impairment losses	3.2	(28,850)	(2,139)	(264)	(31,253)	-
Payment of principal portion of lease liability		-	-	-	-	29,023
Transferred to liabilities held for sale	6.6	(4,395)	(283)	(71)	(4,749)	6,472
Foreign exchange difference		1,301	183	54	1,538	(1,695)
As at 31 July 2022		197,459	133,485	1,572	332,516	(543,772) ¹
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)

During the year, the Group recognised rent expense of \$5.2 million (2021: \$4.3 million) from short-term leases and variable lease payments.

¹ \$39.6 million (2021: \$27.3 million) included in current liabilities and \$504.2 million (2021: \$173.6 million) in non-current liabilities.

² The difference between additions to right-of-use assets and lease liabilities relates to sale and leaseback accounting in the current year. Additions include \$104.4 million of right-of-use assets and \$268.1 million of lease liabilities recognised in relation to the sale and leaseback transaction completed during the current financial year. Refer note 2.2(a).

3. Operating Assets and Liabilities (continued)

3.3 Right-of-use assets and lease liabilities (continued)

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. Where an obligation exists to dismantle, remove, or restore a leased asset or the site it is located on and a provision has been raised, the right-of-use asset also includes these restoration costs. 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.

Sale and leaseback transactions

When we sell and lease back the same asset, the accounting treatment depends on whether the control of the asset has been transferred to the buyer:

- If yes, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the rights retained by us as a seller lessee. Accordingly, the Group recognises only the amount of any gain or loss that related to the rights transferred to the buyer-lessor.
- If not, as a seller-lessee the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.

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.

3. Operating Assets and Liabilities (continued)

3.4. Provisions

	Employee benefits	Remediation and make good ¹	Workers compensation	Site Closures	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 August 2021	54,607	9,322	4,046	7,289	3,294	78,558
Recognised / (reversed)	73,378	36,458	4,728	11,060	1,100	126,724
Business combinations	607	214	-	23	457	1,301
Transferred to liabilities held for sale	(1,233)	(1,903)	(433)	-	-	(3,569)
Foreign currency exchange difference	376	180	-	323	32	911
Settled	(68,938)	(1,350)	(4,053)	(4,405)	(2,728)	(81,474)
Closing balance 31 July 2022	58,797	42,921	4,288	14,290	2,155	122,451
Current	55,078	11,142	4,288	14,290	2,155	86,953
Non-current	3,719	31,779	-	-	-	35,498
Total	58,797	42,921	4,288	14,290	2,155	122,451
Opening balance 1 August 2020	51,255	11,013	3,230	8,028	6,996	80,522
Recognised / (reversed)	64,361	(838)	2,994	3,393	2,758	72,668
Foreign currency exchange difference	(172)	(99)	-	(116)	(31)	(418)
Settled	(60,837)	(754)	(2,178)	(4,016)	(6,429)	(74,214)
Closing balance 31 July 2021	54,607	9,322	4,046	7,289	3,294	78,558
Current	51,097	1,424	4,046	7,289	3,294	67,150
Non-current	3,510	7,898	-	-	-	11,408
Total	54,607	9,322	4,046	7,289	3,294	78,558

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 and make good leases is recognised for the estimated costs of restoring operational and quarry sites to their original state in accordance with relevant approvals. Where an obligation exists to dismantle, remove, or restore a leased asset or the site it is located on and a provision has been raised. 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 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.

¹ Includes \$26.1 million of make good provision and \$10.0 million of environmental remediation provision recognised in relation to the sale and leaseback transaction completed during the current financial year. Refer note 2.2(a).

3. Operating Assets and Liabilities (continued)

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 NIGPP.

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 2022 of \$18.2 million (2021: \$17.6 million). 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 \$16.8 million (2021: \$18.8 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 2023, amount to \$1.4 million (2021: \$1.2 million).

	Post- employment liabilities
	\$'000
Opening balance 1 August 2021	18,768
Recognised/(reversed)	(2,405)
Settled	(497)
Foreign currency exchange difference	944
Closing balance 31 July 2022	16,810
Current	826
Non-current	15,984
Total	16,810
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

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 2022 \$'000	Restated 31 July 2021 \$'000
Profit from continuing operations before income tax		1,276,747	328,894
Loss from discontinued operations before income tax benefit	6.6	(21,997)	(4,960)
Profit before income tax		1,254,750	323,934
Prima facie tax expense calculated at 30%		376,425	97,180
<i>(Decrease) / increase in income tax expense due to:</i>			
Gain on deemed disposal of associate		53,955	-
Goodwill and impairment losses		24,600	-
Share of net profits of associates		(18,676)	9,303
Franked dividend income		(18,391)	(17,260)
Utilisation of carried forward capital losses		(11,246)	(606)
Disposal of land		(7,854)	-
(Under)/overprovided in prior years		2,344	(3,104)
R&D tax incentive		(1,076)	(1,708)
Business acquisition costs		690	-
Tax rate difference in overseas entities		(502)	815
Other non-allowable items		90	151
Income tax expense attributable to profit		400,359	84,771
Current tax benefit/(expense)		25,616	(1,030)
Deferred tax expense relating to movements in deferred tax balances	4.2	383,645	89,511
Overprovided in prior years		2,344	(3,104)
Utilisation of carried forward capital losses		(11,246)	(606)
Total income tax expense on profit		400,359	84,771
<i>Income tax expense / (benefit) attributable to:</i>			
Profit from continuing operations		407,011	86,110
Loss from discontinued operations	6.6	(6,652)	(1,339)
Income tax expense attributable to profit		400,359	84,771
<i>Income tax expense / (benefit) recognised directly in equity</i>			
Tax effect on movements in reserves attributable to equity accounted investments		1,636	(41,995)
Tax effect on movements in reserves attributable to financial instruments		705	(143)
Income tax expense / (benefit) recognised in other comprehensive income		2,341	(42,138)
Tax effect on share of associates other movements in retained earnings		(129)	(9,937)
Total income tax expense / (benefit) recognised directly in equity		2,212	(52,075)

4. Income Tax (continued)

4.2. Income tax assets and liabilities

(a) Current income tax liability / (asset)

	31 July 2022	31 July 2021
	\$'000	\$'000
Current income tax liability	6,315	417
Current income tax asset	(2,348)	(8,618)

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	
	31 July 2022	31 July 2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Equity accounted investments in associated and joint ventures	882,235	468,288	413,778	87,232
Property, plant and equipment	8,767	18,238	(22,464)	(5,345)
Provisions	(37,150)	(29,731)	(6,253)	3,259
Tax losses and rebates	(12,551)	(12,010)	(2,252)	(1,731)
Intangibles	1,922	1,343	579	250
Other	(2,288)	(4,656)	257	5,846
Net deferred income tax liability	840,935	441,472	383,645	89,511

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 2022 \$'000	31 July 2021 \$'000
Financial assets			
Cash and cash equivalents	5.2	106,083	139,825
Receivables	3.1(a)	152,693	132,447
Financial assets at fair value through other comprehensive income	5.3	5,876	1,314
Derivative financial assets	5.4(c), 5.8(a)	1,059	101
Total financial assets		265,711	273,687
Financial liabilities			
Trade and other payables	3.1(c)	149,249	124,766
Borrowings	5.4(a)	599,182	658,341
Lease liabilities	3.3	543,772	200,895
Other financial liabilities	5.5	12,382	13,778
Derivative financial liabilities	5.4(c)	41	6,866
Total financial liabilities		1,304,626	1,004,646

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 5.6), reserves (note 5.7) 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 5.6), reserves (note 5.7) 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 (2021: 40%).

	31 July 2022 \$'000	31 July 2021 \$'000
Net debt	493,099	518,516
Total equity	3,259,995	2,479,748
Capital employed	3,753,094	2,998,264
Net debt to capital employed	13.1%	17.3%

5. Capital and Risk Management (continued)

5.2. Cash and cash equivalents

	31 July 2022	31 July 2021
	\$'000	\$'000
Cash on hand	106,083	139,825

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 July 2022	31 July 2021
	\$'000	\$'000
Equities - Listed	5,876	1,314
Total	5,876	1,314

5.4. Borrowings

(a) Available loan facilities

	31 July 2022	31 July 2021
	\$'000	\$'000
Current		
Interest-bearing loans	15,250	40,891
	15,250	40,891
Non-current		
Interest-bearing loans	583,932	617,450
Unamortised borrowing costs	(4,525)	(2,936)
	579,407	614,514

In December 2021 the Group completed a partial refinancing of its debt, which consisted of the following changes:

- ▶ Syndicated loan facility (Tranche C): the facility limit was increased to \$103.9 million (2021: \$80 million) with the maturity date extended until December 2026 (2021: August 2022);
- ▶ Syndicated loan facility (Tranche D): a new variable interest rate tranche was established with a limit of USD 55.0 million and the maturity date in June 2028;
- ▶ Syndicated ITL facility (Tranche D): a new fixed interest rate tranche was established with a limit of USD 60.0 million and the maturity date in December 2031; and
- ▶ Working capital facility: the facility limit was reduced to \$75.0 million (2021: \$100.0 million) with the maturity date extended until December 2023 (2021: December 2022).

In prior years 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. In the current year, 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 December 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, B and D of the ITL facility, interest on the Group's loan facilities is payable based on floating rates determined with reference to the BBSY¹ (AUD) and US LIBOR² (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 2022 approximated their carrying amount (2021: 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 2022 the Group had AUD 324.0 million and USD 67.0 million of unused bank facilities (2021: AUD 185.0 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 2022 is outlined below.

Facility	Currency	Limit (\$m)	Drawn (\$m)	Available (\$m)	Maturity date
Tranche A	AUD	100	25	75	August 2023
Tranche B	AUD	175	19	156	August 2024
Tranche C	AUD	104	26	78	December 2026
Syndicated multicurrency loan facility	AUD	379	70	309	
Tranche A1	USD	100	100	-	August 2023
Tranche B1	USD	100	33	67	August 2024
Tranche D	USD	55	55	-	June 2028
Syndicated loan facility	USD	255	188	67	
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	-	
Facility D - ITL (USD)	USD	60	60	-	December 2031
Syndicated ITL facility	USD	60	60	-	
Working capital facility	AUD	75	60	15	December 2023
Construction facility agreement	AUD	20	15	5	December 2022

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 2022				
Trade and other payables	149,249	-	-	149,249
Borrowings	36,755	555,068	99,847	691,670
Lease liabilities	50,465	196,560	333,497	580,522
Other financial liabilities	1,427	7,136	6,422	14,985
Derivatives	41	(1,059)	-	(1,018)
	237,937	757,705	439,766	1,435,408
31 July 2021				
Trade and other payables	124,766	-	-	124,766
Borrowings	55,932	622,234	25,844	704,010
Lease liabilities	31,329	76,444	83,793	191,566
Other financial liabilities	1,355	6,097	8,129	15,581
Derivatives	-	6,866	-	6,866
	213,382	711,641	117,766	1,042,789

5. Capital and Risk Management (continued)

5.4 Borrowings (continued)

(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.

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 2.51% (2021: 2.76%). 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 2022 the Group entered into one new interest rate swap arrangement to the value of \$25.0 million.

	Notional Principal Amount		Average Interest Rate		Fair value	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	%	%	\$'000	\$'000
Less than 1 year	25,000	-	2.54	-	(41)	-
1 to 3 years	100,000	100,000	2.48	2.76	1,031	(6,866)
3 to 5 years	-	-	-	-	-	-
Total asset / (liability)	125,000	100,000	2.51	2.76	990	(6,866)

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 2022, 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 \$3.7 million higher/lower respectively (2021: \$3.4 million higher/lower). There would not have been any other significant impacts on equity.

5.5. Other financial liabilities

	31 July 2022	31 July 2021
	\$'000	\$'000
Deferred consideration related to the Redland Brick acquisition in the previous year		
Current	1,427	1,355
Non-current	10,955	12,423
Total	12,382	13,778

Recognition and measurement

Deferred consideration resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. The deferred consideration liability represents present value of future payments.

5. Capital and Risk Management (continued)

5.6. Contributed equity

	2022	2021	2022	2021
	Number of shares	Number of shares	\$'000	\$'000
Contributed equity				
Ordinary shares, fully paid	151,775,663	151,596,520	401,090	397,060
Treasury shares	(445,339)	(576,426)	(8,827)	(10,173)
			392,263	386,887
Movement in ordinary issued capital				
Opening balance 1 August	151,596,520	149,937,589	397,060	366,455
Issue of shares through employee share plan	179,143	223,060	4,043	4,283
Dividend Reinvestment Plan (DRP) underwriting agreement	-	1,080,001	-	20,000
Dividend Reinvestment Plan (DRP)	-	355,870	-	6,466
Share issue costs			(13)	(144)
Closing balance 31 July	151,775,663	151,596,520	401,090	397,060
Movement in treasury shares				
Opening balance 1 August	(576,426)	(660,758)	(10,173)	(10,440)
Bonus shares through employee share plan	(110,905)	(190,403)	(2,814)	(3,712)
Shares purchased under Short-term incentive (STI) scheme	(32,692)	(41,054)	(852)	(803)
Shares vested under STI scheme	41,054	-	803	-
Shares vested to employees	233,630	315,789	4,209	4,782
Closing balance 31 July	(445,339)	(576,426)	(8,827)	(10,173)

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. Capital and Risk Management (continued)

5.7. 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 2021		88,102	26,920	36,125	(211)	8,611	1,314	37,056	197,917
Other comprehensive income for the year		-	(2,341)	-	1,528	-	2,351	5,454	6,992
Change in ownership interest in the associate		-	(6,981)	-	-	-	-	(15,881)	(22,862)
Issue of shares through employee share plan		-	-	-	-	(1,229)	-	-	(1,229)
Shares purchased under Short-term incentive (STI) scheme		-	-	-	-	852	-	-	852
Shares vested under Short-term incentive (STI) scheme		-	-	-	-	(803)	-	-	(803)
Shares vested to employees	7.1	-	-	-	-	(4,209)	-	-	(4,209)
Share based payments expense	7.1	-	-	-	-	6,958	-	-	6,958
Balance at 31 July 2022		88,102	17,598	36,125	1,317	10,180	3,665	26,629	183,616
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

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. Capital and Risk Management (continued)

5.8. 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 2022 the net investment in the US subsidiaries of the Group of USD 290.8 million (2021: USD 258.9 million) was hedged with USD denominated borrowings of USD 248.0 million (2021: USD 238.0 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	
	31 July 2022	31 July 2021
	\$'000	\$'000
USD forward contracts	-	20
EUR forward contracts	28	81
Net derivative asset	28	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

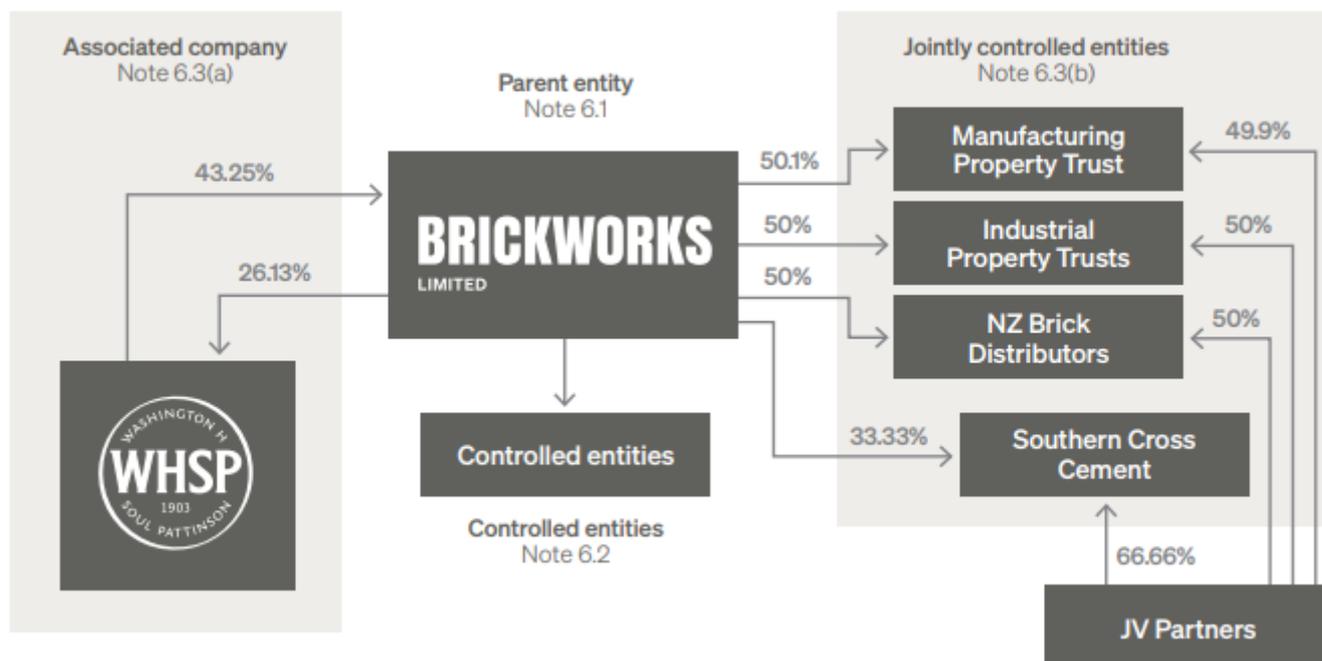
The Group does not have material direct exposure to equity price risk, as the value of its share investment portfolio is insignificant, and hence any fluctuations in equity prices would not be material to either profit after tax or equity of the Group.

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 2022 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 2022	31 July 2021
	\$'000	\$'000
Statement of financial position		
Current assets	37,825	36,698
Non-current assets	2,079,663	1,486,457
Current liabilities	(24,236)	(40,719)
Non-current liabilities	(1,048,040)	(906,117)
Net assets	1,045,212	576,319
Equity		
Issued capital	392,263	386,887
Reserves	100,837	114,934
Retained earnings	552,112	74,498
Total equity	1,045,212	576,319
Statement of financial performance		
Profit after tax	556,061	69,248
Total comprehensive income	556,061	69,248

The parent entity's contingent liabilities of \$25.9 million (2021: \$25.2 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 (2021: 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		Entity	% Group's interest	
	2022	2021		2022	2021
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 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 Building Products North America Pty Ltd ¹	100	100	Prestige Equipment Pty Ltd ¹	100	100
Brickworks Cement Pty Limited ¹	100	100	Southern Bricks Pty Ltd ¹	100	100
Brickworks Construction Materials Pty Limited ¹	100	100	The Austral Brick Co Pty Ltd ¹	100	100
Brickworks Finance Pty Ltd ¹	100	100	The Warren Brick Co Pty Ltd ¹	100	100
Brickworks Supercentres Pty Ltd ¹	100	100	Visigoth Pty Ltd ¹	100	100
Brickworks Head Holding Co Pty Ltd ¹	100	100			
Building Products Head Tenant Pty Ltd ¹	100	-			
Brickworks Industrial Developments Pty Ltd ¹	100	100			
Brickworks Properties Pty Ltd ¹	100	100			
Brickworks Property Finance Co Pty Ltd	100	100	Incorporated in the United States of America		
Brickworks Specialised Building Systems Pty Ltd ¹	100	100	Brickworks North America Corporation	100	100
Brickworks Sub Holding Co No. 1 Pty Ltd ¹	100	100	Brickworks Eddie Acquisition Corporation	100	100
Brickworks Sub Holding Co No. 2 Pty Ltd ¹	100	100	Brickworks Supply LLC	100	-
Brickworks Sub Holding Co No. 3 Pty Ltd ¹	100	100	Glen-Gery Corporation	100	100
Brickworks Sub Holding Co No. 4 Pty Ltd ¹	100	100	Landmark Stone Products, LLC	100	100
Brickworks Sub Holding Co No. 5 Pty Ltd ¹	100	100	Sioux City Brick & Tile Company	100	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.).

6. Group Structure (continued)

6.3. Investments accounted for using the equity method

	Note	31 July 2022 \$'000	31 July 2021 \$'000
Associated companies	6.3(a)	2,051,006	1,416,547
Joint ventures	6.3(b)	1,771,564	929,361
Total investments accounted for using the equity method		3,822,570	2,345,908

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Washington H. Soul Pattinson and Company Limited	26.13	39.40	(20,213)	85,914	2,051,006	1,416,547	2,422,949	3,079,380

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

On 5 October 2021 Washington H Soul Pattinson (WHSP) completed an acquisition of 100% of the share capital in Milton Corporation Limited ("Milton"). The Milton shareholders (other than WHSP) were issued new WHSP shares in exchange for their Milton shares.

Following the issue of new WHSP shares, the Group owns 26.13% of issued ordinary shares of WHSP, compared to 39.40% at 31 July 2021. The Group maintained significant influence over the associate and continued applying the equity method to account for its investment in WHSP.

On completion of the Milton/WHSP transaction, the change in ownership stake resulted in a non-cash gain on deemed disposal for the Brickworks Group. The gain was recognised during the year ended 31 July 2022 and amounted to \$451.6 million after tax (\$722.2 million before tax). This amount was determined with reference to the equity accounted value of the Group's investment in WHSP as of completion date and the Group's share in the fair value of newly issue WHSP shares, net of deferred income tax expense.

In addition to the Group owning 26.13% (2021: 39.40%) of issued ordinary shares of WHSP, at 31 July 2022, WHSP owned 43.25% (2021: 43.30%) of issued ordinary shares of Brickworks Limited.

6. Group Structure (continued)

6.3 Investments accounted for using the equity method (continued)

(a) Associated company (continued)

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 2022	31 July 2021
	\$'000	\$'000
Current assets	1,592,873	1,335,986
Non-current assets	7,549,125	5,566,309
Current liabilities	(402,320)	(547,119)
Non-current liabilities	(879,926)	(1,699,458)
Outside equity interest (OEI)	(10,512)	(1,060,148)
Net assets	7,849,240	3,595,570
Equity accounted carrying value	2,051,006	1,416,547
Revenue	2,784,562	1,501,778
Profit after tax attributable to members	(124,509)	218,073
Other comprehensive income	(42,212)	(227,056)
Total comprehensive income	(166,721)	(8,983)
Dividends received by Brickworks Limited from the associate	61,305	57,532

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 (2021: \$182,000 and \$95 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.

6. Group Structure (continued)

6.3 Investments accounted for using the equity method (continued)

(b) Joint ventures

Information relating to joint ventures is outlined below.

	Group's interest		Contribution to Group profit before tax		Carrying value		Principal activity
	2022	2021	2022	2021	2022	2021	
	%	%	\$'000	\$'000	\$'000	\$'000	
Domiciled in Australia							
BGAI CDC Trust	-	-	-	425	-	-	Property development, management and leasing
BGAI Erskine Trust	50.0	50.0	40,691	39,080	207,993	163,778	As above
BGAI1 Capicure Trust	50.0	50.0	4,877	5,178	20,354	16,621	As above
BGAI1 Heritage Trust	50.0	50.0	14,479	12,076	60,185	48,092	As above
BGAI1 Oakdale Trust	50.0	50.0	91,321	67,715	321,207	242,133	As above
BGAI1 Oakdale East Trust	50.0	50.0	15,607	17,910	66,486	53,050	As above
BGAI1 Oakdale South Trust	50.0	50.0	101,723	33,729	230,232	134,058	As above
BGAI2 Rochedale BT Trust	50.0	50.0	3,062	3,760	14,934	12,581	As above
BGAI2 Rochedale Trust	50.0	50.0	19,370	24,050	93,352	77,904	As above
BGAI2 Rochedale North Trust	50.0	50.0	19,604	-	27,416	8,112	As above
BGMG1 Oakdale West Trust	50.0	50.0	339,845	-	500,463	154,841	As above
Brickworks Goodman Manufacturing Trust (BGMT) ¹	50.1	-	-	-	211,512	-	As above
Gain recognised on recognition as investment property and sale to third parties	-	-	-	50,066			
Property trusts			650,579	253,989	1,754,134	911,170	
Southern Cross Cement	33.33	33.33	(608)	3	10,446	11,053	Import of cement
Domiciled in New Zealand							
NZ Brick Distributors	50.00	50.00	650	840	6,984	7,138	Import and distribution of building products
Total			650,621	254,832	1,771,564	929,361	

Property Trusts and Southern Cross Cement have balance dates of 30 June. The balance date for NZ Brick Distributors is 31 March.

¹ The Group entered into a sale and leaseback transaction for certain manufacturing sites in Australia, by creating a new Joint Venture manufacturing property trust with Goodman Group ("Goodman") to manage a portfolio of manufacturing plants, tenanted by a wholly owned subsidiary of the Group's Australian Building Products business (Refer Note 2.2).

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 2022	31 July 2021
	\$'000	\$'000
Share of fair value adjustment of properties held by joint venture	614,470	172,478
Share of joint venture property rental profits	36,109	31,445
Fair value adjustment on recognition as investment property	-	50,066
Total equity accounted profit from Property Trusts	650,579	253,989

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 prior 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 2022	31 July 2021
	\$'000	\$'000
Current assets	54,781	62,600
Non-current assets	4,712,395	2,744,884
Current liabilities	(87,360)	(211,459)
Non-current liabilities	(1,133,019)	(726,430)
Net assets	3,546,797	1,869,595
Equity accounted carrying value	1,771,564	929,361
Other balance sheet disclosures		
Cash and cash equivalents	19,792	30,240
Current financial liabilities	(65,989)	(64,777)
Non-current financial liabilities	(1,129,822)	(851,274)
Revenue	148,224	141,188
Depreciation and amortisation	(3,951)	(3,853)
Interest income	26	-
Interest expense	(33,692)	(14,157)
Profit after tax	1,300,635	508,817
Other comprehensive income	-	-
Total comprehensive income	1,300,635	508,817
Distributions received by Brickworks Limited from the joint ventures	36,182	32,177
Joint ventures' expenditure commitments		
Capital commitments	210,360	382,191
Contingent liabilities of joint ventures		
Contingent liabilities incurred jointly with other investors	-	-
<i>The entity has no legal liability for any contingent liabilities incurred by joint ventures.</i>		

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. There were no unrealised eliminated profits as at 31 July 2022 (2021: nil).

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.

The assessment of fair value of each development property that meets the definition of an investment property, takes into account the expected costs to complete, the stage of completion and associated profit and risk adjustments, capitalisation rates, expected rental income, letting up periods and incentives. External valuations are typically performed when the development property reaches practical completion. From time to time, an independent valuation of the development property may be commissioned. In the current year an external valuation of the Oakdale West sites under development was commissioned on an "as if complete" basis. A profit and risk adjustment to the external valuation was reflected by the Group to derive an adjusted end value which is then compared to the forecast costs to complete to determine the fair value increase in the period. The profit and risk adjustment is dependent on the location, size and status of the development at the valuation date and ranges from 15% to 20%.

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 2022	31 July 2021
	\$'000	\$'000
CONSOLIDATED BALANCE SHEET		
Current assets		
Cash and cash equivalents	67,337	55,135
Receivables	99,756	108,789
Inventories	188,311	174,890
Other assets	6,425	5,679
Contract assets	1,968	3,956
Assets classified as held for sale	24,224	-
Total current assets	388,021	348,449
Non-current assets		
Receivables	613,653	249,361
Inventories	6,901	5,849
Other financial assets	345,503	275,721
Investments accounted for using the equity method	2,068,436	1,434,738
Property, plant and equipment	397,926	536,512
Right-of-use assets	300,077	160,465
Intangibles	102,669	163,723
Total non-current assets	3,835,165	2,826,369
Total assets	4,223,186	3,174,818

6. Group Structure (continued)

6.4 Deed of cross guarantee (continued)	31 July 2022	31 July 2021
	\$'000	\$'000
Current liabilities		
Trade and other payables	313,750	101,644
Borrowings	15,250	40,891
Derivative financial liabilities	41	-
Lease liabilities	32,708	21,817
Income tax payable	12,851	-
Contract liabilities	1,557	4,156
Liabilities directly associated with assets classified as held for sale	16,701	-
Provisions	69,886	53,200
Total current liabilities	462,744	221,708
Non-current liabilities		
Borrowings	579,407	614,513
Derivative financial liabilities	-	6,866
Lease liabilities	473,080	142,913
Provisions	33,069	7,850
Deferred income tax liabilities	415,672	212,139
Total non-current liabilities	1,501,228	984,281
Total liabilities	1,963,972	1,205,989
Net assets	2,259,214	1,968,829
Equity		
Contributed equity	392,263	386,887
Reserves	168,319	209,894
Retained profits	1,698,632	1,372,048
Total equity	2,259,214	1,968,829
CONSOLIDATED INCOME STATEMENT		
Profit before income tax	591,312	92,996
Income tax expense	(199,508)	(14,205)
Profit after income tax expense	391,804	78,791
MOVEMENT IN CONSOLIDATED RETAINED EARNINGS		
Retained profits at the beginning of the year	1,372,048	1,391,323
Profit after income tax expense	391,804	78,791
Dividends paid	(79,983)	(74,881)
Share of associate's transferred to outside equity interests	14,763	(23,185)
Retained profits at the end of the year	1,698,632	1,372,048

6. Group Structure (continued)

6.5. Business combinations

Acquisition of Illinois Brick Company

On 2 August 2021, the Group acquired certain assets of Southfield Corporation, including Illinois Brick Company ("IBC"). IBC is the largest independently owned and operated brick distributor in the United States.

From the date of the acquisition, IBC contributed \$169,930,000 of revenue and \$12,940,000 to profit before tax from continuing operations of the Group.

The final acquisition purchase price allocation is presented below.

Other acquisitions

Other than the acquisition above, the Group also acquired several building products businesses in the United States and Australia in the year ended 31 July 2022. The summarised amounts for these other business combinations are shown below and have been determined on a provisional basis only.

From the date of the acquisition, the other acquisitions contributed \$6,409,000 of revenue and \$889,000 to profit before tax from continuing operations of the Group.

The purchase considerations were fully paid in cash and have been allocated as follows:

Business acquired	IBC	Others (provisional)	Total
Consideration			
Cash paid (\$'000)	64,188	9,400	73,588
Assets acquired			
Inventories (\$'000)	20,238	642	20,880
Receivables (\$'000)	-	1,801	1,801
Prepayments (\$'000)	1,024	-	1,024
Property, plant and equipment (\$'000)	34,298	1,415	35,713
Right-of-use assets (\$'000)	1,371	-	1,371
Deferred tax assets (\$'000)	477	20	497
Liabilities assumed			
Trade and other payables (\$'000)	(4,146)	(1,044)	(5,190)
Lease liabilities (\$'000)	(1,371)	-	(1,371)
Provisions (\$'000)	(964)	(337)	(1,301)
Fair value of net assets (\$'000)	50,927	2,497	53,424
Goodwill arising on acquisition (\$'000)	13,261	6,903	20,164
Direct costs relating to acquisition (\$'000)	5,743	864	6,607

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.

6. Group Structure (continued)**6.6. Discontinued operations**

During the current year, following a strategic review, the Group decided to exit the concrete precast panels operations and initiated an active program to locate a buyer for its Austral Precast division.

As a result, as at 31 July 2022 the assets and liabilities associated with the operations of Austral Precast have been classified as held for sale. The results for the year ended 31 July 2022 and the prior year have been presented as discontinued operations (net of tax).

(a) Financial performance and cashflow information

	31 July 2022	31 July 2021
	\$'000	\$'000
Results of discontinued operations		
Revenue	35,664	39,391
Expenses	(38,939)	(42,518)
Operating loss	(3,275)	(3,127)
Loss on disposal of subsidiary	-	(1,334)
Impairment loss recognised on the measurement to fair value less costs to sell	(18,727)	-
Other significant items	(587)	(242)
Finance income/(expense)	592	(257)
Loss before tax	(21,997)	(4,960)
Income tax benefit/(expense)	6,652	1,339
Loss after tax	(15,345)	(3,621)
Cash flows from discontinued operations		
Net cash used in operating activities	(7,759)	262
Net cash from/(used) in investing activities	(343)	(683)
Net cash from financing activities	(751)	(1,023)
Net cash inflow/(outflow)	(8,853)	(1,444)
Basic (cents per share) from discontinued operations	(10.1)	(2.4)
Diluted (cents per share) from discontinued operations	(10.1)	(2.4)

6. Group Structure (continued)

6.6 Discontinued operations (continued)

	31 July 2022
	\$'000
Assets and liabilities classified as held for sale	
Receivables	5,745
Inventories	7,802
Contract assets	5,637
Right-of-use assets	4,749
Other assets	291
Assets classified as held for sale	24,224
Payables	2,961
Provisions	3,569
Contract liabilities	3,699
Lease liabilities	6,472
Liabilities held for sale	16,701
Net assets held for sale	7,523

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.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sales is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from the employee benefits and financial assets.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in the excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets classified as held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

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.

Significant accounting judgements, estimates and assumptions

Management is required to make significant estimates and judgements in assessing the fair value of assets held for sale. The fair value of these assets is determined based on management's assessment on the values that would be recovered through a sale rather than through continuing use of assets.

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 2022, there were 775 employees participating in the Brickworks Deferred Employee Share Plan and the Brickworks Exempt Employee Share Plan, holding 1,193,247 shares (0.79% of issued capital). 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	461,269	813,014	1,274,283
Granted	141,172	-	141,172
Vested	(233,630)	233,630	-
Forfeited / withdrawn	(19,759)	(237,438)	(257,197)
Closing balance	349,052	809,206	1,158,258

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.

217,538 rights were allocated in the current year (2021: 222,573). 144,774 rights vested on 31 July 2022 (2021: 64,972). There were no rights forfeited in the current year (2021: 5,874).

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.

2022

Grant date	23-Nov-21
Valuation method	Monte-Carlo simulation
Performance period	3 years
Grant date share price	\$23.74
Estimated volatility	27.98%
Risk free rate (2.69-yr rate)	0.93%

7. Other Disclosures (continued)

7.1 Share based payments (continued)

(b) Equity-based compensation plans (continued)

	2022	2021
	\$	\$
Expense arising from share-based payment transactions	6,958,114	6,679,267
Fair value of vested shares held by the plan at the end of the year (based on 31 July share price)	17,017,602	19,715,590
Fair value of shares granted during the year	3,582,055	4,022,617
Fair value of executive rights granted during the year	4,748,973	4,358,927

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 5.6).

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 (2021: Nil). 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 (2021: Nil).

7.3. Auditor's remuneration

	2022	2021
	\$	\$
Fees for auditing the statutory financial report of the parent covering the group	1,361,777	961,799
-Other assurance services	-	-
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	-	-
-Due diligence, tax and other advisory services in relation to business combinations	-	93,188
-Taxation services	420,601	422,700
-Other services (Climate change and sustainability services)	54,470	-
Fees for other services	475,071	515,888
Total fees	1,836,848	1,477,687

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 2022	31 July 2021
	\$'000	\$'000
Contracted capital expenditure		
Within one year	38,048	34,021

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 2022	31 July 2021
	\$'000	\$'000
Shareholder guarantee provided as part of joint venture arrangements and bank guarantees issued in the ordinary course of business	60,454	57,783

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

There have been no 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.

(b) New accounting standards, interpretations and amendments adopted by the Group

In June 2021, the International Financial Reporting Standards (IFRS) Interpretations Committee ("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 AASB 102 *Inventories*. In the current period, the Group assessed the impact the agenda decision and concluded no adjustment to inventory is required.

There were no other new accounting standards, interpretations and amendments significantly impacting the Group in the year ended 31 July 2022.

(c) 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 2022. 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*
- ▶ Definition of Accounting Estimates - Amendments to IAS 8
- ▶ Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Directors

Declaration

In the opinion of the Directors:

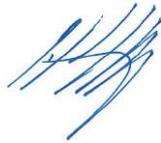
1. the complete set of the financial statements and notes of the consolidated entity, as set out on pages 65 to 111, and the additional disclosures included in the Remuneration Report section of the Directors' Report designated as audited, are in accordance with the Corporations Act 2001:
 - (a) comply 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 2022 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 2022.

This declaration is made in accordance with a resolution of the Board of Directors.



R.D. Millner
Director



L.R. Partridge AM
Director

Dated 21 September 2022



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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 2022, 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 2022 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

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 independent property valuations obtained during the year.

As disclosed in Note 6.3(b) to the financial report, the Group recognised a gain of \$650.6 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) to the financial report, the valuation of investment properties is inherently judgemental. The valuations are highly sensitive to small changes in key inputs such as the profit and risk adjustment, 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 impacts the share of profits recognised from the joint venture property trusts.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Discussed with management the following matters related to the investment properties held within the joint venture property trusts:
 - movements in the investment property portfolio;
 - changes in the condition of each property;
 - controls in place relevant to the valuation process; and
 - the status of investment properties under development.
- Performed the following procedures on the independent valuations of selected properties:
 - Assessed the reasonableness of key valuation assumptions and inputs adopted, including profit and risk adjustments, capitalisation rates, net operating income, discount rates, lease terms, budgeted capital expenditure and other valuation adjustments.
 - Involved our real estate valuation specialists to assist with the assessment of the valuation assumptions and methodologies;
 - Recalculated property valuations calculated using the Capitalisation Approach; and
 - Assessed the qualifications, competence, and objectivity of the Group's external independent property valuation specialists.
- 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.
- Assessed the adequacy of the disclosures in the Notes to the financial report.



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Accounting for sale and leaseback transaction

Why significant

As disclosed in Note 2.2(a) to the financial report, in July 2022 the Group entered into sale and leaseback transactions involving a portfolio of 15 Building Products Australia manufacturing locations into a newly established Brickworks Goodman Manufacturing Trust.

As a result of this transaction, the Group:

- derecognized property, plant and equipment of \$124.6 million (as disclosed in Note 3.2),
- recognised a right-of-use asset of \$104.4 million (Note 2.2(a))
- recognised lease liabilities of \$268.1 million (Note 2.2(a))
- recognised additional equity accounted investments in joint ventures of \$211.5 million (Note 6.3(b))

The sale and leaseback transaction resulted in a before tax gain of \$89.2 million being recognised as Other Income in Note 2.2(a) to the financial report.

This was considered a key audit matter due to the significance of the transaction on the Group operations.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed the accounting for Project Build as a sale and leaseback transaction in accordance with the Australian Accounting Standards.
- Assessed appropriateness of the property, plant and equipment derecognized.
- Reviewed the sales agreements and recalculated the gain on disposal recognised.
- Recalculated the right of use asset and lease liabilities recognised, including agreeing the accuracy of lease details to lease agreements, assessing appropriateness of the Incremental Borrowing Rate and treatment of lease option periods.
- Reviewed the Brickworks Goodman Manufacturing Trust agreement and assessed appropriateness of the trust being treated as a joint venture under Australian Accounting Standards.
- Assessed the appropriateness of environmental provisions arising from the transaction.
- Reviewed the independent tax advice obtained by the company and assessed appropriateness of the tax treatment of the transaction.
- Assessed the adequacy of the disclosures in the Notes to the financial report.

Impairment assessment of goodwill and other non-current assets

Why significant

At 31 July 2022, the Group's consolidated balance sheet includes goodwill and other intangible assets of \$141.5 million, and other non-current assets of \$4,816.1 million.

The Directors have assessed goodwill and other intangible and tangible assets for impairment at 31 July 2022 and recognised an impairment charge of \$132.2 million. As disclosed in Note 3.2(c) to the financial report, the impairment assessment incorporated significant judgments and estimates, based upon conditions existing as at 31 July 2022, specifically concerning factors such as forecast cashflows, discount rates and terminal growth rates. The estimates and assumptions relate to future performance, market and economic conditions.

This was considered a key audit matter due to the level of judgment and estimation exercised in the impairment assessment.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed the Group's determination of the CGUs used in the impairment models, based on our understanding of the Group's businesses and cash inflows.
- Assessed whether the impairment testing methodology used by the Group met the requirements of Australian Accounting Standards.
- Assessed the mathematical accuracy of the value in use cash flow models including the consistency of the cashflow forecasts with Board approved business forecasts.
- Assessed the reasonableness of future cash flow forecasts used by the Group by considering our knowledge of the business, historical forecasting accuracy and corroborating data with external information where possible.
- Evaluated the appropriateness of discount and terminal growth rates applied with involvement from our valuation specialist.
- Performed sensitivity analysis on key assumptions including discount rates and terminal value growth rates.
- Assessed the adequacy of the disclosures in the notes to the financial report including those made with respect to judgments and estimates.

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 2022 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:



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- ▶ 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.



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Report on the Audit of the Remuneration Report

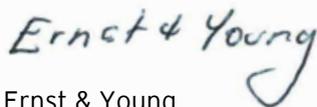
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 45 to 62 of the directors' report for the year ended 31 July 2022.

In our opinion, the Remuneration Report of Brickworks Limited for the year ended 31 July 2022, 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



Jodie Inglis
Partner
Sydney
21 September 2022

Statement of Shareholders

Ordinary as at 31 August 2022

Shareholders

Number of holders **25,208**

Voting entitlement is one vote per fully paid ordinary share % of total holdings by or on behalf of 20 largest shareholders **69.75%**

Distribution of shareholdings:

1 - 1,000	17,373
1,001 - 5,000	6,333
5,001 - 10,000	876
10,001 - 100,000	571
100,001 and over	55
	25,208

Holdings of less than marketable parcel of 25 shares 1,112

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 2022

		Number of Shares	%
1	WASHINGTON H SOUL PATTINSON & COMPANY LIMITED	61,045,140	40.22
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,621,932	9.63
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,027,247	4.63
4	CITICORP NOMINEES PTY LIMITED	6,872,898	4.53
5	NATIONAL NOMINEES LIMITED	3,106,623	2.05
6	J S MILLNER HOLDINGS PTY LIMITED	3,018,836	1.99
7	BNP PARIBAS NOMS PTY LTD <DRP>	1,707,680	1.13
8	WOODROSS NOMINEES PTY LTD	1,512,040	1.00
9	NATIONAL NOMINEES LIMITED <N A/C>	1,500,000	0.99
10	WILDESMEADOW PTY LTD	708,000	0.47
11	T G MILLNER HOLDINGS PTY LIMITED	698,509	0.46
12	ARGO INVESTMENTS LIMITED	584,009	0.38
13	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	565,428	0.37
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	513,207	0.34
15	BKI INVESTMENT COMPANY LIMITED	436,209	0.29
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	410,105	0.27
17	MRS LOUISE MARGARET RASMUSSEN	404,686	0.27
18	MR JAMES WILLIAM STONIER	379,685	0.25
19	MRS KATHRYN ELIZABETH HOZACK	374,686	0.25
20	MR GREGORY JAMES STONIER	374,686	0.25
		105,861,606	69.75

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

2022 annual result released	21 September 2022
Record date for final ordinary dividend	2 November 2022
Annual General Meeting	22 November 2022
Payment date for final ordinary dividend	23 November 2022
2023 half-year end	31 January 2023
2023 half-year result announced	23 March 2023
Record date for interim ordinary dividend	11 April 2023
Payment date for interim ordinary dividend	2 May 2023
2023 financial year end	31 July 2023
2023 annual result released	21 September 2023

The above dates are indicative only and are subject to change