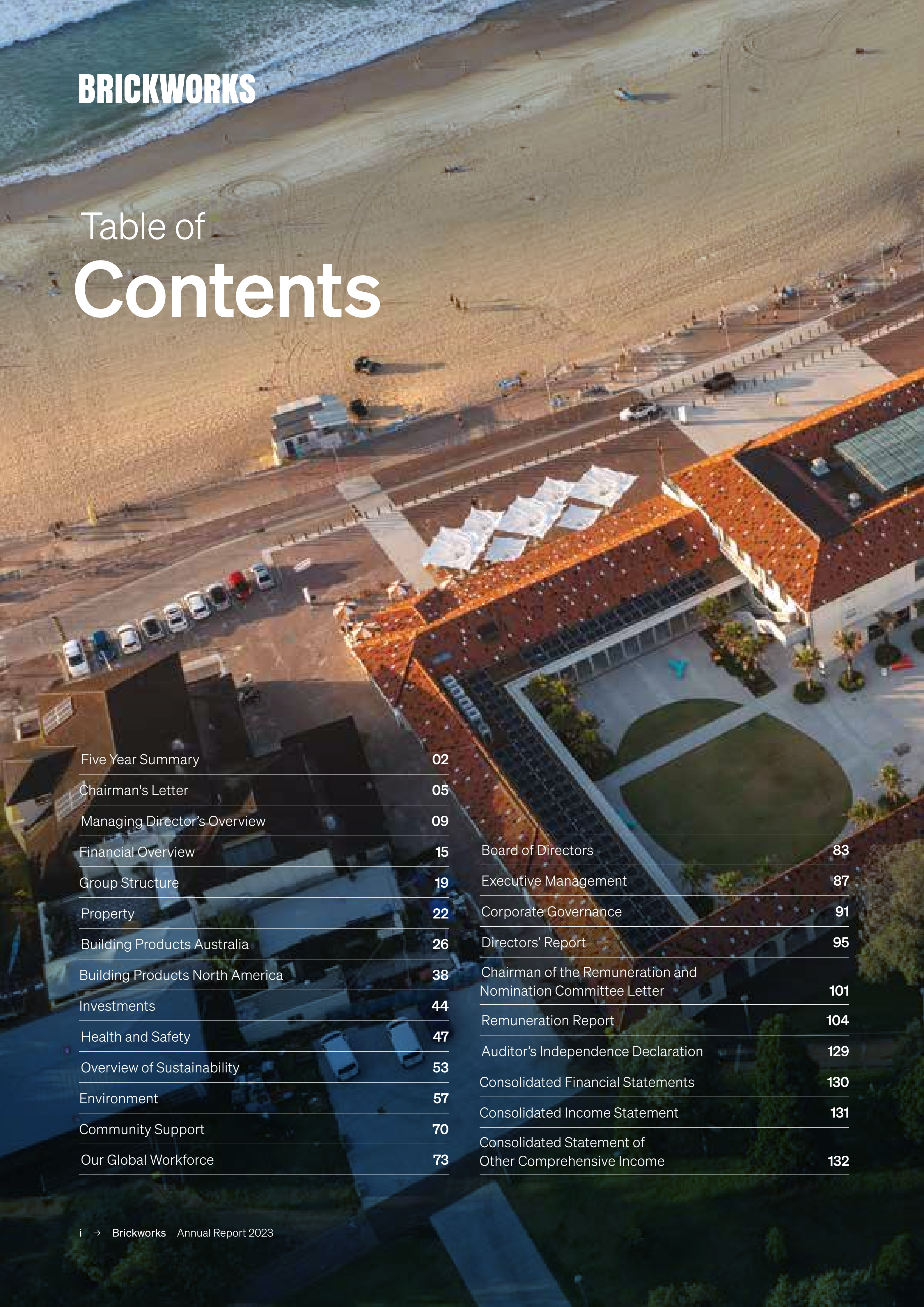

ANNUAL REPORT
2023
BRICKWORKS



BRICKWORKS

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Bondi Pavilion
Bristile Roofing La Escandella Curvado Glazed
Bondi Beach, NSW

$395m
Statutory NPAT
↓54%

$508m
Underlying NPAT*
↓32%

65¢
Total full year dividend per share
↑3%

11.3%
10-year Total Shareholder Return (TSR)

Versus All Ordinaries Accumulation Index
2.8%

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

BRICKWORKS
LIMITED

Five Year
Summary

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

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

	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	Growth %
Total revenue	**841,285**	**898,420**	**850,922**	**1,095,353**	**1,181,178**	**8%**
Earnings before interest and tax[1]						
Building Products Australia	57,690	39,513	47,768	152,869[2]	52,809	(65%)
Building Products North America	6,180	10,061	8,525	24,932	12,795	(49%)
Property	157,806	129,437	252,679	643,689	505,517	(21%)
Investments	103,725	50,771	96,946	180,712	158,707	(12%)
Head office and other expenses	(15,026)	(16,849)	(19,417)	(19,803)	(20,433)	(3%)
Total EBIT	**310,375**	**212,933**	**386,501**	**982,399**	**709,395**	**(28%)**
Total EBITDA	**343,945**	**283,699**	**454,290**	**1,057,924**	**784,138**	**(26%)**
Finance costs	(23,883)	(25,964)	(18,735)	(20,154)	(53,100)	(163%)
Income tax	(51,920)	(35,218)	(80,090)	(216,101)	(148,066)	31%
Underlying net profit after tax[1]	**234,572**	**151,751**	**287,676**	**746,144**	**508,229**	**(32%)**
Significant items net of tax	(37,086)	175,495	(44,892)	123,592	(102,965)	NA
Discontinued operations net of tax (including significant items)	(42,844)	(29,168)	(3,621)	(15,345)	(10,570)	NA
Net profit after tax (including significant items and discontinued operations)	**154,642**	**298,078**	**239,163**	**854,391**	**394,694**	**(54%)**
Per share earnings and dividends						
Basic earnings per share (cents)	103.3	198.8	158.3	563.0	259.4	(54%)
Underlying earnings per share (cents)[1]	156.7	101.2	190.4	491.7	334.0	(32%)
Final dividend per share (cents)	38.0	39.0	40.0	41.0	42.0	2%
Total dividends per share (cents)	**57.0**	**59.0**	**61.0**	**63.0**	**65.0**	**3%**
Ratios						
Net tangible assets per share ($)	13.28	14.08	13.78	18.34	19.96	9%
Statutory return on shareholders' equity	7.1%	12.4%	9.6%	26.2%	11.1%	(58%)
Underlying return on shareholders' equity[1]	10.8%	6.3%	11.6%	22.9%	14.3%	(38%)
Interest cover ratio (underlying)	17.9	8.4	17.8	35.2	13.0	(63%)
Gearing (net debt to equity)	11.7%	18.9%	20.9%	15.1%	18.3%	(21%)

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

1 This is an alternative measure of earnings that excludes significant items, which are separately disclosed in the consolidated financial statements.
2 Includes $89.076 million profit from sale of land into the BKW Manufacturing Trust (FY2022).

HA HA HAUS
Austral Bricks La Paloma Miro
Alphington, VIC

42¢
Final dividend per share
↑2%

65¢
Total full year dividend per share
↑3%

259.4¢
Statutory earnings per share
↓54%

334.0¢
Underlying earnings per share*
↓32%

$395m
Statutory NPAT
↓54%

$508m
Underlying NPAT*
↓32%

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

Chairman's
Letter[3]

On behalf of your Board of Directors, it gives me great pleasure to present Brickworks' Annual Report for the 2023 financial year (FY2023). It has been another successful year for the Company, with strong earnings achieved across our diversified portfolio of businesses.

Review of FY2023

Brickworks FY2023 result again demonstrates the resilience of our diversified business model, and the ability to deliver strong earnings across all parts of the business cycle.

This year, we have witnessed a dramatic shift towards restrictive monetary policy from central banks across the world, with a sharp increase in interest rates. Since I wrote in last year's report, the cash rate in Australia has increased from 1.35% to 4.10%.

Throughout the year, we have also navigated a range of other challenges, such as significant inflationary pressures, widespread labour shortages and raw materials supply issues.

Against this backdrop, we have continued our focus on disciplined execution of our strategy, to deliver long-term value for shareholders.

Brickworks reported statutory Net Profit After Tax (NPAT) of $395 million. Although this was down 54%, last year's record result was boosted by a significant one-off profit in relation to the deemed disposal of Washington H Soul Pattinson (ASX: SOL, "WHSP") shares upon its merger with Milton in 2021. Excluding significant items and discontinued operations, the underlying NPAT in FY2023 was $508 million, down 32%.

Underlying earnings before interest, tax and depreciation (EBITDA) from continuing operations was $784 million, down 26%, and after depreciation and amortisation, EBIT was $709 million, down 28%. The decrease was primarily due to lower revaluation and development profits within the Industrial JV Trust with Goodman Group (ASX: GMG).

Although revaluations and development profits were lower, Property still produced a standout result, with the highlight for the year being the sale of Oakdale East into the Industrial JV Trust. This sale provides additional capacity within the Trust for further developments to meet the strong demand from our customers.

Despite the challenging macro conditions, structural drivers for well-located logistics facilities remain sound, driven by the continued growth of online shopping, the need for more productive and sustainable assets, and limited supply. These factors have driven a significant increase in rent for prime industrial facilities in Western Sydney, and this has underpinned the value of our property assets, despite the impact of expanding. These industry trends also resulted in lower capitalisation rate expansion across our portfolio, compared to most other property asset classes.

Investments had another strong year, despite a lower earnings contribution, with higher dividend payments and a significant uplift in market value of WHSP.

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

Within Building Products, sales remained resilient, despite the impact of lower building activity across Australia and North America. In both countries, we have been impacted by significant labour and raw materials cost increases, and this has placed pressure on margins.

This has re-enforced the importance of improving our operational efficiency, a fundamental pillar of our strategy. In relation to this, we have faced short-term disruption, for long-term gain. In Australia, we have now completed the construction of our new brick plant at Horsley Park and masonry plant at Oakdale East. Both of these projects have involved transitioning to new sites and this has adversely impacted our operations over the past few years. In North America, we have now completed our multi-year plant rationalisation program to improve network utilisation and efficiency.

With these significant milestones achieved, we are now focussed on executing our business plans and maximising the return on these investments.

Portfolio Evolution

Brickworks has undergone a significant transformation over the past five years, underpinned by a considerable investment program (including acquisitions and capital projects), a range of market factors and portfolio rationalisation.

At the end of FY2018 our gross assets, as recognised on the balance sheet were $2.9 billion. This has since increased by $3.2 billion, and now stands at over $6.1 billion.

The increase in asset backing has been driven by growth across all of our key divisions: Property, Building Products and Investments.

The growth in Property has been the most significant. The net asset value of our Property Trust assets was $0.5 billion at the end of FY2018. This value has increased by $1.7 billion to $2.3 billion at the end of FY2023. This has been driven by:

- the continued sale of surplus Building Products land into the Industrial JV Trust, and their subsequent development;
- the strong growth in value of prime industrial property, in response to structural trends; and
- the launch of the Brickworks Manufacturing Trust (which houses many of our Australian Building Products operational sites).

The value of Investments has also grown significantly over the past five years. The equity accounted value of our investment in WHSP, as held on the balance sheet, is currently $2.1 billion. Our balance sheet does not fully recognise the market value of our shareholding, which currently stands at $3.1 billion. This is an increase of $0.9 billion since 2018, even after the sale of 7.9 million shares in late 2018 for $208 million in gross proceeds.

During the same period, we have invested significantly in our Building Products business. This investment has focussed primarily on growing our exposure to bricks, through international expansion into North America. In Australia, the brick business is by far our largest and most profitable business unit. Within these operations, we enjoy full vertical integration, through quarry ownership and control of our raw materials supply, and direct sales to our major customers.

Our brick factories are typically located on vast tracts of land on the outskirts of the major cities. As the urban sprawl expands, our land become increasingly valuable, and it is this land that feeds the development pipeline for our property business. Whilst this process may take decades, we see this "virtuous circle" between bricks and property as a unique competitive advantage.

Whilst Building Products remains very much at the heart of our company and continues to represent the day-to-day focus for operational activities, the evolution of our portfolio over the past five years means that we now have significantly more assets invested in Property and Investments.

Today, more than ever before, we have a diverse portfolio of strong assets, well positioned to deliver long-term growth. Our diversity is a strength and provides us with opportunities to invest capital in the most attractive and highest growth opportunities. This will continue to result in portfolio evolution over time.

Dividends and Capital Management

The Directors have declared a fully franked final dividend of 42 cents per share, up 2% on the prior year. This brings total dividends for the year to 65 cents per share, up 2 cents or 3%.

We are proud of our long history of increasing dividends. FY2023 marks the tenth year in succession we have increased our dividend and we have not reduced the dividend for 47 years. This is a testament to our strong financial position, prudent capital management and our diversified business model.

Net debt increased by $159 million during FY2023 to finish the year at $652 million, with gearing of 18%. With our major investment program now largely complete, we expect an increase in cash generation over the coming years.

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.

At last year's Annual General Meeting, Robert Webster retired from the Board, following 21 years of service. I would like to thank Robert for his invaluable contribution to the Company during that time.

Following a comprehensive search process, we were pleased to announce the appointment of Joel Fitzgibbon, as an independent non-executive Director, effective from January 2023. Joel brings to our Board considerable expertise in

Ponds
Bowral Bricks in Gertrudis Brown, Bowral Brown, Limousin Gold and Hereford Bronze
Moonee Ponds, VIC

public policy, social and environmental issues and is an ideal appointment for Brickworks in managing its multiple stakeholders and regulatory expectations.

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

As we announced last year, Michael Millner intends to retire at the 2023 Annual General Meeting, following 25 years of service.

In Conclusion

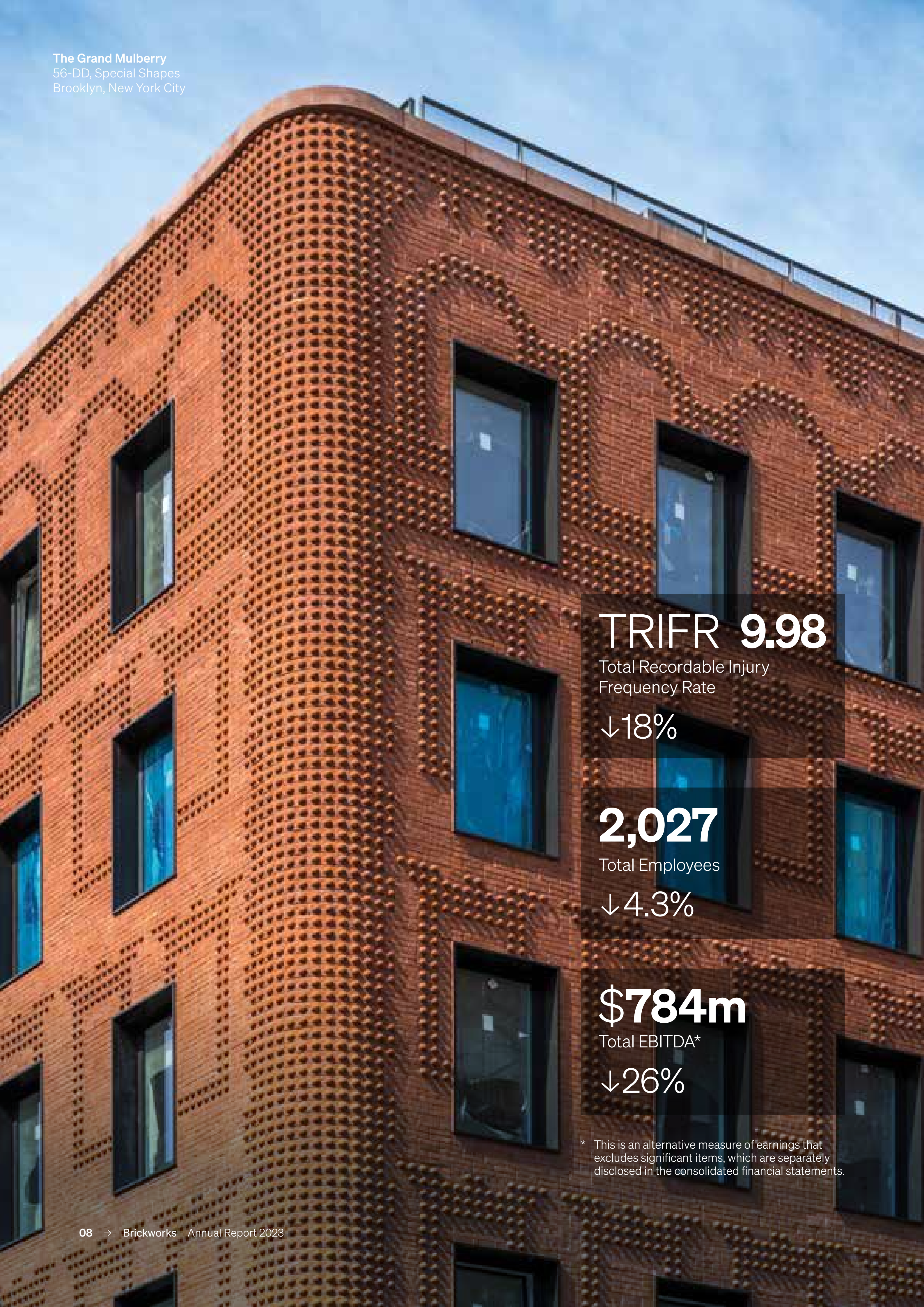
We believe Brickworks diversified portfolio of attractive assets offers shareholders compelling value, stability, and good prospects for long term growth.

Despite the headwinds across the property sector, our industrial assets are resilient and in high demand. Within Building Products, our major investment program is largely complete, and we now turn to maximising the return from those investments. Our investment in WHSP continues to deliver strong returns and asset growth.

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 AO
Chairman



The Grand Mulberry
56-DD, Special Shapes
Brooklyn, New York City

TRIFR **9.98**

Total Recordable Injury Frequency Rate

↓18%

2,027

Total Employees

↓4.3%

$784m

Total EBITDA*

↓26%

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

Managing Director's

Overview

Despite challenging macro conditions, the financial performance of the Company has been resilient in FY2023. Our teams have also remained focussed on disciplined execution of our strategy, in order to deliver sustainable earnings growth and long-term value to shareholders.

Safety

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

The health and safety of our people is our number one priority. During the year, our safety performance improved, with fewer injuries being recorded across the organisation. The total recordable injury rate (injuries per million hours worked) has decreased to 10.0 in FY2023, down from 12.2[4] in the prior year.

However, these statistics are overshadowed by a fatal accident that occurred in July, when an employee of a contractor operating at our Austral Masonry plant in Cairns lost his life. The incident occurred during the processing of waste products under the management of a reputable concrete recycling company.

As we look back on the year at Brickworks, our thoughts turn to his family, and this tragic accident reinforces our ultimate goal of zero harm across all of our operations.

We continue to strive towards this goal, 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 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.

In Australia, carbon emissions have followed a general downward trend, with a 46% decrease compared to FY2006 (Scope 1 and 2). Our progress in this area is supported by product redesign, increased use of recycled materials, utilisation of green fuels such as landfill gas in some of our kilns, and capital investments into modern, fuel-efficient production processes. For example, at Horsley Park we have built the most energy efficient brick plant in the country, and replaced two kilns that were both more than 40 years old.

We have also made steady progress in North America. Since our entry into this market in 2018, we have achieved an 18% energy efficiency improvement, primarily through our plant rationalisation and upgrade program.

Whilst we have made significant progress already, we are committed to achieving more. As such we have published a new carbon reduction target as part of our 2023 Sustainability Report: to achieve a 15% reduction in Scope 1 and Scope 2

4 The FY22 TRIFR has been restated to reflect the date of injuries being incurred (rather than the treatment date).

greenhouse gas emissions by 2030, from a 2022 baseline, across our combined Australian and North American operations.

For hard-to-abate sectors such as brick manufacturing, effective regulation (such as a whole of life-cycle approach to emissions intensity), along with investment and innovation, is critical to ensure the optimal outcomes.

Brickworks is enhancing our commitment to investing in renewable biomethane and landfill gas opportunities. The Brickworks Bioenergy Transformation Initiative promises to lead the market in carbon reduction innovation within the Australian brick and building products sector. More information about this initiative is contained in our 2023 Sustainability Report.

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 almost $5 million since 2002.

Property

It has been another strong year for Property, generating EBIT of $506 million. Although this is 21% down on last year's record earnings, the result is the second highest we have ever achieved.

In December, we completed the sale of Oakdale East Stage 2 into the Industrial JV Trust, for $301 million. This site, adjacent to our existing Trust properties in Western Sydney, has around 50 hectares of net developable area.

With the Oakdale East Stage 1 site fully built out in FY2022, the sale of the adjacent and much larger Stage 2 site will significantly increase the scale of the Estate.

Consistent with our other sales into the Industrial JV Trust, our Joint Venture partner Goodman will contribute funds equal to the sale value of the site, for infrastructure and construction costs. As such, the development of this Estate is expected to be fully completed over the next five years, without any further capital requirement from Brickworks.

Within the Property Trusts (including the Industrial JV Trust and the Brickworks Manufacturing Trust), all assets were revalued during the year, and this resulted in a revaluation profit of $112 million (representing Brickworks' 50% share of the overall valuation gain). The significant growth in assessed market rent for the portfolio more than offset an increase in the average capitalisation rate.

The development focus during FY2023 was at the Oakdale West Estate where four facilities were completed, including a major distribution facility for Coles. Completion of these facilities, and substantial progress on the remaining sites within the Estate, resulted in significant development profits during the period.

The completion of new facilities continues to drive strong rental growth.

The revaluations and developments during the year have resulted in total gross assets within the Property Trusts increasing by around $1.1 billion to $5.8 billion. This includes $4.9 billion of leased properties and $0.9 billion in land under development. After including debt, Brickworks 50% share of net asset value held within the Trusts was $2,274 million at the end of the financial year.

Building Products Australia

Building Products Australia recorded an EBITDA from continuing operations of $100 million in FY2023. After including depreciation and amortisation, EBIT was $53 million. Excluding the impact of land sales in the prior year, EBIT was down 17%.

Despite a significant decrease in new residential construction projects being commenced, demand was resilient throughout the year, with a large backlog of work under construction. This is due to supply chain issues across the sector over the past few years, with significant labour shortages and trade availability issues extending project timelines.

Margins were adversely impacted by inflationary pressures across key cost categories such as raw materials, labour and electricity. These impacts were most severe in our concrete products businesses. Fortunately, our brick operations are protected from raw material input cost increases, through our direct ownership of clay quarries.

During the second half, we made the difficult decision to cease the operations of Austral Bricks Western Australia, following many years of sustained losses. With the last brick being produced at the Cardup plant in April, the exit will be fully completed following the sell down of inventory within the next 6–12 months.

Our Western Australian brick operations were acquired as part of the Bristile takeover in 2003, and the history of plants such as Cardup dates back to the mid 1960's. We thank the many long serving staff that have left the business as part of this closure.

The exit of brick manufacturing in Western Australia follows the closure of Austral Precast and sale of Auswest Timbers in recent years. The increased scale of Brickworks, and the range of investment opportunities available, has brought sharp focus on our Building Products portfolio. We have rationalised our operations to focus in areas where we have the greatest competitive advantage and long-term prospects.

Construction of the new brick plant at Horsley Park is now substantially complete. This project started just prior to the onset of the COVID-19 pandemic, and has suffered significant disruption, delays and cost escalation. The completion of the project is testament to the perseverance of our team of employees and contractors, who have remained steadfast in their dedication, despite these issues. With the final commissioning process now well underway, we expect this plant to be operating at design capacity of 130 million bricks per year by the end of the first half of FY2024.

The completion of the new plant has allowed the closure of Plant 3 at Oakdale East and consolidation to the Horsley Park site. Plant 3 has been operational since 1975, and over its life has produced more than 4 billion bricks, enough to build around 450,000 homes.

Building Products North America

Building Products North America sales revenue of $447 million in FY2023 was up 12% on the prior year. Removing the impact of the weaker Australian dollar, revenue in local currency was up by a more modest 4%. The increase was primarily driven by price increases and sales growth through the vertically integrated retail division.

EBITDA of $40 million and EBIT of $13 million was recorded. This includes a contribution of $7 million from the sale and leaseback of a retail outlet.

Excluding the impact of land sales, (in both FY2022 and FY2023), EBITDA was $33 million, 5% below the prior year. Like in Australia, margins were impacted by cost pressures. Our three largest cost items – labour, maintenance and raw material additives – were up 7%, 13% and 11% respectively on a per unit basis. If not for our plant rationalisation program and investments in automation, labour cost increases would have been significantly higher, with ongoing constraints across the industry resulting in higher wage rates to attract and retain staff.

Although earnings in North America have not yet reached our expectations, we continue to make good progress on key strategic priorities. As I just referred to, one of our most important initiatives has been an extensive plant rationalisation program, including the closure of 7 plants, as we have integrated new bolt-on acquisitions. As part of this process, we have transferred more than 170 products from these plants to other manufacturing facilities. While disruptive to the business in the short-term, the end result of this process is a more efficient plant network and a more focussed capital investment program.

Following numerous acquisitions, the retail distribution network now comprises 26 locations. During the year, all stores have been unified under one brand, "Brickworks Supply", with locations, market strategy and product range fully aligned.

Investments

Brickworks holds 94.3 million shares in WHSP, representing a 26.1% ownership interest. This investment provides a cash flow stream via dividends that provides stability and allows long-term strategic decision making. Including a special dividend, total dividends payments of $89 million were received during the year, up 46% on the prior year.

EBIT from Investments was down 12% to $159 million.

Group Outlook and Priorities

The outlook varies across each of our divisions.

Despite increasing interest rates, we are continuing to experience strong demand for medium and large sized prime industrial property. Structural trends are driving our customers to seek well-located industrial facilities and sophisticated supply chain solutions, with consumers increasingly demanding faster and more flexible delivery of goods.

In addition, supply of suitable land is scarce, particularly in Western Sydney. Sydney has the tightest logistics property market of any major city in the world, with a vacancy rate of just 0.2%. The tightness in the Sydney market is also reflected in a 0% vacancy rate across our portfolio.

Supply challenges across the industry are also being exacerbated by increasing construction and financing costs, and a range of planning and approvals issues.

All these factors have driven up rent for prime industrial property in Western Sydney by 48% in the past year[5]. We estimate that the current passing rent within the Industrial JV Trust of $148/m^2 is now 34% below the market rent of $225/m^2. An uplift in rent to market rates will progressively be realised as existing leases are renewed, with current lease expiries ranging from less than 1 year to 19 years. The average lease expiry within the JV Industrial Trust is 7.9 years.

We have a large pipeline of new developments to meet the strong demand and benefit from the higher market rents. In the short term, the development focus is on the completion of Oakdale West within the next 12 months. In addition, work is well underway at Oakdale East Stage 2, and this parcel of land will provide a further pipeline of around five years.

With the completion of the two development parcels at Oakdale, and the mark-to-market rental uplift on currently leased assets, the total rent potential of existing Property Trust assets is around $350 million (100% share), almost double the current passing rent of $178 million.

This rental growth will require no further capital from Brickworks, with the value of our land contribution at Oakdale East being matched by development funding by Goodman. In addition, the low gearing levels within the Industrial JV Trust will allow debt funding as required.

We believe the long-term prospects of the Property Trust are very strong, with future market rent to continue to be supported by the significant increase in construction costs, strong demand and tight supply. This step-change increase in rent should eventually be fully reflected in valuations.

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

In FY2024, we expect development profits to be lower than FY2023 due to the development schedule at Oakdale West and East, and we expect the portfolio valuation to be underpinned by the strong rental growth, even if capitalisation rates expand further.

Within **Building Products Australia**, order intake is now softening, and we are anticipating a decline in demand in the months ahead.

In this context, our focus will primarily be on manufacturing efficiency, cost discipline and achieving the price rises necessary to improve margins. As sales soften, we will also be focussed on matching production with demand across our network of plants, in order to optimise the level of working capital.

The impact of the slowdown in sales will also be offset by the portfolio rationalisation activities already completed, such as the exit of the loss-making Austral Bricks Western Australia business.

The completion of our new Sydney brick plant will round out a period of major capital investment over the past five years, that has also included a new masonry plant in Sydney, upgrades to our brick plants in Brisbane and Adelaide and the construction of the Southern Cross Cement terminal in Brisbane. Our teams are now working hard to maximise the returns from these projects.

In **North America**, market conditions across the residential segment are similar to Australia, with lower home construction activity expected in FY2024. In this market, we have greater exposure to the more buoyant non-residential segment, and this should provide some support for overall brick sales.

The severe labour shortages and inflationary pressures felt over the past three years appear to be easing. Manufacturing costs will also benefit from a more stabilised plant footprint, following the completion of the plant rationalisation plan.

Late last year, we executed a supply agreement with Brickability PLC, for the export sale of bricks into the UK market. We are looking forward to ramping up our supply into this market in FY2024. Product will initially be supplied from the Hanley and Pittsburgh plants in Pennsylvania. By late FY2024 we also expect to be supplying from the previously mothballed Rocky Ridge plant in Maryland, following the completion of an upgrade to this facility.

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.

Looking more broadly, it is clear that we are entering an increasingly challenging period. Over the past 18 months we have witnessed the fastest interest rate rises in history across Australia and North America.

5 12 months to June 2023. Source: Colliers Research.

Multi Arts Pavilion Lake Macquarie
Austral Masonry Architec Honed in Alabaster
Speers Point, NSW

These rising interest rates will inevitably have a dampening effect on demand for building products and will also increase the risk of further capitalisation rate expansion across our property portfolio.

Despite these challenges, we are very well placed to continue to deliver strong performance and returns for our shareholders.

Having modernised our manufacturing fleet and expanded scale over the past five years through our significant investment program, our priority has now turned to maximising the returns delivered by the enlarged asset base and improving cash generation.

Our People

Finally, I would like to thank our people. We are a diverse business with 28 manufacturing sites currently operating across Australia and North America.

Over the past five years we have streamlined our operations in Australia and North America, resulting in overall staff reductions of around 26%. Through this process, I am very proud that we have been able to maintain a stable and highly experienced leadership team and a committed workforce.

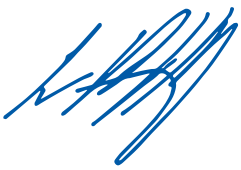
With just over 2,000 employees, we are more productive than ever, with production output and revenue per employee continuing to increase year on year.

I believe it is our people that give us a competitive edge, and it is their energy and dedication that will continue to drive our success.

In January, we were pleased to appoint JP Blanchard as President Brickworks North America. He will be focussed on continuing the momentum and progress the North American team has made on our strategy and to strengthen operational performance. He joins, having previously held leadership positions at a number of global companies.

We also recently announced the appointment of Mark Ellenor to the role of Chief Operating Officer. Mark has been with Brickworks for more than 20 years in various roles, most recently as Executive General Manager Building Products and President North America. In this new role, his responsibility will expand to include oversight of all our operations, including Property, 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

Huntington
San Selmo Smoked Custom Blend
Newcastle, NSW

$652m
Net debt
↑32%

18%
Gearing
(net debt/equity)
↑20%

$784m
Total EBITDA[1]
↓26%

$709m
Total EBIT[1]
↓28%

$97m
Cashflow from
operating activities
↓26%

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

Financial
Overview

Highlights

- **Statutory NPAT** including significant items and discontinued operations, down 54% to $395 million
- **Underlying NPAT from continuing operations** before significant items, down 32% to $508 million
- **Underlying EBITDA from continuing operations** before significant items, down 26% to $784 million (underlying EBIT down 28% to $709 million).
  - **Property** EBITDA down 21% to $506 million.
  - **Investments** EBITDA down 12% to $159 million.
  - **Building Products Australia** EBITDA down 51% to $100 million. Excluding the profit associated with the sale of properties into the Brickworks Manufacturing Trust (in the prior year), EBITDA was down 13%
  - **Building Products North America** EBITDA down 18% to $40 million
- **Operating cashflow** down 26% to $97 million
- **Net tangible assets per share** up 9% to $19.96
- Share of **net assets held within Property Trusts** up $520 million, to $2.274 billion
- Share of **WHSP market value** up $685 million, to $3.108 billion
- **Final dividend** of 42 cents fully franked, up 1 cent or 2% (Record date 1 November 2023, payment date 22 November 2023)
- **Total full-year dividend** of 65 cents fully franked, up 2 cents or 3%

Earnings

Brickworks (ASX: BKW, the "Company") posted a statutory Net Profit After Tax (**NPAT**) of $395 million for the year ended 31 July 2023, down 54% on the prior year. The prior year was boosted by a significant one-off profit in relation to the deemed disposal of WHSP shares upon its merger with Milton.

Underlying NPAT from continuing operations was $508 million, down 32%.

Property Earnings Before Interest, Tax, Depreciation and Amortisation from continuing operations (**EBITDA**) was $506 million, driven by the sale of Oakdale East Stage 2 into the Industrial JV Trust[6]. In addition, earnings were supported by revaluation profits, development profits and net rental income. During the period, Brickworks' share of the net asset value within its Property Trusts increased by a further $520 million, and now stands at $2.274 billion. This includes the Company's 50.1% interest in the Brickworks Manufacturing Trust[7].

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6 The Industrial JV Trust is a 50/50% partnership between Brickworks and Goodman (ASX: GMG).

7 The Brickworks Manufacturing Trust is a 50.1/49.9% partnership between Brickworks and Goodman and comprises operational properties tenanted by Building Products Australia.

Investments EBITDA was $159 million, down 12%, with a reduced contribution from WHSP's Strategic and Private Equity portfolio. The market value of Brickworks' shareholding in WHSP was $3.108 billion at 31 July 2023, up by $685 million compared to 31 July 2022.

On revenue of $734 million (up 6%), **Building Products Australia** EBITDA was $100 million, down 51% on the prior year. Last year's result includes an $89 million profit associated with the sale of operational properties into the Brickworks Manufacturing Trust. Excluding this impact, EBITDA from continuing operations was down 13%. The decrease in earnings was primarily due to a decline in Bristile Roofing, together with broad-based inflationary cost pressures that impacted unit margins.

Building Products North America delivered a 12% increase in revenue, to $447 million, driven by strong price increases and the continued growth of retail operations. EBITDA was down 18% to $40 million, with margins adversely impacted by ongoing cost inflation and labour constraints across many operations.

Total **borrowing costs** were up 163% to $53 million, due to a higher average interest rate on debt and additional leases, including leases on properties held within the Brickworks Manufacturing Trust. Despite the higher borrowing costs, underlying **interest cover** remains conservative and finished the year at 13 times.

Underlying **income tax** from continuing operations was $148 million, down from $216 million in the prior year, due to the lower earnings.

Significant items decreased NPAT by $103 million for the year. This comprised:

- A non-cash impairment of $34 million (net of tax) based on AASB 136. This primarily relates to the Austral Bricks WA impairment recognised in January 2023 in consideration of the loss of market share in the first half and poor market outlook).
- $23 million in costs (net of tax) associated with the exit from the Western Australian brick market in the second half of FY2023. This includes non-cash inventory write-downs, redundancy payments and other liabilities.
- Plant relocation and commissioning costs of $18 million (net of tax), including the new Oakdale East masonry plant and costs associated with the new Horsley Park brick plant.
- Restructuring costs of $14 million (net of tax), primarily relating to plant closures in North America and associated redundancy payments. This includes an impairment to non-current assets at the Marseilles plant (Illinois).
- A $1 million benefit 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.
- An $8 million cost in relation to significant items from Investments (SOL and FBR). This includes a loss of $11 million, upon the derecognition of FBR Limited as an associate.
- Other costs of $7 million (net of tax), primarily in relation to acquisition, legal and IT costs.

Significant Items	Gross $m	Tax $m	Net $m
Impairment of non-current assets	(49)	15	(34)
Austral Bricks WA exit costs	(32)	10	(23)
Plant relocation and commissioning costs	(25)	7	(18)
Restructuring	(19)	5	(14)
Income tax from the carrying value of SOL	–	1	1
Significant items relating to Investments (SOL and FBR)	(10)	2	(8)
Other costs	(8)	1	(7)
Total (Continuing Operations)	**(144)**	**41**	**(103)**

Cash Flow

Total **cash flow from operating activities** was $97 million, down 26% on the prior year, with cash generation adversely impacted by significant plant commissioning costs and higher borrowing costs.

Capital expenditure was $114 million during the year, with the Company nearing the end of a significant investment program. The majority of major project spend was the construction of a new brick plant at Horsley Park in New South Wales.

Balance Sheet

During the year total shareholders' equity was up $301 million to $3.561 billion.

Net tangible assets ('NTA') per share was $19.96 at 31 July 2023, up from $18.34 at 31 July 2022.

Total interest-bearing debt was $722 million at 31 July 2023. After including cash on hand, **net debt** at the end of the year was $652 million, an increase of $159 million for the 12-month period.

Gearing (net debt to equity) increased to 18% at 31 July 2023, up from 15% at 31 July 2022, with the higher debt level partially offset by the increased asset base.

Net **working capital** was $260 million at 31 July 2023. This includes finished goods inventory of $264 million, down by $3 million on the prior year.

Dividends

Directors declared a fully franked final **dividend** of 42 cents per share for the year ended 31 July 2023, up 2% from 41 cents. Together with the interim dividend of 23 cents per share, this brings the total dividends paid for the year to 65 cents per share (fully franked), up 2 cents or 3% on the prior year.

Anglican Church Grammar School
Austral Bricks Symmetry Paprika,
Bowral Bricks Hereford Bronze,
Bowral Bricks Renovations Gertrudis
Brown Shapes
East Brisbane, QLD

Discontinued Operations – Austral Precast

Austral Precast was reclassified as held for sale in FY2022 and is not reported in underlying continuing operations.

In FY2023, Austral Precast contributed an EBIT loss of $11 million. The operational focus throughout the year has been on the completion of committed projects and selling down finished goods inventory. Manufacturing operations ceased in June 2023, and despatch of last remaining panels is now almost complete.

A sale of the remaining automated plant at Wetherill Park is continuing to be pursued.

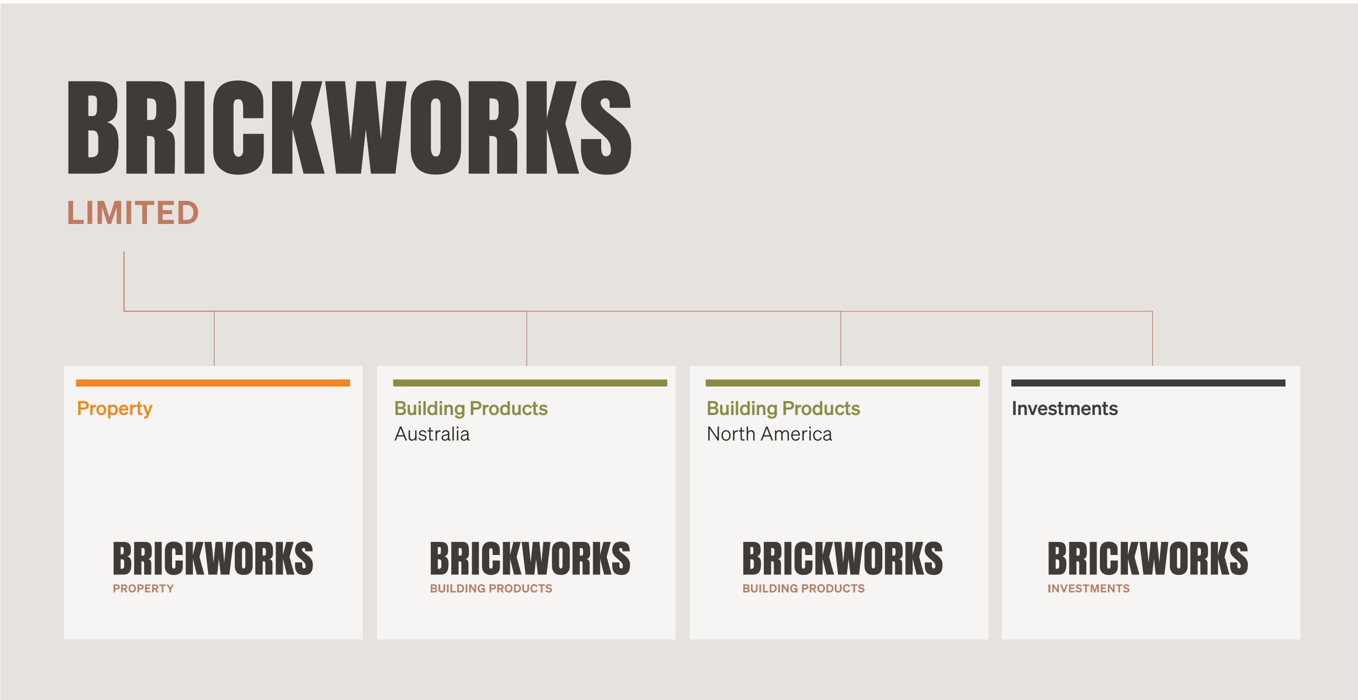
Subsequent Events

On 1 September 2023 the Company filed proceedings in the Federal Court of Australia against BGC (Australia) Pty Limited and Midland Brick Pty Ltd seeking unspecified damages for various alleged contraventions of sections 46 and 50 of the *Competition and Consumer Act*. The claim is now before the Federal Court and a further update will be provided in due course.

Ace Hotel
UrbanStone Bruce Rock Coffee,
Balmoral Green, Bruce Rock Juparana
Surry Hills, NSW

Group
Structure

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



Bermagui Beach House
GB Masonry Smooth in Porcelain
Bermagui, NSW

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 $5.4 billion. After including debt, Brickworks 50% share of the Industrial JV Trust has an equity value of $2,058 million.

In July 2022, Brickworks launched the Brickworks Manufacturing Trust. This comprises a portfolio of 15 manufacturing plants, tenanted by the Group'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 $431 million and no debt. Brickworks 50.1% ownership had an equity value of $216million as at 31 July 2023.

Along with its interest in the Industrial JV Trust and the Brickworks Manufacturing Trust, Brickworks retains around 5,000 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 20 manufacturing sites (currently operating), 33 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
- **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 seven currently operating brick manufacturing sites and one manufactured stone plant. This is complemented by a network of 26 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 $11.894 billion as at 31 July 2023. The market value of Brickworks stake in WHSP was $3.108 billion at this date.

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.

Investments also includes a 17.6% stake in FBR Limited ('FBR') (ASX: FBR). At the end of the year, the market value of Brickworks stake in FBR was $13 million.

Property

Property delivered EBIT of $506 million in FY2023, down 21% on the prior year.

Property Earnings

Year Ended July	2022 $m	2023 $m	Change %
Net Trust Income	36	50	37%
Revaluation of properties	227	112	(51%)
Development Profit	387	78	(80%)
Property Trusts	**651**	**240**	**(63%)**
Land Sales	(3)	269	NA
Property Admin and Other	(4)	(4)	–
Total	**644**	**506**	**(21%)**

Property delivered EBIT of $506 million in FY2023, down 21% on the prior year.

The highlight of the year was the sale of Oakdale East Stage 2 into the Industrial JV Trust, for $301 million. The 75-hectare site, located in Western Sydney, has an estimated 50 hectares of net development area and was previously the site of an Austral Bricks operated brick plant and quarry. The brick making operations have been consolidated to the nearby Horsley Park site, following the completion of a new plant in the second half of the year.

The sale delivered a profit of $263 million after taking into account the book value, rehabilitation provisions and transaction costs.

The Property Trusts, comprising the Industrial JV Trust and the Brickworks Manufacturing Trust, delivered an EBIT contribution of $240 million, down 63% on the prior period.

Net trust income was up 37% to $50 million for the year. This includes a $9 million contribution from the Brickworks Manufacturing Trust, launched in July 2022. Excluding this impact, net trust income from the Industrial JV Trust was up 12% to $40 million for the year. The increased rent reflects annual rent increases across the leased portfolio, plus the additional contribution from newly tenanted facilities at Oakdale West.

Independent revaluations were completed for Property Trust assets in December 2022 and in June 2023. A revaluation gain of $112 million within the Industrial JV Trust was partially offset by a revaluation loss of $3 million within the Brickworks Manufacturing Trust. Within the Industrial JV Trust, capitalisation rate expansion across the portfolio was more than offset by significant increase in the assessed average market rent for the leased assets within the Trust. Independent research reports indicate a 48% increase in rent for prime industrial property in Western Sydney over the last 12 months, due to strong competition for limited available space[8] .

8 Colliers Research. Increase for the 12 months to June 2023.

During the year, development activity within the Industrial JV Trust was focussed on the Oakdale West Estate. Construction of the 66,000m² Coles Distribution facility reached practical completion in January 2023. Other facilities for Australia Post, Telstra and Woolworths were also completed. Substantial progress was also made on construction of the remaining sites at this Estate. In total, a development profit of $78 million was recorded for the period.

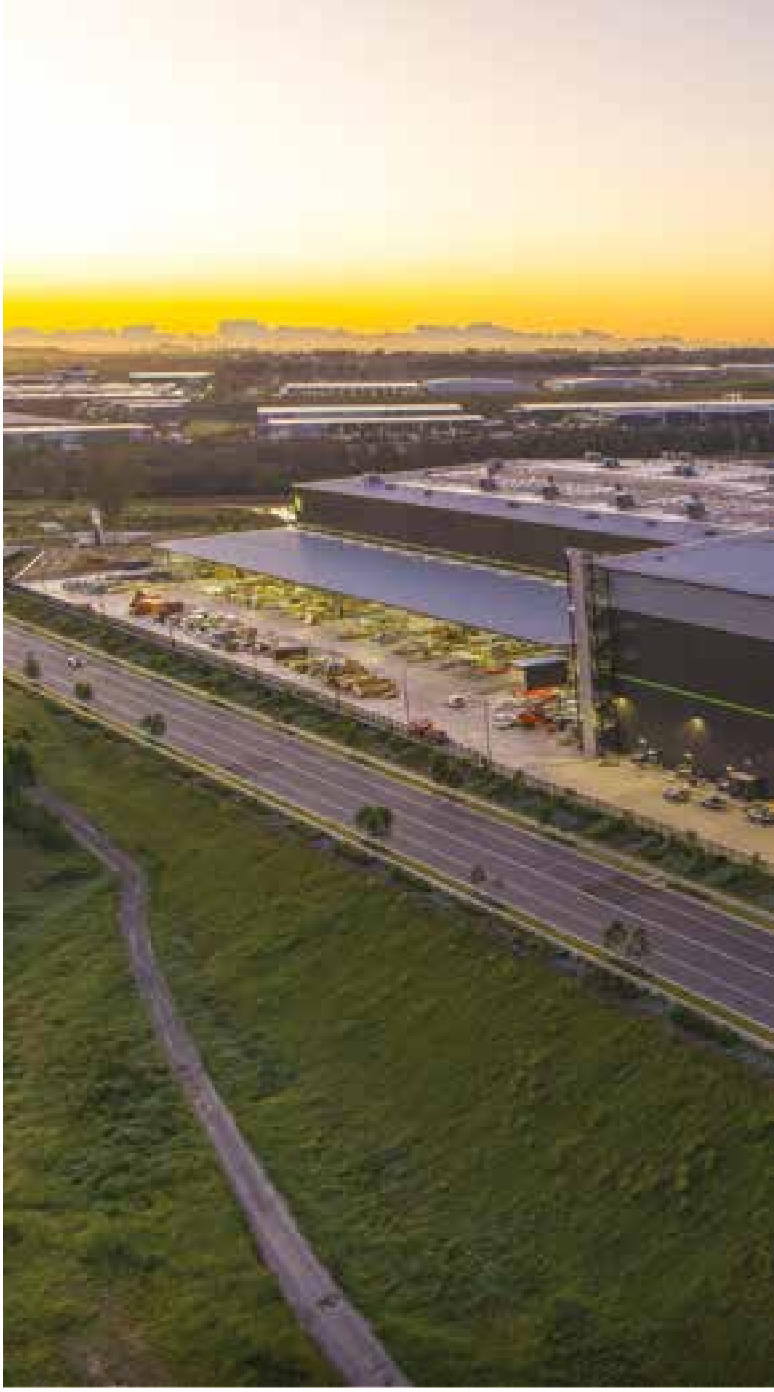
Property administration expenses totalled $4 million, in line with the prior year. These expenses include holding costs, such as rates and taxes on properties awaiting development.

Property Trusts Asset Value

As at 31 July 2023, the total value of leased assets held within the two Property Trusts was $4.9 billion. The annualised rent generated from these assets is $178 million and the weighted average lease expiry is 8.6 years (7.9 years for the Industrial JV Trust). The average capitalisation rate across the portfolio is 4.1%, and there are currently no vacancies in the portfolio.

Leased Facilities	Asset Value $m	Rent $m/year	WALE[9] years	Cap. Rate %	Gross Lettable Area '000m²
M7 Hub	271	10	2.9	4.0	64.2
Interlink	642	26	3.6	4.1	192.2
Oak Central	920	33	3.0	4.0	245.2
Oak South	691	23	5.6	4.0	177.3
Rochedale	369	16	9.1	4.3	126.5
Oak East	176	6	9.3	3.8	37.1
Oak West	1,409	48	15.1	3.8	235.5
Industrial JV Trust	**4,477**	**160**	**7.9**	**4.0**	**1,077.9**
Manufacturing JV Trust	**431**	**18**	**15.1**	**5.0**	**NA**
Total	**4,907**	**178**	**8.6**	**4.1**	

9 Weighted average lease expiry (by income)



Including $878 million worth of land to be developed, the total value of assets held within both Property Trusts was $5.8 billion at the end of the year. Borrowings of $1.2 billion are held within the Industrial JV Trust, giving a total net asset value of $4.5 billion. Brickworks' 50% share of net asset value is $2.3 billion, up by $520 million during the year.

Gearing within the trusts was 21% at the end of the year, down from 24% at 31 July 2022. This comprises gearing of 23% within the Industrial JV Trust (well below the covenant of 60%), and no debt within the Brickworks Manufacturing Trust. At the end of the year the Interest Cover Ratio for leased assets within the Industrial JV Trust was 3.1 (vs a covenant of 1.5), the effective interest rate was 4.9% and interest rate hedges were in place over 75% of the loan book.

Year Ended July	2022 $m	2023 $m	Change %
Leased properties	3,763	4,908	30%
Land to be developed[10]	867	878	1%
Total Property Trust assets	**4,630**	**5,786**	**25%**
Borrowings	(1,123)	(1,239)	(10%)
Net Property Trust assets	**3,507**	**4,547**	**30%**
Brickworks 50% share	**1,754**	**2,274**	**30%**
Gearing on leased asset[11]	24%	21%	(13%)

Property Trusts – Development Pipeline

Despite challenging conditions across the broader commercial property sector, there is continuing strong demand for industrial land, particularly in Western Sydney, where supply is scarce. This dynamic reflects the ongoing structural changes across the economy, as companies modernise their supply chains in response to consumer preferences, such as online shopping and rapid delivery.

The Industrial JV Trust is ideally placed to take advantage of these trends, with a strong development pipeline in place.

At Oakdale West, an additional 140,000m² of gross lettable area ("GLA") remains available. This includes 47,000m² facilities already pre-committed to tenants Maersk, EBOS and Luxottica. Development of these facilities is underway and expected to be completed by March 2024.

To meet the strong customer demand, speculative units will be developed across the remaining available space at the estate. Of these, construction has already commenced on 23,000m², with a further 70,000m² to be commenced in the coming months. Strong enquiry for this space is being received, with Heads of Agreement for leasing of 33,000m² already in place.

The Oakdale West Estate is expected to be fully built out by July 2024, at which time it is expected to generate $80 million in rent (100% share).

The addition of Oakdale East Stage 2 into the Industrial JV Trust during the first half of 2023 provides a significant new parcel of land to accommodate the strong customer demand for well-located sites, with large land footprints. Work is well underway on the rehabilitation of the former quarry area, which has a longer lead time than other sections of the site. It is expected that the first parcel of land within the estate will be fully serviced and ready for construction to commence by early calendar 2024. Strong enquiry is already being received from customers looking to secure facilities at this Estate.

10 Includes facilities under development.
11 Borrowings/total assets.

Oakdale West Industrial Estate
Western Sydney, NSW

Over 260,000m^2 of GLA will be delivered at Oakdale East Stage 2 over the medium term, and once completed, is expected to add $59 million in gross rent to the Trust (100% share).

Operational and Development Land

Outside of the Trusts, Brickworks retains a 100% interest in over 5,000 hectares of land across both Australia and North America. This includes properties that have been identified for potential sale into the Trusts over the coming years, subject to receiving the necessary development approvals.

The largest additional parcel of land for potential development is at Craigieburn in Victoria, directly south of the Wollert factory site. Industrial development may be possible at this site over the medium term, subject to approvals. With an expected yield of around 600,000m^2 of GLA, if sold into the Industrial JV Trust, this site will extend the development pipeline well beyond the next five years.

In conjunction with Goodman Group, due diligence has been ongoing into the industrial development of 77 hectares of land at the Mid-Atlantic site in Pennsylvania. The site, located close to the I-78 motorway linking New York to Washington D.C., is currently zoned industrial. Applications to facilitate the development of a 185,000m^2 estate have been lodged with local authorities, with approvals expected by mid-2024.

AUSTRALIA

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Building Products
Australia

Market conditions

Residential commencements declined significantly during the 2023 financial year, in response to rising interest rates and a reducing backlog of work from the HomeBuilder program.

Nationally, detached house commencements were down 18%, with relatively consistent declines across all states. Although the decline in commencements has been significant, there has been a healthy pipeline of projects under construction throughout the year. Over the past two years, building timelines have been extended due to supply chain delays and labour constraints. As a result, the usage of bricks and roof tiles on-site is now typically lagging commencements by six months or more.

Multi-residential commencements were also lower during the period, with supply constraints delaying many new projects. Current activity levels in this sector are around the weakest since 2012.

Looking across the states, residential housing activity has been weakest in Western Australia, with detached house and multi residential commencements down 31% and 43% respectively. The major east coast states have typically seen detached housing declines in the range 10–20%. One positive for the year was an increase in multi-residential commencements in Queensland, up by 10%.

Non-residential building is also weaker across major states, with New South Wales down 22%, Victoria down 20% and Queensland down 5%.

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DANIEL ROBERTSON

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CAPITAL BATTENS

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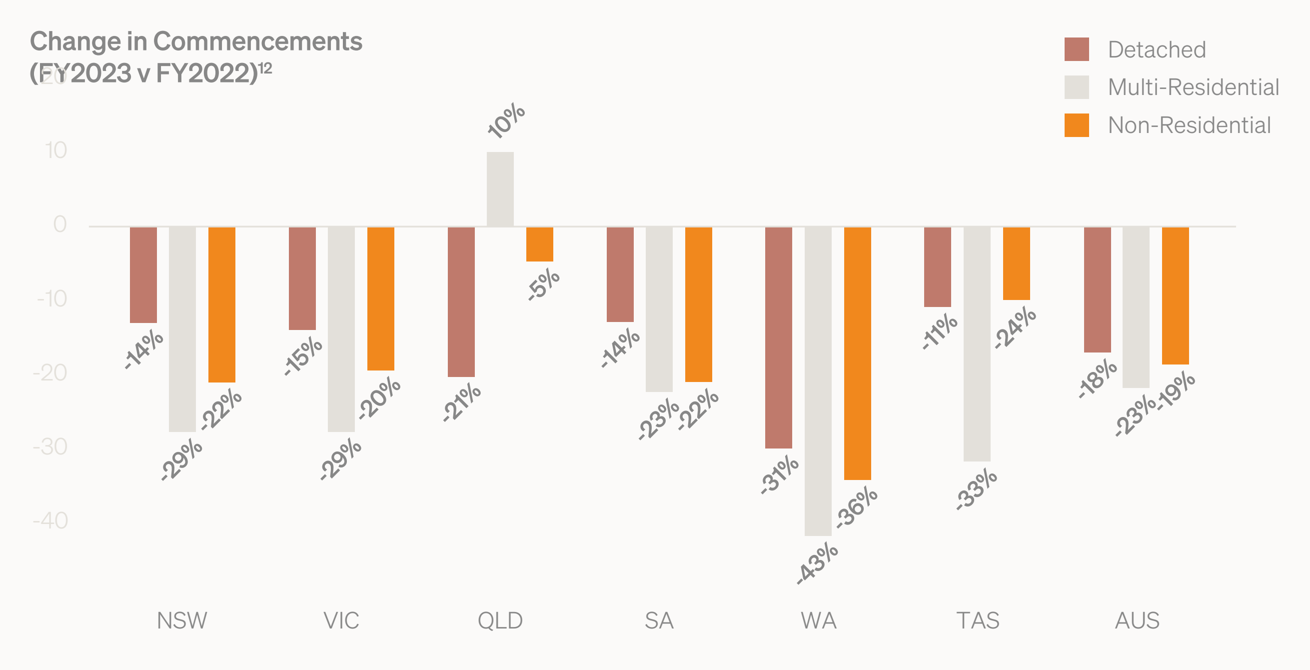
CERAMICHE KEOPE

Residence
Austral Bricks
La Paloma Miro
Brisbane, QLD



Overview of FY2023 Result

Year Ended July	2022 $m	2023 $m	Change %
Revenue	694	734	6%
EBITDA	205	100	(51%)
EBIT	**153**	**53**	**(65%)**
EBITDA (ex-Property Sale[13])	116	100	(13%)
EBIT (ex-Property Sale)	**64**	**53**	**(17%)**
EBITDA margin (ex-Property Sale)	16.7%	13.7%	(18%)
EBIT margin (ex-Property Sale)	9.2%	7.2%	(22%)

Revenue from continuing operations for the year ended 31 July 2023 was up 6% to $734 million. The higher revenue was driven by strong price increases being achieved across most businesses, with higher revenue in Austral Bricks and Concrete Products being partially offset by a reduction in Bristile Roofing.

EBIT from continuing operations was $53 million, down 17% on the prior year, excluding the one-off impact of the sale of land into the Brickworks Manufacturing Trust in the prior year. The launch of the Trust resulted in an adverse impact of $5 million to

B23 New Arrivals
Austral Bricks Pottery Range

12 Source: BIS Oxford Economics Australian Building Forecasts, June 2023. Figures shown are for the 12 months ended in June.

13 Excludes $89.076 million profit from sale of land into the BKW Manufacturing Trust in FY2022.

Building Products
Australia

Revenue by State and location map

EBIT in FY2023, compared to the prior period. This relates to the additional right-of-use asset depreciation in respect of the new property leases.

EBITDA (ex-property sales) was down 13% to $100 million, resulting in an EBITDA margin of 14%. The weakness was due to a decline in Austral Bricks and Bristile Roofing, partially offset by an improvement in Concrete Products.

Demand remained resilient in FY2023, despite the decline in housing commencements. This has been underpinned by the significant backlog work under construction, due to a range of supply side challenges over the past 12–24 months. Most notably, this has included a tight labour market that has limited the availability of trades across the sector.

Unit margins decreased as a result of cost pressures across the supply chain. Raw materials cost increases across Concrete Products and Bristile Roofing were particularly severe.

The implementation of price rises and productivity improvement initiatives partially offset the impact of cost increases. Additional price increases were implemented late in the year to restore margins to prior levels.


Nightingale Leftfield Village
Nubrik Chapel Red (Carbon Neutral)
Brunswick, VIC

Building Products **Australia**

Highlights

$734m
Revenue
↑6%

1,093
Full Time Employees
↓8%

TRIFR **6.4**
Safety
↓49%

Revenue by division

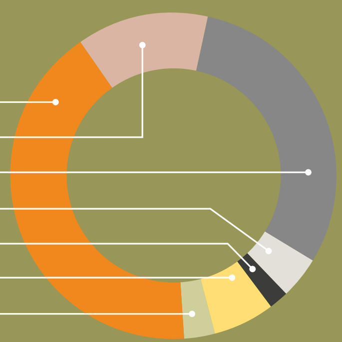
Austral Bricks
$486m ↑4%

Concrete Products
$145m ↑20%

Bristile Roofing
$102m ↓3%

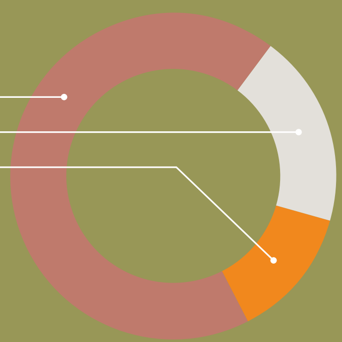
Revenue by State

NSW	42%
QLD	13%
VIC	30%
SA	4%
TAS	2%
WA	6%
Export	3%



Revenue by End Market

Detached	68%
Multi-Residential	19%
Non-Residential	13%



Austral Bricks

On a 3% reduction in sales volume, Austral Bricks revenue increased by 4% to $486 million, with strong price increases achieved across most states.

Price increases were unable to fully offset significant cost pressures. Across Austral Bricks, unit electricity costs were up 28% year on year, labour was up 13% and maintenance was up 12%.

As a result, margins were lower, and EBIT declined by 3% on the prior year. Looking across the states, earnings were relatively steady in New South Wales and Victoria. In Queensland, where sales activity was softer, earnings were down on the prior year. Meanwhile, performance in South Australia was impacted by an unplanned shut down at the Golden Grove plant in the first half, to undertake critical kiln repairs.

The construction of the new $205 million brick plant at Horsley Park in Sydney was substantially completed in the second half, with commissioning now well underway. The completion of the project resulted in the permanent closure of the Plant 3 site at Oakdale East, and the consolidation of operations in Western Sydney to the Horsley Park site. Commissioning of the new plant is expected to be completed during the first half of FY2024.

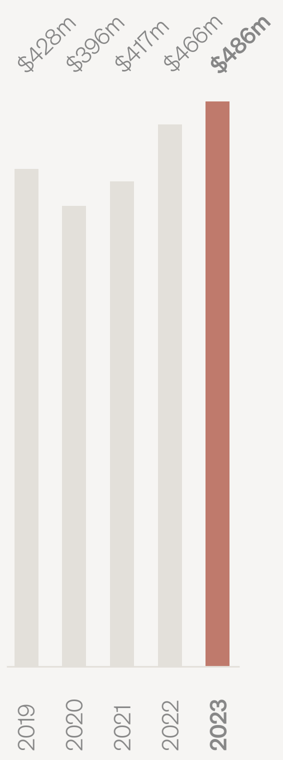
In the first half of FY2023, sales in Western Australia declined further, primarily as a result of the loss of key customer accounts in response to an attempt to increase prices. This followed many years of sustained operating losses in this state.

Following a detailed review of the outlook and strategic options, in the second half of FY2023 it was decided in that further investment in Western Australia could not be justified. As such, manufacturing operations have ceased, and a controlled exit of Austal Bricks Western Australia operations is underway. Following the closure of Bellevue plant in November, the Cardup plant was subsequently closed in April. Sales teams are now focussed on realising the maximum value from the controlled sell-down of finished goods inventory, and this process is expected to continue for another 6–12 months.

In total, significant item costs of $55 million (post-tax) were incurred in relation to Austral Bricks Western Australia in FY2023. This includes an impairment of $32 million recognised in the first half, and a further $23 million in exit costs, predominantly non-cash write-downs of inventory and raw materials, incurred in the second half.

Advanced Cladding Systems, a new business unit within Austral Bricks, was launched during the year. This business will focus on commercialising thin brick cladding systems, a product category that is experiencing growing demand, particularly in high rise commercial and multi-residential segments. The response from customers has been positive, with initial sales being delivered in the second half, and a high level of enquiries.

Revenue
$486m ↑4%



Clifton and Central Developments
Austral Bricks
Mt Lawley, WA

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 increased compared to the prior year, on a 20% uplift in sales revenue to $145 million.

Within Austral Masonry, earnings were relatively steady, with a strong increase in sales offset by lower margins. The decline in margins was primarily attributable to a sharp increase in unit manufacturing costs, including raw materials prices up 19% and packaging costs up 18%.

Whilst price rises were not able to fully offset the impact of cost pressures during FY2023, additional price increases implemented in July are expected to restore margins to previous levels.

Commissioning of the Oakdale East plant in Sydney was completed during the first half. This new facility incorporates the latest block-making technology, and includes an associated value-added facility, to create products such as polished pavers and split face retaining walls. In order to take full advantage of the new plant capabilities, product development efforts have been ramped up, with a number of exciting new products expected to be launched in the coming years.

Austral Masonry's strategy to expand beyond traditional commodity block products, into a range of premium product categories continues to gain traction. This includes products such as premium coloured block produced at Gympie (Queensland), premium stone and granite pavers, and concrete sleepers for residential and commercial applications.

Southern Cross Cement delivered a significantly improved result, and continues to provide quality, cost-effective cement to Austral Masonry and Bristile Roofing operations in Brisbane, as well as to other joint venture shareholders. A new cement supply contract was secured in December.

Revenue
$145m ↑20%

Shellabears
GB Masonry Architec Smooth Vertico in Harvest
Cottesloe, WA

Bristile Roofing

Bristile Roofing earnings (including Capital Battens) were lower than the previous corresponding period, on a 4% decrease in revenue to $102 million. The decline in revenue was primarily attributable to lower sales volume in Victoria and New South Wales. This was offset by an increase in sales revenue from Capital Battens.

Margins were adversely impacted by a significant increase in raw materials prices. In addition, trade shortages remain a significant issue for both tile and metal roof installations. This resulted in higher labour rates being necessary to secure installation crews for fixed price installation contracts.

Labour constraints also impacted tile production at Wacol (Queensland) and Dandenong (Victoria), due to a loss of skilled employees at both sites.

In the first half, severe wet weather in Queensland impacted the availability and quality of sand supply to the Wacol plant. Sand is a critical input material in the production of tiles, and the flow-on effect caused manufacturing inefficiencies and product quality issues.

Capital Battens recorded higher revenue and earnings, despite the impact of a log supply shortage that necessitated the procurement of alternative, lower quality feedstock.

Bondi Pavilion
Bristile Roofing La Escandella Curvado Glazed
Bondi Beach, NSW

Glen-Gery

Building Products
North America

Market Conditions

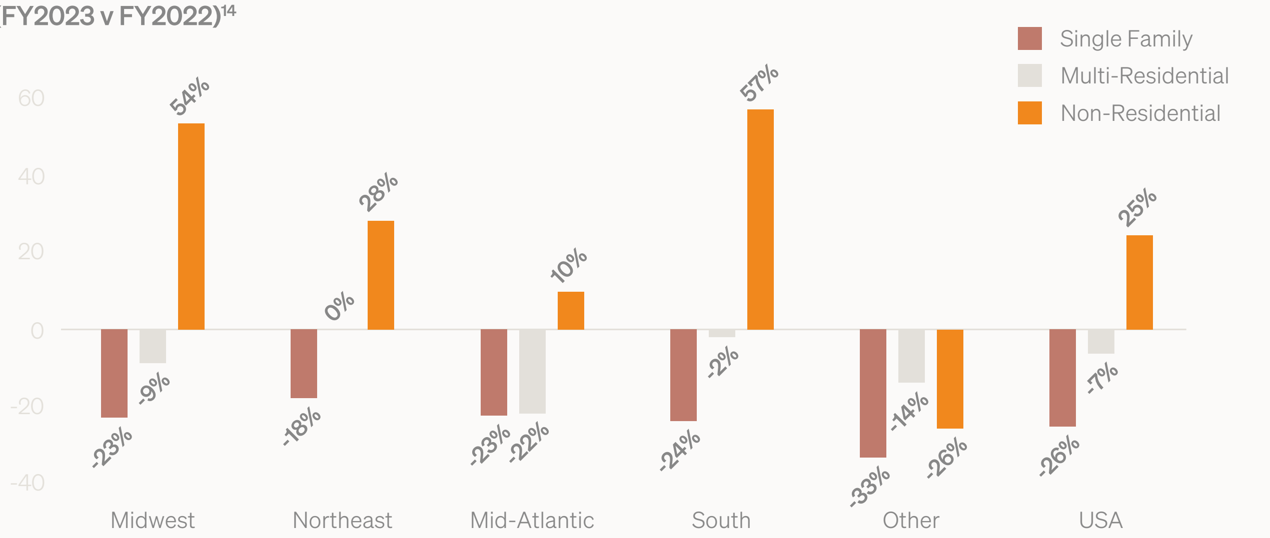
Building activity in the United States has been mixed during the year, varying significantly by region and segment.

Building activity in the United States has been mixed during the year, varying significantly by region and segment.

Across the country, the total value of building activity commenced for the 12 months to June 2023 was up 2% compared to the prior period. A 25% increase in non-residential was offset by a 26% reduction in single-family and a 7% decline in multi-residential commencements.

Building activity in the non-residential segment was heavily impacted following the pandemic, with many major projects delayed or cancelled by state authorities. Since then, there has been an uplift in activity, and this has gathered momentum in the past 12 months.

Change in Commencements (FY2023 v FY2022)[14]



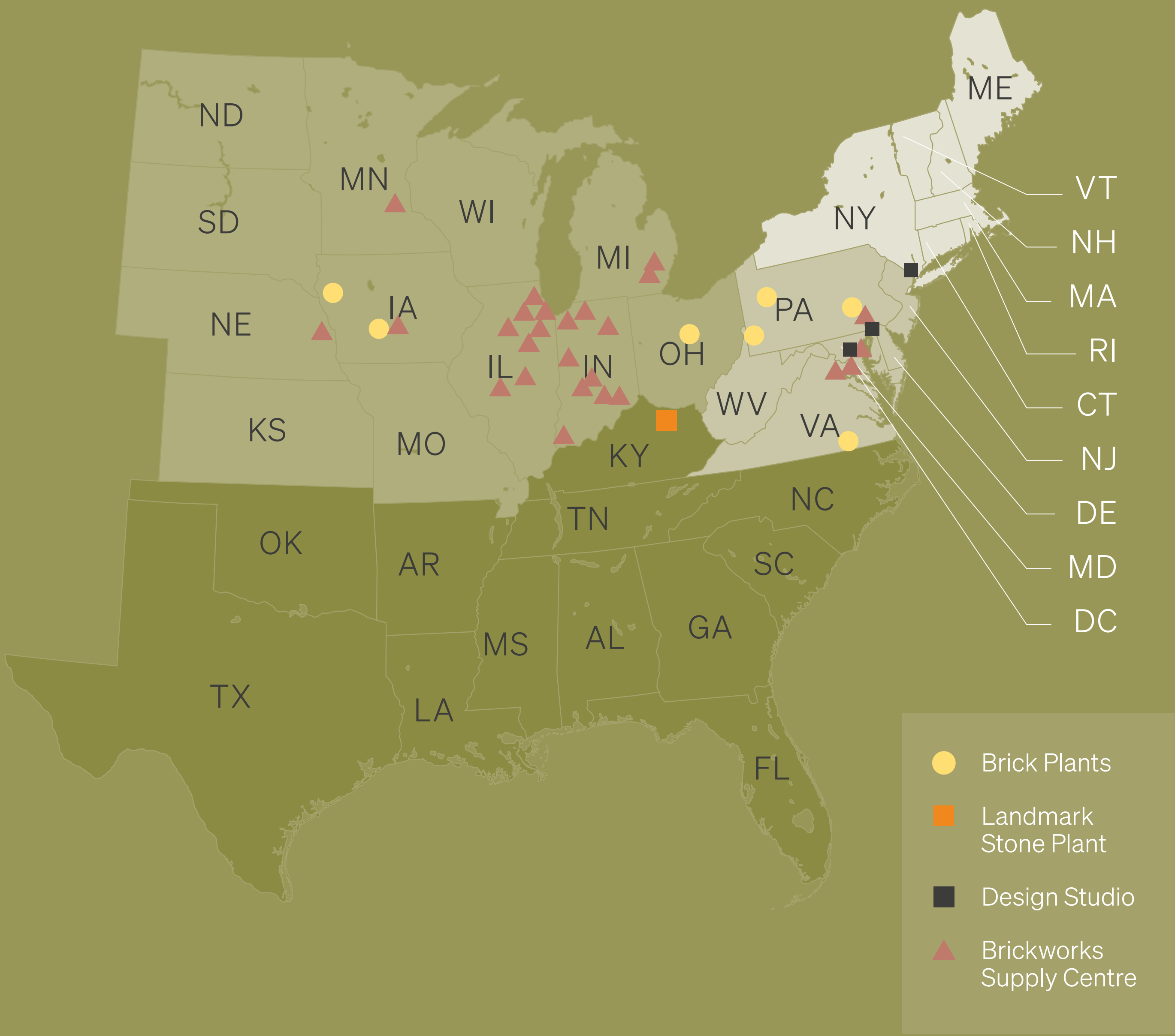
14 Source: Dodge Analytics USA Building Starts Forecast – June 2023. Figures shown are for the 12 months ended in June.

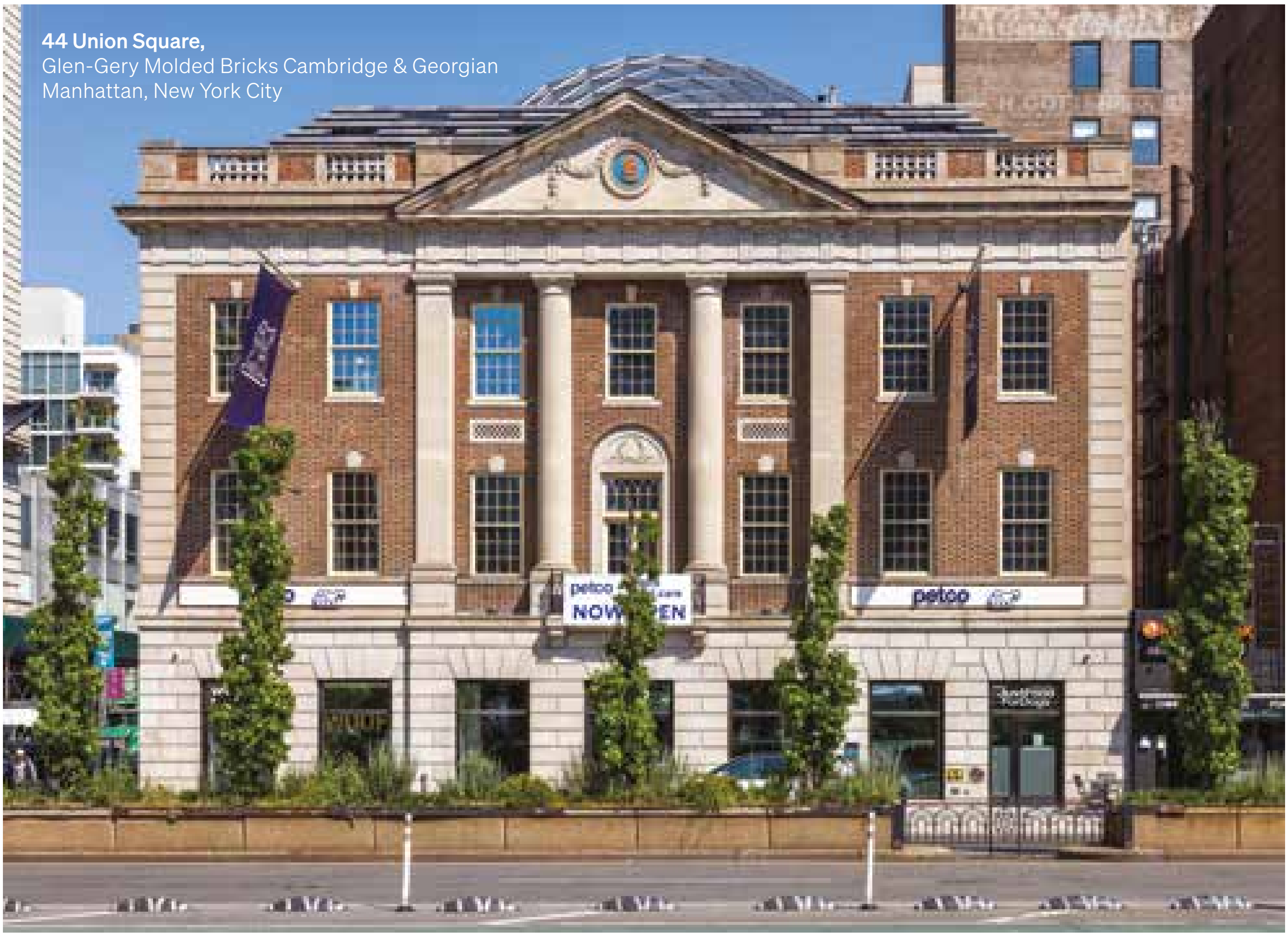
Sioux City Brick
Since 1913

Lawrenceville
BRICK

Cushwa
BRICK

Location map





44 Union Square,
Glen-Gery Molded Bricks Cambridge & Georgian
Manhattan, New York City

By contrast, following two years of strong activity, the single-family segment has softened significantly across the country, with consistent declines across all regions. Multi-residential commencements were also lower. However, there has been a general trend back towards this segment, due to the relative affordability (vs single-family homes), particularly in the Northeast (including states such as New York, New Jersey and Pennsylvania) and southern regions (such as Texas and Florida).

Building Products North America's key regional exposure is in the Midwest, Mid-Atlantic and Northeast. Combined, these three regions make up around 90% of total sales revenue. Building activity in these regions was relatively consistent with the rest of the country, with increased activity in non-residential building offset by weakness in the single-family segment.

The largest regional exposure is the Midwest, making up 59% of sales revenue, driven by a strong retail presence in this area.

Increases in institutional spending and affordable housing initiatives resulted in a 22% increase in sales in Canada during the year, albeit from a relatively low base.

Overview of FY2023 Result

Year Ended July[15]	2022 A$m	2023 A$m	Change %
Revenue	399	447	12%
EBITDA	48	40	(18%)
EBIT	**25**	**13**	**(49%)**
EBITDA (ex-Property Sales)	35	33	(5%)
EBIT (ex-Property Sales)	**12**	**6**	**(47%)**
EBITDA margin (ex-Property Sales)	8.8%	7.5%	(15%)
EBIT margin (ex-Property Sales)	2.9%	1.4%	(52%)

15 An average exchange rate for each half year period is used to convert from US$ to AU$. The conversion rates used are: 1H23 US$0.67; 2H23 US$0.67; 1H22 US$0.73; 2H22 US$0.71.

Building Products
North America
Highlights

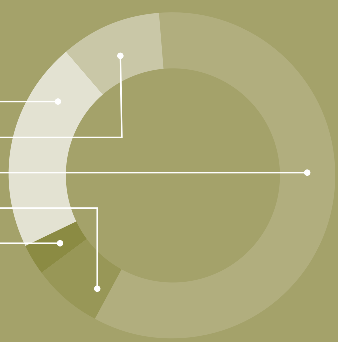
$447m
Revenue
↑12%

934
Full Time Employees
→

TRIFR **13.8**
Safety
↑17%

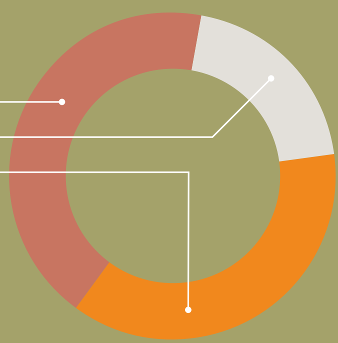
Revenue by Region

North East	21%
Mid Atlantic	10%
Mid West	59%
South	7%
Other	3%



Revenue by End Market

Single Family	43%
Multi Residential	20%
Non Residential	37%



Front + York
Glen-Gery Emporium+ Series in Belgian Gray Wirecut and Silver City Wirecut. Manhattan, New York City

On sales of 368 million bricks, Building Products North America generated $447 million revenue for the twelve months to 31 July 2023, 12% above the prior year. In local currency, revenue was up 4% to US$301 million.

Despite a 5% decrease in brick sales volume (by units), the uplift in revenue was achieved due to a combination of price increases, a mix shift towards higher value products and strong sales growth through the vertically integrated retail division. Retail sales were supported by the full year contribution from Washington D.C. brick distributor, Capital Brick, acquired in February 2022.

Sales volume to the core commercial sector was higher, as it continues to steadily recover following the impact of the pandemic.

EBITDA for the year was down 18% to $40 million and EBIT was down 49% to $13 million.

This result includes a $7 million contribution from the sale and leaseback of a retail outlet in the second half. Excluding the impact of land sales in both FY2022 and FY2023, EBITDA was down 5% to $33 million, and EBIT was $6 million.

Margins were adversely impacted by a range of inflationary pressures. Operations continue to be impacted by labour constraints across the industry, resulting in higher wage rates to attract and retain staff. In North America, labour costs represent 43% of total brick manufacturing costs – much higher than 28% in Australia. As such, the higher labour rates have a significant impact on overall manufacturing costs.

Excluding the impact in relation to labour, manufacturing costs were held relatively steady, with increases in maintenance and additives offset by savings across a range of other cost items. Fortunately, favourable long-term natural gas supply agreements, at fixed prices, provide insulation against the current volatility in energy markets.

The business made strong progress on key strategic priorities over the period. Extensive upgrades to the Sergeant Bluff and Adel plants (both in Iowa) were completed during the year. These upgrades were focussed on providing additional output to meet growing market demand and included works to expand kiln capacity and upgrades to the kiln car fleet and dryers. At Adel, the second kiln was activated, including the conversion of the kiln to use natural gas.

In addition, production of handmade and thin bricks was consolidated to the Mid-Atlantic and Pittsburgh plants, respectively (both in Pennsylvania). This will provide more efficient and sustainable production methods to support improved quality and higher production output to meet the growing demand for these products.

The plant rationalisation program continued during the year, with the closure of Caledonia (Ohio) in the first half and then Marseilles (Illinois) in the second half. Following these closures, the plant rationalisation program is now largely complete and

The Light House
Silverbrook, Sandcastle
Baltimore, Maryland

has resulted in a reduction in operating brick plants to 7 (from 16), an increase in plant utilisation to 72% (from 46%) and a more modern and fuel-efficient fleet, with the average age of kilns reduced to about 20 years (from more than 40 years). It has also supported a total headcount reduction of around 27% across Brickworks North America[16].

The rationalisation program has caused some short-term disruption and inefficiencies, with many popular products from closed plants being retained and transferred to new plants. To ensure consistency, this process has necessitated a stringent product development and approval process.

Longer term, the rationalisation program, together with plant upgrades, will result in improved efficiency across the plant network and lower unit manufacturing costs.

Following numerous acquisitions, the retail distribution network now comprises 26 locations. All stores have been unified under one brand, "Brickworks Supply", with locations, market strategy and product range fully aligned. During the year, a key outlet in the Washington D.C. area was re-located to an upgraded site, with increased under-cover storage and an expanded showroom, to capitalise on the strong growth in this region.

During the year, the North American business implemented an ERP software upgrade, migrating to a version that is consistent with Australian operations. This version has improved software support and is more aligned with business processes.

UK Supply and Rocky Ridge Upgrade

In October 2022, Brickworks executed a supply agreement with Brickability PLC, a market leading building products company in the UK, for the export sale of bricks into the UK market. The ten-year supply agreement includes a minimum purchase quantity of 10 million bricks per year.

The UK supply agreement marks a significant growth opportunity for Brickworks North America. Bricks command 85% share in external walling in UK housing and the total market demand is estimated at around 3 billion bricks per year. Of this, around 10-20% of UK supply is sourced from imports due to a shortfall in domestic production capacity and demand for premium, differentiated product lines.

Initially, product will be supplied from the Hanley and Pittsburgh plants in Pennsylvania. In addition, the Rocky Ridge plant in Maryland is currently being re-commissioned and will produce a range of bricks specifically tailored for the UK market. In addition, the plant will produce US modular brick, which will support an increase in demand for this product on the east coast, as well as a premium long format brick, which is also growing in popularity.

16 Measured by the current headcount vs total headcount of all acquired operations.

Investments

Investments consists of Brickworks shareholdings in WHSP (ASX: SOL) and FBR (ASX: FBR), in addition to interest income on cash holdings. The EBIT from Investments was down 12% to $159 million for the year ended 31 July 2023.

Washington H. Soul Pattinson Limited (WHSP) ASX Code: SOL

Brickworks holds 94.3 million shares in WHSP (representing a 26.1% ownership stake), with the initial investment dating back to 1968. This shareholding 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 five decades.

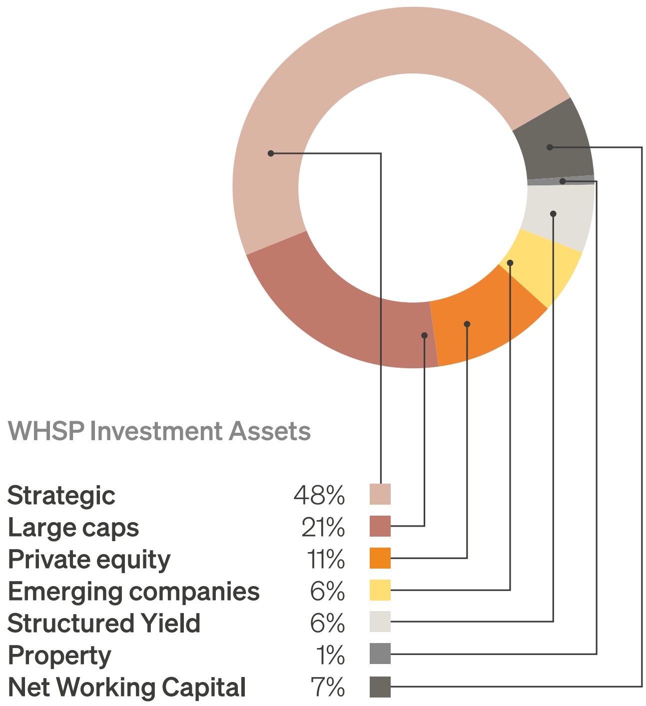
The market value of Brickworks shareholding in WHSP was $3.108 billion at 31 July 2023, up $685 million for the year.

WHSP has delivered strong returns to Brickworks, with 25-year total shareholder return of 13.6% per annum (to 31 Jul 2023), 5.0% per annum ahead of the All-Ordinaries Accumulation Index. Shareholder returns comfortably exceed the benchmark over most time periods.

The investment in WHSP returned an underlying contribution of $160 million for the year ended 31 July 2023, down 11% from $180 million in the prior year. The decrease was primarily due to a lower contribution from the Strategic and Private Equity portfolios.

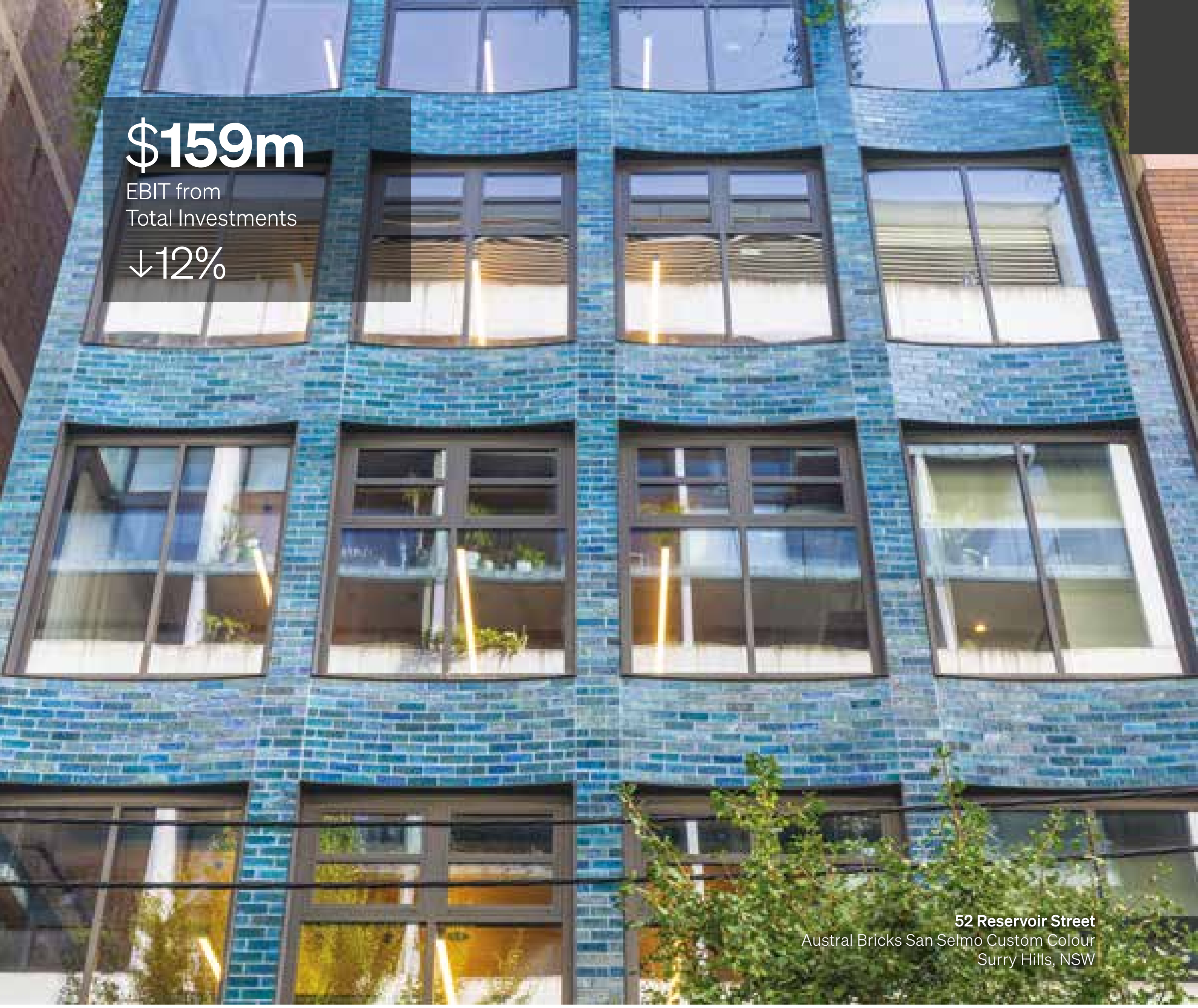
During the period cash dividends of $89 million were received, up 46% on the prior year. This includes $14 million in special dividends.

WHSP holds a diversified portfolio of investments. A break-down of WHSP assets as at 31 July 2023 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.



$159m

EBIT from Total Investments

↓12%

52 Reservoir Street
Austral Bricks San Selmo Custom Colour
Surry Hills, NSW

FBR Limited ('FBR') ASX Code: FBR

Brickworks made an initial seed investment in FBR Limited in 2006. During the first half of FY2023, Brickworks significantly increased its stake, and now holds 655.4 million shares. At the end of the year this represented a 17.6% shareholding.

FBR has commenced the commercialisation process for 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, there is a strong market opportunity for this technology. As the largest brick maker in the country, Brickworks has much to benefit from the success of FBR.

During the period between November 2022 and March 2023, Brickworks held a 19.6% stake in FBR. Based on AASB 128, Brickworks held significant influence in this entity during this period. As a result, the investment in FBR was classified as an associate, with the Group's share of FBR earnings being consolidated, using the equity method of accounting. During this period, an EBIT loss of $2 million was recorded, recognised within Investments.

In March 2023, FBR completed an equity raise which led to dilution of Brickworks shareholding. Consequently, the Group no longer held significant influence and the investment in FBR was derecognised as an associate. Upon derecognition, a post-tax loss of $10 million was incurred, as a significant item. This loss reflects the recent decline in the share price of FBR.

At the end of the period, the market value of Brickworks stake in FBR was $13 million.

TRIFR 9.98

Total Recordable Injury Frequency Rate

↓18%

Brickworks Staff

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 mitigating health and safety risks for its employees, contractors, and the wider public. Central to this commitment is Capable Safety Leadership, a cornerstone in nurturing a robust safety culture and establishing a comprehensive framework for identifying and managing health and safety risks.

An important part of this framework is Brickworks computerised health and safety database, with advanced data analytics, expanded record compilation and automated workflow processes to assist managers to reduce workplace risks.

The Company's pursuit of improved safety standards is supported by the Brickworks Health and Safety Management System. This system not only outlines explicit roles, responsibilities, and accountabilities but also sets ambitious targets to realise its health and safety policy commitment. With a mature management system aligned with ISO 45001 standards, Brickworks is commitment to maintaining a safe environment and safeguarding the well-being of all stakeholders.

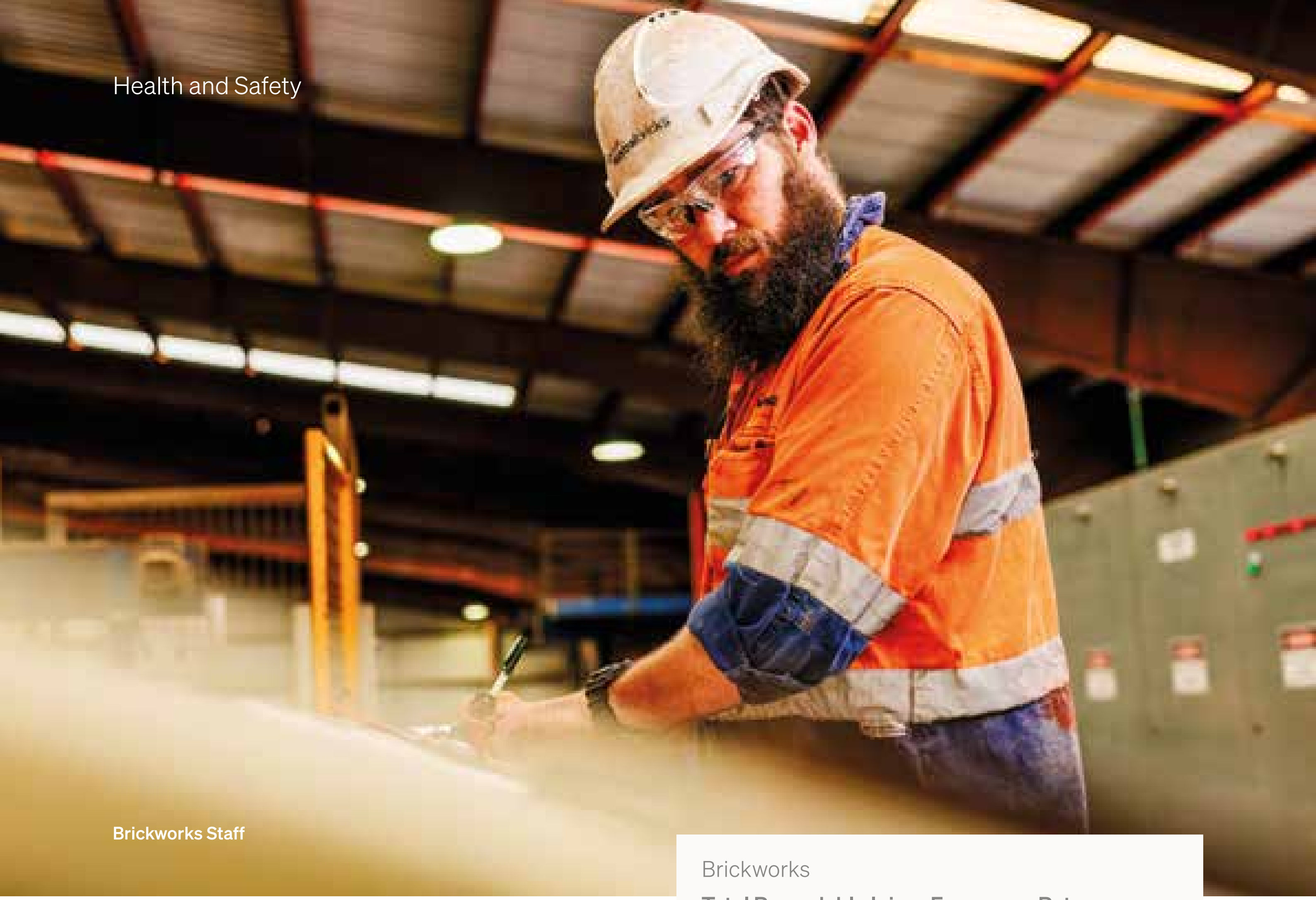
Brickworks demonstrates commitment to contractor safety through clear objectives, stringent pre-screening and induction procedures, meticulous permit-to-work focus, and integrated safety protocols. Regular evaluations and risk management strategies endeavour to establish a secure contractor work environment. The Company's strict adherence to safety guidelines within contractual agreements further emphasises its commitment to safety.

Key initiatives in FY2023 were the expanding presence of safety program focused on the measurement and reporting of safety lead indicator activities, nurturing safety competence, and fostering a culture of safety behaviours. In line with this effort, Brickworks carry out random fit-for-work assessments to identify any workers under the influence of alcohol, drugs, or other substances in the workplace. Additionally, the Company has instituted a psychosocial health program, reinforced by a team of over 150 qualified Mental Health First Aiders, which contributes to augmenting employee well-being.

Ongoing health and safety training for employees is ensured through a training framework, supported by an online training platform, and external courses, equipping employees with the knowledge and skills to mitigate risks. Yearly employee appraisals emphasise development, reflecting the Company's dedication to health and safety and the professional growth of their employees which is important as Brickworks strives to nurture a generative safety culture.

Brickworks also enforces comprehensive emergency preparedness procedures, addressing diverse scenarios from natural disasters to man-made crises, safeguarding personnel, facilities, and communities. Frequent drills and training empower the workforce to adeptly respond to emergencies, demonstrating dedication to operational security and community welfare. Additionally, regular external safety system audits are conducted to ensure the effective implementation of these safety measures throughout the organisation.

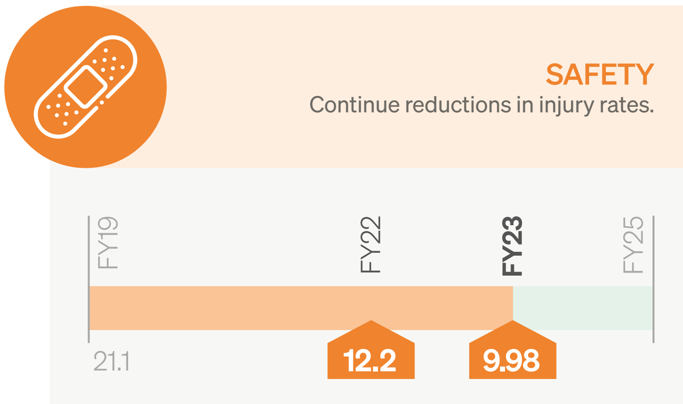
Health and Safety



Brickworks Staff

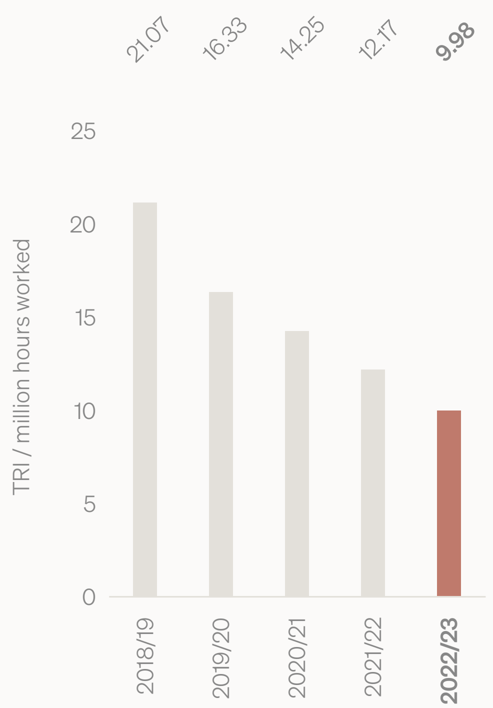
Regrettably a fatal accident occurred in July when an employee of a contractor operating at our Austral Masonry Cairns site lost his life. The incident occurred during the processing of waste products managed by a reputable concrete recycling Company. Notably, this fatality is excluded from our statistics as Brickworks had no direct operational control or management over this incident.

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



Brickworks

Total Recordable Injury Frequency Rate (TRIFR)[1]



1 FY2022 restated to include injuries that occurred in FY2022 but were reclassified during FY2023. Previously stated figures for FY2022 – Consolidated 5 LTI, 46 MTI, LTIFR (1.8), TRIFR (11.7).

Performance (Group)

Since the acquisition of the North American operation in December 2018, Brickworks has continuously improved its consolidated total recordable injury frequency rate. Notably, in FY2023, this rate decreased from 12.17 to 9.98, showcasing further progress.

This achievement can be largely attributed to the successful integration of Australian health and safety technologies and initiatives into the North American operations. What's particularly encouraging is the enthusiastic adoption of these new safety management systems by the US team.

It's worth noting that the reported frequency rate data currently does not encompass contractor injuries. Nevertheless, robust endeavours are in progress to formulate these rates, with an emphasis on upholding data precision and quality. In FY2023, the Company documented a total of 7 recordable contractor injuries, which marked a decrease from the prior year's figures. Notably, there were 15 such injuries reported FY2022. In terms of the severity of contractor injuries, one recordable injury resulted in a temporarily life-altering outcome, alongside six class three injuries, which were non-life-altering injuries.

Performance (Australia)

The Total Recordable Injury Frequency Rate (TRIFR) stood at 6.41, marking a decrease from the TRIFR of 12.48 recorded in the prior year.

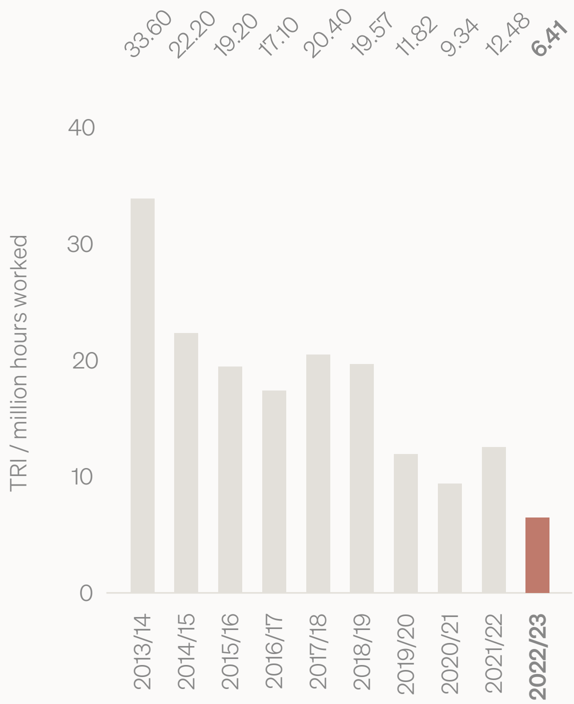
Brickworks remains committed to its safety strategy, focussing on the presence of safety, lead indicators, targets, training, and management accountability to foster enhanced health and safety outcomes. During FY2023, significant milestones were achieved, including the completion of over 23,636 eLearning Safety courses by both company employees and contractors. Additionally, 800 random tests for alcohol, drugs, and other substances were conducted, while maintaining a roster of over 150 qualified mental health first aiders. The year also saw the undertaking of 2,491 workplace inspections, all contributing to the comprehensive safety framework.

Brickworks' rigorous approach to identifying and effectively managing health and safety risks resulted in the control of over 1,887 identified hazards during FY2023. Furthermore, the organisation maintains a robust near-miss reporting culture, evident by the near-miss frequency rate (NMFR) of 14.66 for FY2023.

In relation to recordable injuries at Brickworks, the severity is classified into three categories for workers: Class 1 signifies injuries resulting in permanent life alteration, Class 2 denotes injuries that are temporarily life altering, and Class 3 encompasses injuries that do not cause life alteration. In the context of Brickworks employees during FY2023, no Class 1 injuries were reported. Among the total recordable injuries, 23 percent fell under Class 2, while the remaining 77 percent were classified as Class 3 injuries that did not result in life alteration.

Brickworks Australia

Total Recordable Injury Frequency Rate (TRIFR)[2]



For contractors, there were no Class 1 injuries. Within the total recordable injuries, 14 percent were categorised as Class 2, and the remaining 86 percent were designated as Class 3 injuries that did not lead to life alteration.

Respirable Dust and Silica

At Brickworks, we have implemented stringent measures to effectively mitigate the risks associated with respirable dusts and fibres. Our commitment to worker health extends beyond governmental regulations, encompassing a comprehensive program maintained across all Brickworks sites. This program includes both static and worker exposure monitoring, as well as engineering controls to minimise risks. This nationwide monitoring initiative is closely supervised by two highly qualified in-house occupational hygienists who ensure its effectiveness. Brickworks places a particular emphasis on managing silica dust, actively taking measures to reduce emissions and prevent the transmission of dust from various sources. Additionally, we prioritise worker health protection through the utilisation of advanced, specialised respirator fit testing equipment. This initiative aims to attain the highest level of respiratory protection for our workforce.

2 FY2022 restated to include injuries that occurred in FY2022 but were reclassified during FY2023. Previously stated figures for FY2022 – Aus 1 LTI, 24 MTI, LTIFR (0.4), TRIFR (11.1).

Brickworks Staff

Key Highlights FY2023 – Australia

- No employee 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.
- A psychosocial health program, supported by a team of over 150 qualified Mental Health First Aiders.
- The growth of the presence of safety program driving safety capacity in Brickworks through visible lead safety indicators.

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, safety contacts and workplace inspections.

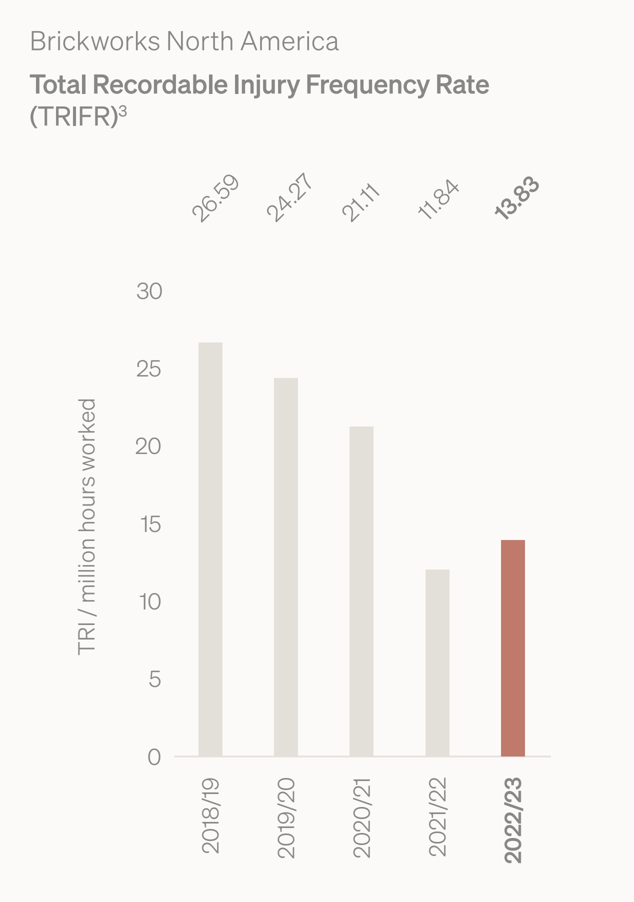
Performance (North America)

The Total Recordable Injury Frequency Rate (TRIFR) in FY2023 was 13.83, reflecting a 16.9 percent increase from the prior year frequency rate of 11.84. The substantial turnover observed at Brickworks North America, leading to frequent recruitment of new employees, has clearly contributed to this pattern, with 40 percent of recordable incidents involving individuals with less than one year of onsite experience. In response to this, a strategy to manage this risk has been implemented.

The introduction of the North America Safety Health Environment Management System in November 2022 marked a significant milestone in our safety strategy. This system utilised lead indicators, specific targets, and management accountability to shape the safety culture and set clear safety expectations.

Throughout the year, we achieved notable milestones in our safety efforts, including:

- Completion of 37,052 eLearning safety training sessions by our dedicated employees.
- Execution of 1,806 safety interactions led by our vigilant supervision and leadership teams.
- Conducting 198 workplace inspections across our 9 manufacturing facilities to ensure safety compliance.
- Performing peer audits at 8 manufacturing locations to assess the presence of safety lead indicators and adherence to SHEMS programs and OSHA regulations.



Remarkably, we identified and successfully controlled a total of 3,680 hazards across Brickworks North America locations, with 3,476 hazards effectively mitigated. These accomplishments underscore our commitment to fostering a safer and more secure environment for our employees and stakeholders.

The ongoing deployment of the Safety Health and Environment Management System (SHEMS) has yielded several important initiatives. These include the introduction of a Management of Change program, the implementation of Bloodborne Pathogens safety measures, Heat Stress Prevention and Management protocols, a Silica Management Program, Non-Conformance Reporting procedures, and enhanced Contractor Management and Forklift Safety guidelines. It's important to emphasize that all related program documents are readily accessible in both English and Spanish. This commitment ensures that our diverse workforce can easily access and comprehend these materials, promoting inclusivity and effective communication in matters of safety and environmental management.

Furthermore, we are pleased to announce that the Pennsylvania Department of Labor and Industry has approved the renewal of our Certification for the Workplace Safety Committee, effective as of 30 July 2023.

3 FY2022 restated to include injuries that occurred in FY2022 but were reclassified during FY2023. Previously stated figures for FY2022 – US 4 LTI, 22 MTI, LTIFR (1.9), TRIFR (12.3).

Contractor Management

Brickworks North America initiated a comprehensive process, aligned with Australia's contractor management safety program, to oversee the well-being of our contracting partners. This process encompassed several crucial steps, including:

- Establishing criteria for preferred, qualified contractors.
- Creating a comprehensive contractor safety orientation program.
- Implementing a requirement for contractors to provide a safe work method statement (SWMS) for their planned tasks.
- Establishing dedicated contractor sign-in stations within all our manufacturing facilities.

These measures were carefully designed to ensure that contractors are well prepared and informed about safety protocols and procedures before they are granted a permit to commence their work. This approach is instrumental in enhancing safety, promoting good health, and fostering an environment of overall well-being throughout our operations.


Brickworks Staff

Forklift Safety

We have implemented a comprehensive Forklift Safety Program with the primary goal of reducing the risks of physical injuries and property damage in areas where forklifts are utilised. This program also prioritises the protection of our employees from potential hazards that may arise due to the improper or unauthorised use of forklifts. In our commitment to ensuring the safe and proficient operation of all forklift equipment, we proactively organised comprehensive training sessions. These training programs were skilfully executed by a well-regarded third-party vendor, and importantly we conducted them not only within our manufacturing facilities but also at our supply centre locations. By engaging external experts, we diligently worked toward certifying our forklift operators to meet the most stringent safety standards.

Respirable Dust and Silica

We continue to utilise a third-party contractor for silica sampling. We have implemented multiple measures to minimise silica exposure, including issuing Powered Air-Purifying Respirators (PAPRs) to all employees exposed to silica at or above the permissible exposure limit. Additionally, we are actively exploring other controls to further reduce silica exposure.

Key Highlights FY2023 – North America

- Zero employee or contractor fatalities reported in FY2023.
- No contractor or labour hire MTIs/LTIs (Medical Treatment Injuries/Lost Time Injuries) for FY2023.
- Successful launch of the Safety Health and Environment Management System.
- Computerisation and reporting of health and safety management system data.

Safe + Sound week

All our North American locations participated in Safe + Sound Week the week of 15 August 2022. Safe + Sound Week is an Occupational Safety and Health Administration (OSHA) nationwide event held each August that recognises the successes of workplace health and safety programs and offers information and ideas on how to keep America's workers safe.

Employees received rapid cards each day with subject information on ladder safety, heat stress awareness, and pedestrian safety and were asked to sign a Commitment to Safety poster. The week ended with a celebratory lunch.

Brickworks Staff

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

Since releasing our strategy Brickworks completed several acquisitions in North America. During FY2023, we have completed a mid-strategy target enhancement to include our North American business in our sustainability targets. These target enhancements are discussed below.

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 are integrated into product design to create greater energy and resource efficiency over the operational lifetime of a building.

Brickworks 2023 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 2023 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

Target

Since releasing our strategy Brickworks completed several acquisitions in North America. During FY2023, we have completed a mid-strategy target enhancement to include our North American business in our sustainability targets.

New Carbon Target

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. Through this process, we have developed a new carbon target: to achieve a 15% reduction in Scope 1 and 2 greenhouse gas emissions by 2030, from a 2022 baseline, across our combined Australian and North American operations.

CARBON

15% reduction in Scope 1 and 2 greenhouse gas emissions by 2030, from a 2022 baseline, across our combined Australian and North American operations

Enhanced Carbon Transition Target

Brickworks has been delivering progress against our existing carbon transition target, to invest in the transition to the hydrogen fuel economy. Brickworks is enhancing this target, to also include the target for continued investment into developing feasible renewable biomethane opportunities.

CARBON TRANSITION

Continued investment into developing feasible renewable biomethane opportunities and invest in the transition to the hydrogen fuel economy

Clarification of Air Quality

Emission Control target has been updated to clarify that Brickworks is investing in emission abatement equipment to improve air quality emission control. Brickworks is investing over $2 million in air quality emission control by 2025.

AIR QUALITY EMISSION CONTROL

Over $2 million investment in air quality emission control

Increased Sustainable Product Target

In FY2022, over 6% of product volume in Australia was verified as sustainable by third party labels, which has now increased to 20% of volume. Verified sustainable products allow our customers to qualify for credits in sustainable building design and construction certification. This has exceeded our target to double our volume of products manufactured in Australia that hold leading sustainable qualities from a FY2019 baseline of 1% volume. Brickworks also sees significant opportunities to increase verified sustainable products in our North American business. Brickworks' new sustainable product target is to increase the volume of verified sustainable products to 25% by 2025 across Australia and North America.

SUSTAINABLE PRODUCTS

Increase the volume of verified sustainable products to 25%.

New Product Innovation Target

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 warranty.

Brickworks will use our product strengths to develop the next generation clay brick and concrete block wall systems. By continuously innovating, we can create a more sustainable future for generations to come.

Our sustainable product innovation strategy focus is to provide a wide range of thermal mass product options with high recycled content and lower embodied carbon across roofing and walling products.

Brickworks' commitment to innovation into manufacturing excellence and raw material optimisation means our products are produced in some of the world's leading energy efficient kilns. In FY2022, Brickworks invested $3 million into research and development for kiln efficiencies, light weight products and different fuel types.

Brickworks' new product innovation target is a year-on-year increase in investment into research and development into the next generation of clay brick and concrete block wall systems.

By 2030, Brickworks and our partners will invest over $22.6 million into research and development into our sustainable innovation focus areas including: the thermal mass benefit of products, light-weighting, raw material optimisation to reduce embodied carbon and increase recycled content, sustainable design elements and product innovation.

PRODUCT INNOVATION

Year on year increase in R&D investment into the next generation of clay brick and concrete block wall systems.

TOWARDS **2025**

Significant annual progress against our 2025 targets[1] including our **enhanced targets**

Target	Our Progress	Status
Product Innovation Year on year increase in R&D investment in the next generation of clay brick and concrete block wall systems.	$3 million R&D spend since FY2022. 24 R&D projects completed in FY2023. $1.6 million grant awarded in collaboration with Queensland University of Technology.	FY22 **FY23** FY30 **$3m** $22.6m
Life Cycle and Thermal Design and Education We will support design tools, guidance and information to incorporate thermal design and life cycle thinking into building design.	42 continuous professional development sessions completed in FY2023. Modelling of 7-star thermal design continuing with University of Newcastle.	FY19 FY22 **FY23** FY25 **+67** **+42**
Sustainable Products Increase the volume of verified sustainable products to 25%.	19% of product volume was verified as sustainable by third party labels.	FY22 **FY23** FY25 4.5% **19%** 25%
Supply Chain Continuing to reduce supply chain risks.	Modern Slavery Roadmap completed.	FY19 FY25 ROADMAP COMPLETE 100%
Governance Business Ethics and Whistle-blower Programs.	Governance programs formalised. Continued annual training.	FY19 FY25 PROGRAM COMPLETE 100%
Safety Continue reductions in injury rates.	Total Recordable Injury Frequency Rates reduced by 53% since FY2019.	FY19 FY22 **FY23** FY25 21.1 **12.2** **9.98**
Engagement Existing target of 100 community engagement activities annually.	109 community engagement activities, meeting our target of 100 in Australia.	FY19 FY22 **FY23** FY25 **+100** **+109** (Aus.)
Community Support Supporting charities like the Children's Cancer Institute.	$260,815 contributed to Children's Cancer institute in 2022 calendar year and over $4.8 million contributed since 2002.	FY19 2021 2022 FY25 $ 3.5m **$4.4m** **$4.8m** (Aus.)
Diversity and Inclusion Stretch target: 35% female senior executives. Develop and implement a Diversity and Inclusion Strategy.	31.4% female senior executives in Australia, Further training on advancing diversity rolled out in FY2023.	FY19 FY22 **FY23** FY25 27% **26.5%** **31.4%** (Aus. 35%)

1 Moving the Sustainability Strategy towards combined Australia and North America targets
The sustainability targets noted above for Safety, Lifecycle and Design, Sustainable Products and Carbon relate to our combined Australian and North American operations. We continue to work towards incorporation of our North American operations into the remainder of our targets as part of our future updates to our strategy.

TOWARDS **2025**

Significant annual progress against our 2025 targets[1] including our **enhanced targets**

Target	Our Progress	Status
Carbon 15% reduction in Scope 1 and 2 greenhouse gas emissions by 2030 from a 2022 baseline, across our combined Australian and North American operations.	5% reduction from FY2022 baseline across Australia and North America.	FY22 · **FY23** · FY30 -5% · -15%
Carbon Transition Continued investment into developing feasible renewable biomethane opportunities and investment in the transition to the hydrogen fuel economy.	Hydrogen feasibility preliminary laboratory trials commenced by Murdoch University. Bioenergy transformation project launched.	FY19 · FY22 · **FY23** · FY25 Desktop study · Lab trials
Water Reduce potable water use in water stressed areas.	11% less mains water usage in Australia compared to FY2022. Commenced tracking potable water use in North America.	FY19 · FY22 · **FY23** · FY25 -8% · -11% (Aus.)
Rehabilitation Drive progressive rehabilitation.	49,500 m² land progressively rehabilitated and 443,100 m² of land relinquished in Australia and 168,875 m² of land progressively rehabilitated in North America in FY2023.	FY19 · FY22 · **FY23** · FY25 +27ha · +5ha (Aus.)
Circular Economy Year on year increase in recycled material use.	Recycled raw materials increased from 17% in FY2022 to 20% recycled content in FY2023 in Australia.	FY19 · FY22 · **FY23** · FY25 17% · 20% (Aus.)
Air Quality Emission Control Over $2 million investment in emission abatement.	Over $6 million invested in air quality emission abatement in Australia in FY2023.	FY19 · FY25 · FY22 · **FY23** COMPLETE · ONGOING $3m+ · $6m+
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 6.5% and natural gas efficiency has improved by 6.7% since 2018.	FY18 · **FY23** · FY22 · FY30 6.7% · 7.0% (Aus. 10%)

1 Moving the Sustainability Strategy towards combined Australia and North America targets
The sustainability targets noted above for Safety, Lifecycle and Design, Sustainable Products and Carbon relate to our combined Australian and North American operations. We continue to work towards incorporation of our North American operations into the remainder of our targets as part of our future updates to our strategy.

Environment

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

Compliance

During FY2023, Brickworks did not receive any fines, penalties, or directive notices related to the environment or mining[2].

Since 31 July 2023, Glen-Gery was fined $7,800 USD in September 2023 relating to unauthorised stormwater discharge as disclosed to the regulator for which full corrective action has been taken.

We are reinforcing our commitment to zero environmental fines and continued risk reduction across our operations.

Brickworks treats all instances of legal and regulatory non-compliance with the utmost importance. Details of incidents, notices and complaints are raised at the weekly General Managers' meeting, attended by the Managing Director. Each non-compliance incident is investigated and tracked to ensure corrective actions are undertaken within deadlines. Incident reporting procedures and training are a central part of the SHEMS, raising awareness and identifying corrective and preventative actions.

	FY2023	
	AUS	USA
Prosecutions	0	0
Penalty Notices	0	0
Directive Notices	0	0

Environmental Improvement Strategy

After significant investments in Air and Water Pollution Control Equipment (PCE), our next step is to strengthen PCE maintenance, enhance procedures and training to boost environmental capabilities. In FY2023, we conducted 1,943 PCE checks, a key indicator of our environmental commitment. Our environmental improvement strategy is now being shared with our North American business.

Under our environmental improvement strategy, Brickworks implements systematic risk management programs that identify and control impacts to the environment in line with legislation and authorised Brickworks environmental policies.

Key risk areas receive specific focus including our ongoing air and water management programs.

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

Investments are made in upgrading kilns, plant control systems, and emission control technologies. In FY2023, limestone scrubbers were installed at Austral Bricks Horsley Park Plant 1 and Plant 2, with a scrubber relocated to Plant 1 after the closure of Plant 3.

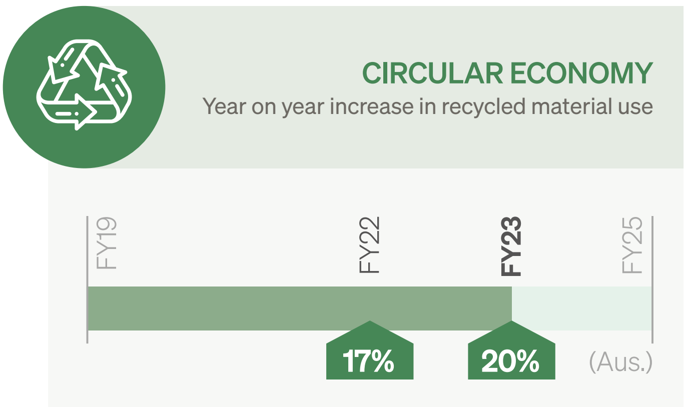
The Golden Grove plant completed scrubber refurbishments during a December 2022 shutdown which also saw the scrubber stack extended to improve dispersion of kiln gases and reduce odour at ground level as required by the Environment Protection Authority.

These investments into air pollution abatement equipment represent over $6 million invested in air quality emission controls in Australia since FY2019.

An investment of US$3.6 million in upgrades to convert and retrofit the existing North American Adel plant in Iowa from petcoke fuel to natural gas was completed in April 2023. The main fuel conversion was completed to allow the kiln to be re-introduced into the production process utilising a much more efficient and reliable fuel source. The project also included an investment of US$129k to upgrade and re-permit the existing Dry Injection Fabric Filter (DIFF) scrubber.

Resources and Waste

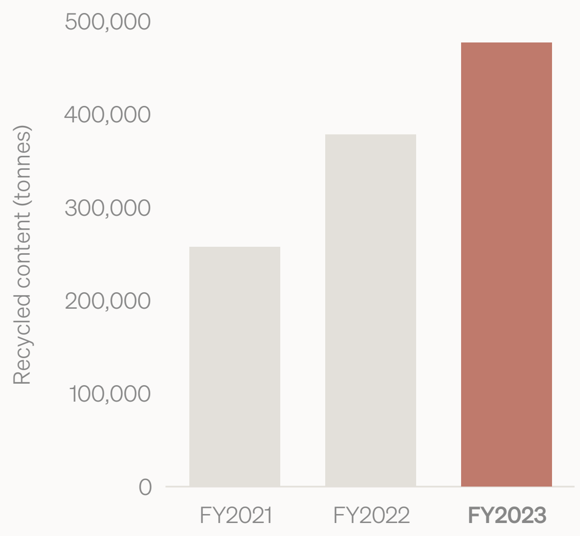
Brickworks is progressing towards a circular economy by closing the loop, thus minimising production waste and reusing and recovering resources in the value chain. Opportunities for the reuse of waste are a key focus area for the brick and concrete businesses to decrease material costs, increase resource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



A total of 474,600 raw tonnes of recycled materials were used, which is equivalent to 20% of the total weight of Australian building products produced. This has increased from 17% recycled content in FY2022, mainly due to improved record keeping of waste clay material from construction sites. Further work is being completed to quantify total recycled content in North America.

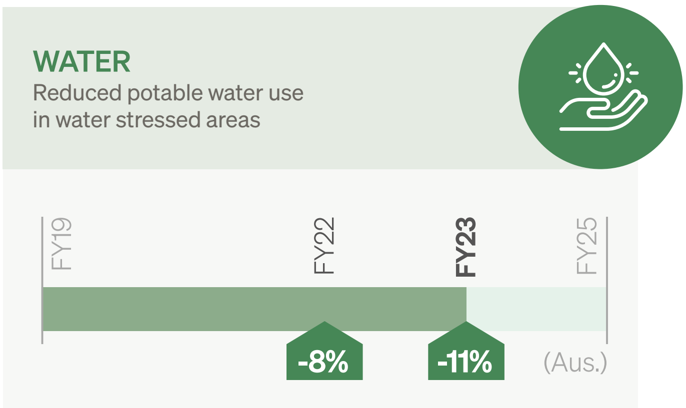
Brickworks Australia

Recycled content of Building Products (tonnes)



Water

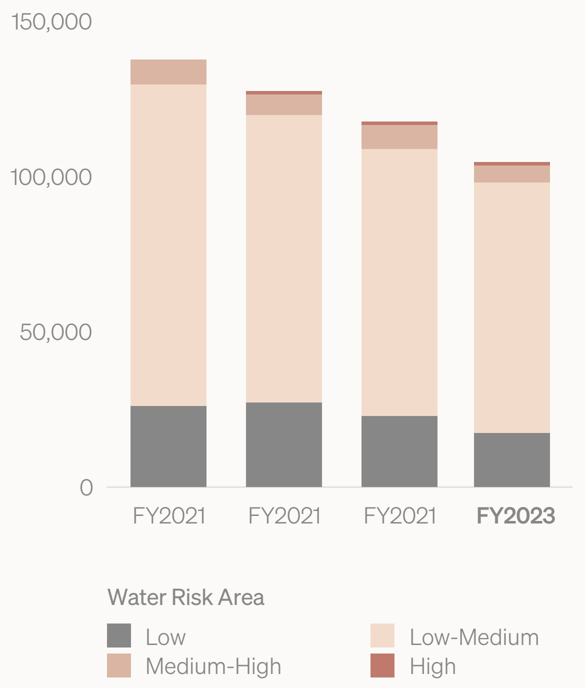
Brickworks' 2025 target is to reduce potable water usage in water stressed areas.



Water resource management is most important in water stressed areas. During FY2023, Brickworks used a total of 163 ML of potable mains water in FY2023 globally. Of this, 103ML of potable mains water was used at sites in Australia, a 17% reduction in potable mains water use compared to FY2022 and a 17% decrease since the release of our strategy in FY2020. Our North American operations consumed 60ML of potable mains water in FY2023. This is the first year that data has been collected for our North American operations.

Brickworks Australia

Total Potable Water Use by Water Risk Area (kL)



Climate related strategy

We have a long-term strategic focus in driving our global kiln refurbishment program to improve energy efficiency beyond international benchmarks. This is underpinned by our stretch target for a 10 per cent increase in gas efficiency at Austral Brick plants by 2030 from FY2018.

In Australia, carbon emissions have followed a general downward trend, with a 46% decrease compared to the base year 2005/06 (Scope 1 and 2).

The decrease is attributed to efficiencies gained from alternate fuels, manufacturing consolidation, equipment upgrades and operational improvements. Brickworks invested over $400 million dollars since 2006 in equipment upgrades, operational improvements and carbon reduction strategies.

Our climate-related strategy, targets and programs build on these achievements, focusing on 5 key areas, including efficiency, lower carbon energy sources, innovation, the appropriate use of offsets and improving the energy efficiency of homes over lifetime operations. Each focus area has deliverables to drive performance.

As an industry leader using 11% bioenergy in manufacturing in Australia, we understand the critical role renewable bioenergy can have in producing low-carbon products. We are assessing the feasibility of renewable bioenergy generation at our brick plants with leading technology providers. If successful, each facility has the potential to provide a significant source of renewable energy.

Renewable bioenergy generation also offers the potential to generate carbon offsets on-site, from emission reduction activities such as the diversion of organic waste from landfill. Brickworks has 10 years of experience in providing carbon neutral products from our Longford Tasmania facility. We seek to replicate the success of this low brick carbon manufacturing process across Brickworks sites through the Brickworks Bioenergy Transformation strategy.

Brickworks sees a range of opportunities to replicate the success of this low brick carbon manufacturing through the Brickworks Bioenergy Transformation strategy. According to estimates by the Australian Renewable Energy Agency, bioenergy could account for 33% of the industrial heat processing needs by 2030. We are actively advancing various feasibility studies for a series of projects designed to significantly boost the utilisation of bioenergy. These opportunities encompass harnessing additional landfill gas resources, integrating alternative organic raw materials, and generating on-site bioenergy through anaerobic digestion.

Understanding Carbon Risks and Opportunities

We are incrementally adopting the recommendations of the leading climate-related risk framework, Task Force on Climate-Related Financial Disclosures (TCFD), such as using climate scenarios to identify risks and developing climate-related strategy and programs. Our second TCFD Statement was published on our website in May 2023, setting out our roadmap to improve our TCFD disclosure. We will continue to monitor and report on management of climate risks.

Energy

A key strategic focus area is to achieve global leadership in leading manufacturing excellence and efficiency. To achieve this, Brickworks is investing in energy efficiency.

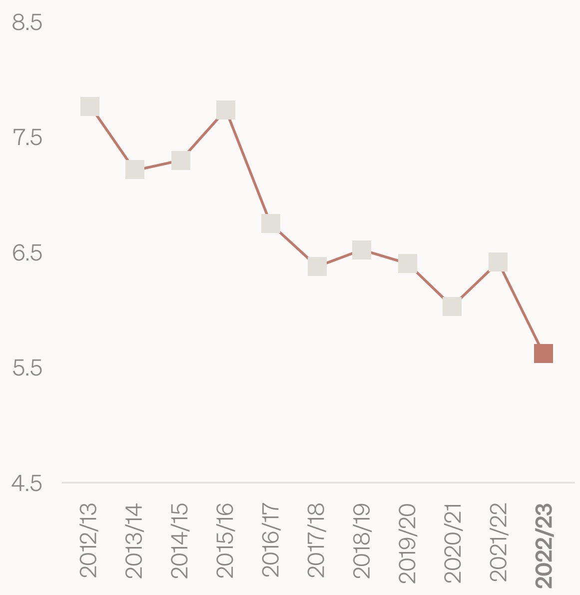
In FY2023, Brickworks Building Products total energy consumption was 6.14PJ, a 6% decrease from FY2022. This is further broken down by region below.

Building Products – Australia

Brickworks continues to reduce energy intensity across the business. Since FY2013, energy intensity by revenue has improved by 28% in Building Products Australia to 5.6 TJ per million dollars (AUD) of revenue. Energy intensity decreased by 6.7% from FY2022, reflecting increase in revenue between FY2022 and FY2023 and the reduction in energy consumption due to the closure of Horsley Park Plant 3 in NSW and our Western Australian brick plants.

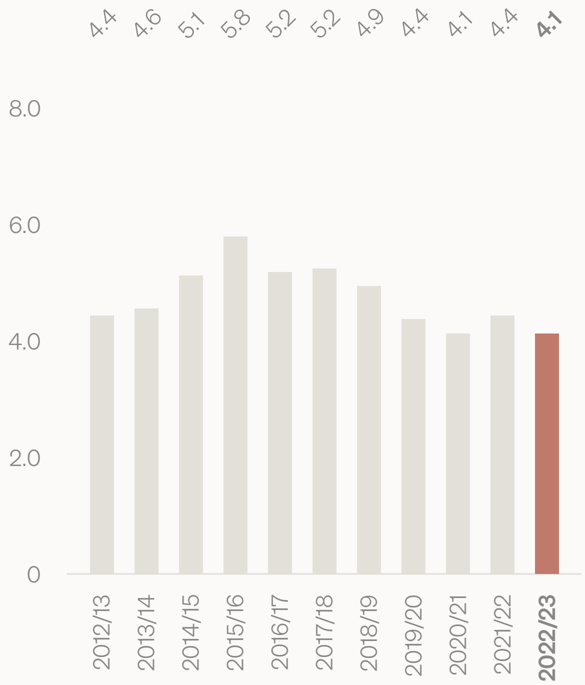
Building Products Australia

Energy Intensity
(TJ / $m Revenue)



Building Products Australia

Total Energy Consumption
(PJ)



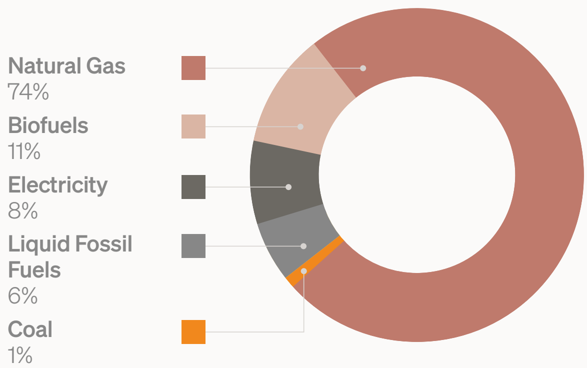
In FY2023, Building Products Australia's total energy usage was 4.1PJ, a 7% decrease from 4.4PJ the previous year, reflecting the closure of three plants during FY2023.

The majority (74%, 3.0 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.

Brickworks has used biogas and sawdust for renewable and alternative energy generation for many years. Biofuel sources include landfill gas and sawdust. The alternative fuels program saw Building Products Australia achieve 11% energy use composition of biofuels in FY2023, slightly lower than FY2022 mainly due to the closure of Horsley Park Plant 3. We continue to investigate ways to increase our biofuels content.

Building Products Australia

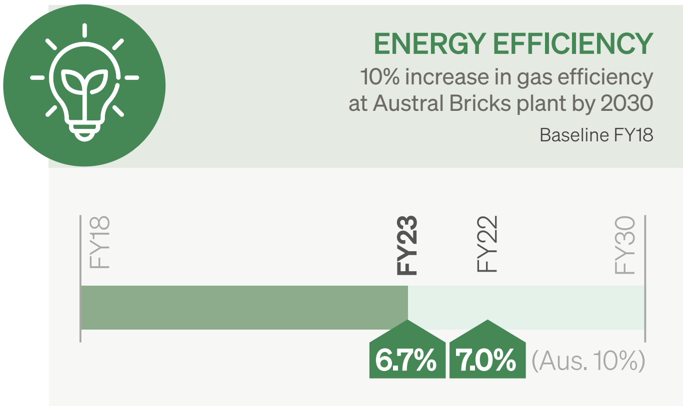
FY2023 Energy Mix



Energy Efficiency

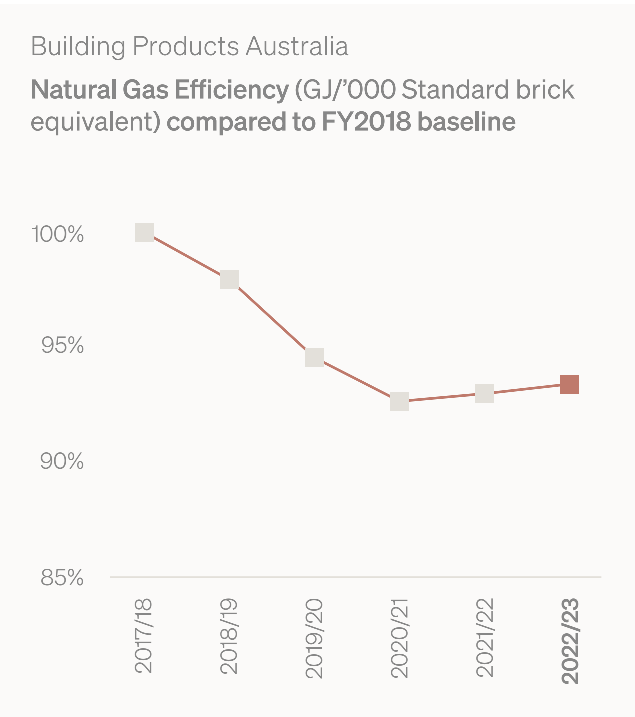
Since its inception, Brickworks has invested in the latest kiln, equipment and manufacturing technologies to improve productivity, product quality and energy efficiency.

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 a stretch target 10%, based on FY2018 levels.



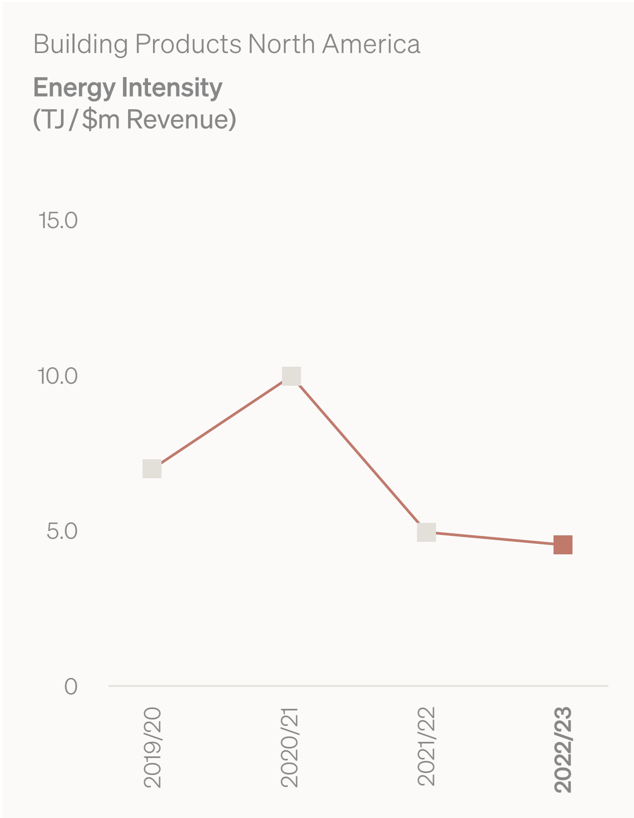
Continued investment into energy efficiency and recovery has improved many Austral Bricks kilns to exceed international leading energy efficiency benchmarks.

Natural gas efficiency has improved by 6.7% since FY2018. There was slightly poorer performance in the natural gas efficiency in FY2023 compared to FY2022 due to closure and opening of various brick manufacturing sites across Australia.



Building Products North America

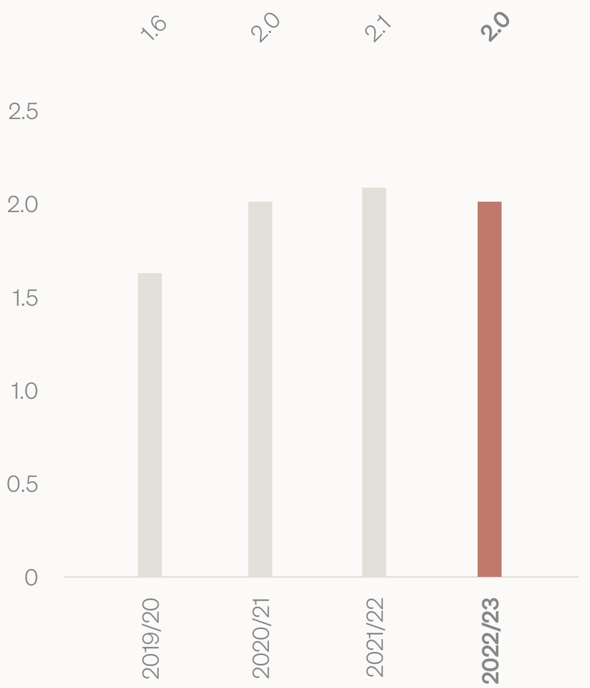
Since FY2020, energy intensity by revenue has improved by 36% in Building Products North America to 4.5 TJ per million dollars (AUD) of revenue. Energy intensity decreased by 9.7% from FY2022, reflecting improved revenue and reduced energy consumption due to the planned consolidation of manufacturing sites including the closure of Marseilles plant this year and York and Caledonia in FY2022.



During FY2023, energy usage was 2.02PJ across 7 operating clay brick factories owned by Building Products North America with one factory being retired (Marseilles). All North American brick factories are fuelled by natural gas and contribute to 88% (1.76PJ) of the operation's energy consumption.

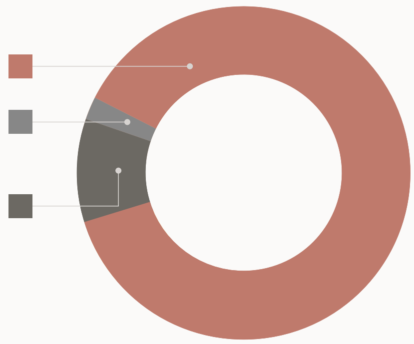
Building Products North America

Total Energy Consumption
(PJ)[3]



Building Products North America

FY2023 Energy Mix



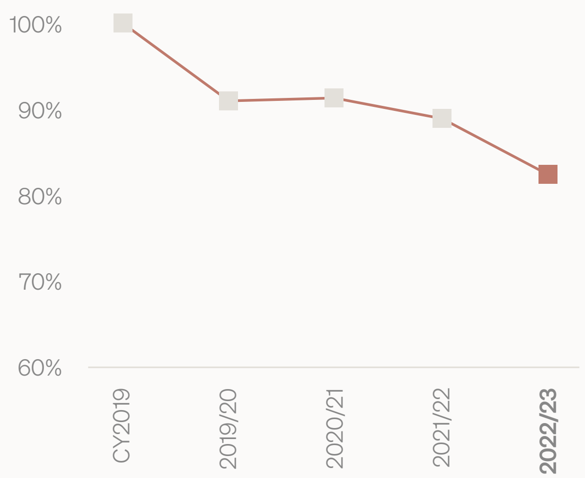
Energy Efficiency

The plant rationalisation program continued during FY2023, with the closure of the Caledonia (Ohio) plant in the first half and then Marseilles (Illinois) plant in the second half. Following these closures, the plant rationalisation is now largely complete and has resulted in a reduction in operating brick plants to 7 (from 16), an increase in plant utilisation to 72% (from 46%) and a more modern and fuel-efficient fleet, with the average age of kilns reduced to about 20 years (from more than 40 years).

This has led to an 18.1% improvement in gas efficiency from the 2019 calendar year to FY2023 and a 7.9% improvement compared to FY2022.

Building Products North America

Natural Gas Efficiency
(GJ/'000 Standard brick equivalent)
compared to 2019 calendar year baseline[4]



Carbon

Brickworks continues to reduce greenhouse gas intensity across the business. In 2018 Brickworks acquired businesses within North America and have been working towards reporting full greenhouse gas inventory globally. During FY2023 Brickworks completed the greenhouse gas calculations for the North American operations for historical years from FY2020 through to FY2022 (including fleet emissions) covering all material Scope 1 and Scope 2 greenhouse gas sources. Brickworks has also announced a greenhouse gas emissions target which is described further in Climate Strategy.

3 Restated from FY2022 report to include retail and fleet energy consumption.

4 Energy improvement for the 2019 calendar year to FY2022 adjusted from 8.6% to 10.4%.

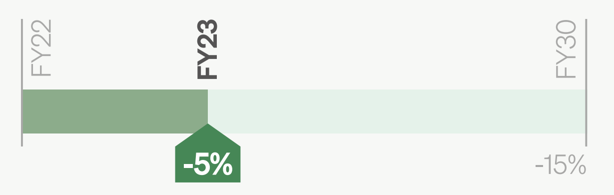
Performance against Carbon Target

As described in the Climate Strategy section of this report, Brickworks has announced a new carbon target: to achieve a 15% reduction in Scope 1 and 2 greenhouse gas emissions by 2030, from a 2022 baseline, across our combined Australian and North American operations.

In FY2023, Building Products total Scope 1 and 2 greenhouse gas emissions was 400 kilotonnes of carbon dioxide equivalent ($ktCO_2e$) for both Australian and North American operations. Of these emissions, 97% are attributed to brick manufacturing operations.

CARBON

15% reduction in Scope 1 and 2 greenhouse gas emissions by 2030, from a 2022 baseline, across our combined Australian and North American operations



Greenhouse gas emissions have decreased in FY2023 by 5% compared to FY2022. This is due to the closure of various plants across the group, including:

- The permanent closure of Horsley Park Plant 3, following the completion of Horsley Park Plant 2 in New South Wales.
- The discontinuation of brick manufacturing operations in Western Australia, which involved the closure of the Bellevue plant in November 2022 and the Cardup plant in March 2023.
- The ongoing plant rationalisation program in North America, which included the closure of the Caledonia (Ohio) plant in the first half of FY2023 and the subsequent closure of the Marseilles (Illinois) plant in the second half.

Brickworks

Global Carbon Emissions Since FY2022 ($ktCO_2$-e)

	FY2022	FY2023
Scope 1	327	317
Scope 2	96	83
Total	**423[5]**	**400**

5 Restated for FY2022 from 417 $ktCO_2$-e to 422 $ktCO_2$-e to include all retail sites and fleet emissions for North America.

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.

Although Brickworks' North American operations are not required to report carbon emissions to the U.S. regulator, the greenhouse gas inventory for our North America operations was reported and audited for the first time in FY2022 using the Greenhouse gas protocol and US EPA Emission Factors for Greenhouse Gas Inventories.

Carbon emissions for our Australian operations have followed a general downward trend, with a 46% 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.

In FY2023, our Australian operations emissions were 196,002 tonne CO_2e (Scope 1) and 60,967 tonne CO_2e (Scope 2), an 8% decrease on the previous year due to closure of the three brick manufacturing plants in Australia.

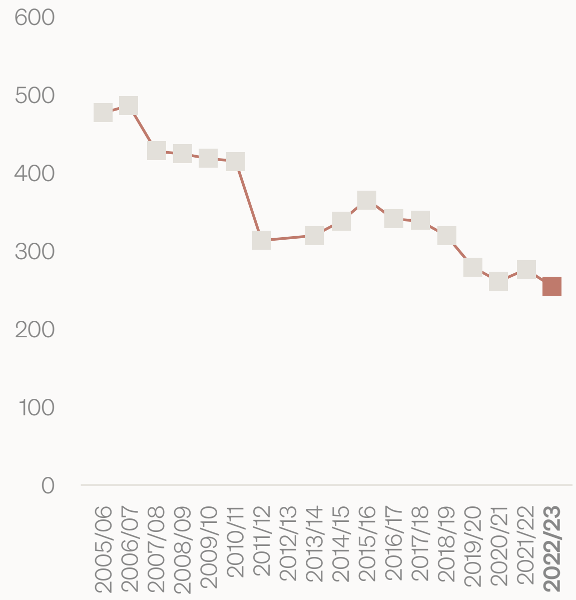
In FY2023 our North American operations emissions were 120,825 tonne CO_2e (Scope 1) and 22,355 tonne CO_2e (Scope 2), a 1% decrease on the previous year.

Brickworks continues to reduce greenhouse gas intensity across the business. Since FY2013, greenhouse gas intensity by revenue has improved by 37% in Building Products Australia to 0.35 kilotonne CO_2-e per million dollars (AUD) of revenue. Carbon intensity for Australia was lower (8.6%) than the previous year, reflecting increased revenue from FY2022 to FY2023 and lower emissions due to plant closures.

Since FY2020, greenhouse gas intensity by revenue has improved in Building Products North America by 37% to 0.32 kilotonne CO_2e per million dollars (AUD) of revenue. Carbon intensity by revenue for North America was 11% lower than the previous year, reflecting increased revenue from FY2022 to FY2023 and lower emissions due to plant closures.

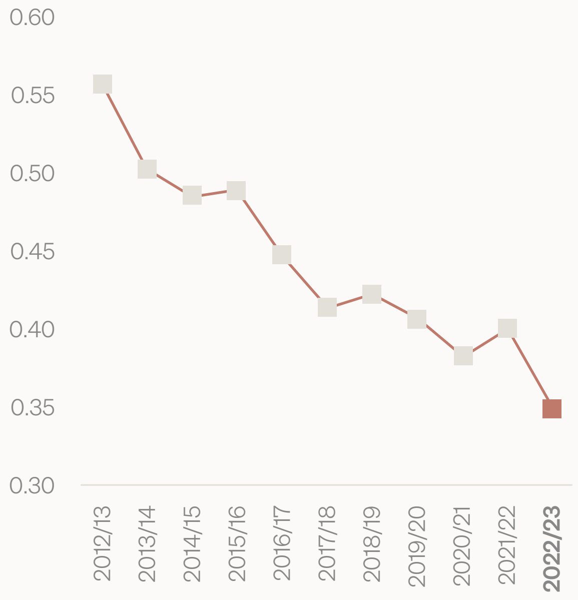
Building Products Australia

Greenhouse Gas Emissions Since 2005
($ktCO_2$-e)



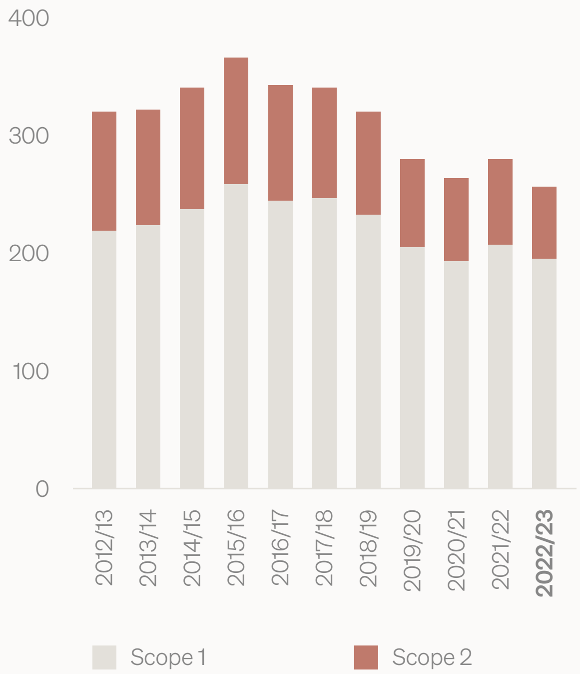
Building Products Australia

Carbon Intensity
($ktCO_2$-e/$m Revenue)



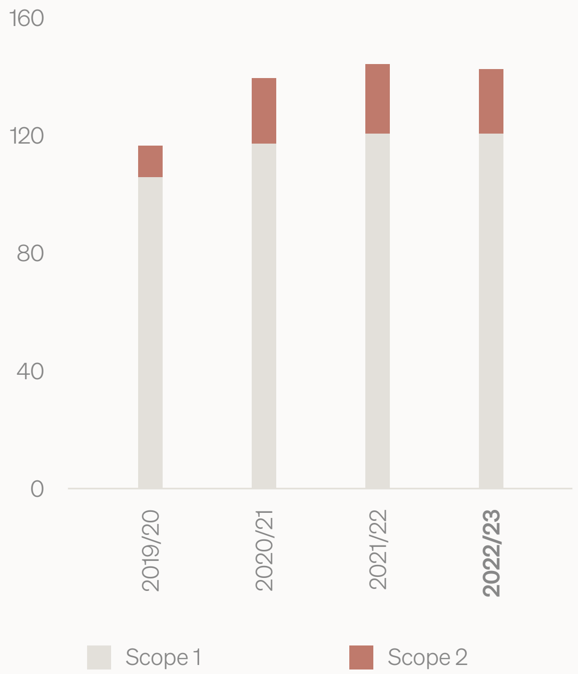
Building Products Australia

Total Greenhouse Gas Emissions
($ktCO_2$-e)



Building Products North America

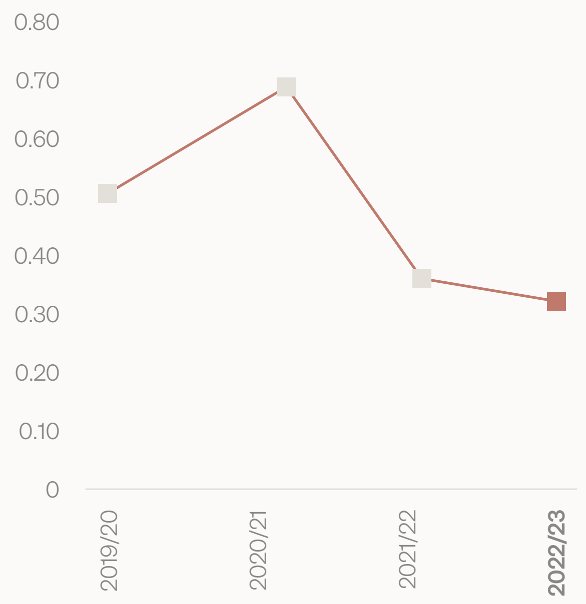
Total Greenhouse Gas Emissions
($ktCO_2$-e)



Austral Bricks Plant 2
Horsley Park, NSW

Building Products North America

Carbon Intensity
($ktCO_2$-e/$m Revenue)



CARBON TRANSITION

Continued investment into developing feasible renewable biomethane opportunities and invest in the transition to the hydrogen fuel economy

Scope 3 carbon emissions

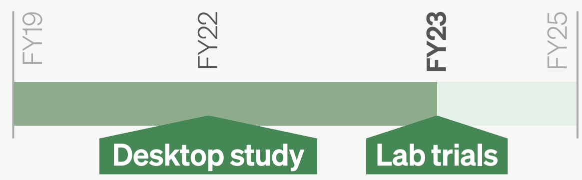
Brickworks is continuing to build a Scope 3 inventory of its material sources including cement. Life-cycle emissions data is currently available for all Australian made clay bricks through the Climate Active Carbon Neutral Certification Product Disclosure Statements available on the Climate Active website (https://www.climateactive.org.au/buy-climate-active/certified-members/austral-bricks). We have also published an Environmental Product Disclosure (EPD) for Austral Masonry Gympie which is available on the EPD Australasia website (https://epd-australasia.com/). We are continuing to develop an expanded library of EPDs for our products.

Hydrogen

There remain technical and commercial challenges in the short to medium term for the conversion to zero-emission fuels such as hydrogen. However, hydrogen remains a technology that is a potential future fuel source. Over the long term, being a substantial consumer of gas, this fuel has the potential to assist Brickworks in lowering its greenhouse gas emissions.

CARBON TRANSITION

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. During FY2023, Brickworks supplied Murdoch University with a range of laboratory equipment for conducting essential testing on the effect of hydrogen into the brickmaking process in their laboratories. Anticipated results from this testing are expected to be received in FY2024 which will close out this project.

Renewable Electricity

Our Rockhampton (Qld) and Oakdale (NSW) masonry sites continue to have solar generation capacity. The 113kW and 240kW solar systems for Oakdale were installed prior to commencing manufacturing, reducing our scope 2 emissions by 23%. 55.5kW solar system was installed and commissioned at our Rockhampton plant in February 2022. While the Rockhampton site was not producing during FY2023, the solar system reduced scope 2 emissions for the offices by an estimated 71%.

In Victoria, we are continuing to progress with preparation and approvals for 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.

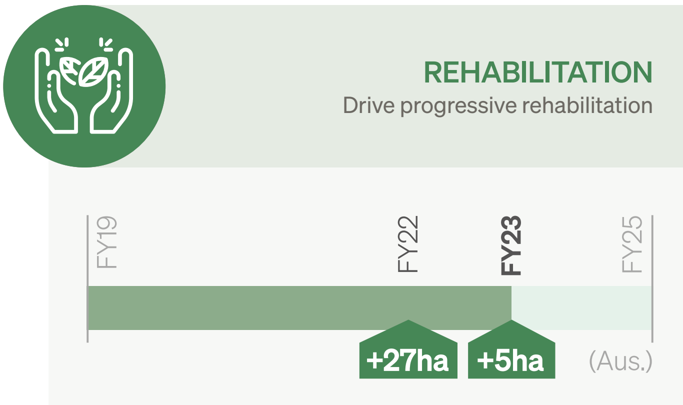
The area of progressive rehabilitation completed for FY2023 was 47,400m^2 including 6,200 trees planted in Australia and 168,875m^2 in North America. Progressive rehabilitation is driven across the business by adding available land reviews to annual rehabilitation planning.

An area of 443,100m^2 was relinquished at the Horsley Park Plant 3 quarry in New South Wales to facilitate the new Oakdale East industrial site Stages 2 to 4.

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

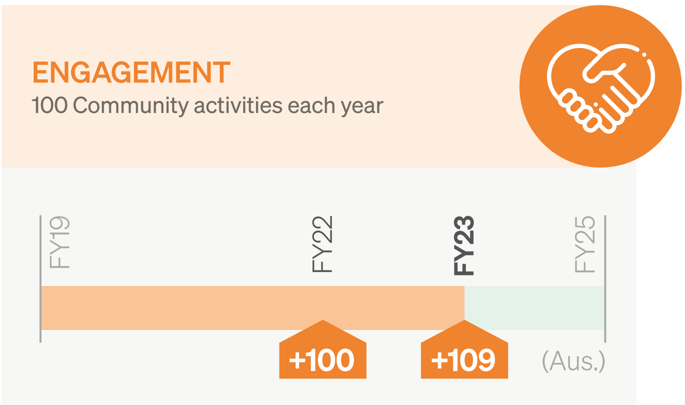
Austral Bricks
Land Rehabilitation Project
New Berrima, NSW

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.



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 FY2023, we completed 109 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.



Customer focused sustainable product portfolio

Today, the world is changing more rapidly than ever before. Architects, builders and customers are increasingly working to address the challenges associated with developing sustainable buildings, reusing waste products, reducing carbon emissions and developing smart, resilient cities.

Brickworks' product development process is customer driven, responding to consumer preferences. Our deep manufacturing capabilities and product knowledge combine with strong architects, builders and customer relationships to identify and optimise new product development.

As enablers of safe, resilient and sustainable buildings, at Brickworks, we see a strong future for bricks, masonry and rooftiles. 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.

Our focus is to provide a wide range of thermal mass product options with high recycled content and lower embodied carbon across roofing and walling products. This will be delivered through our sustainable product innovation strategy and targets.

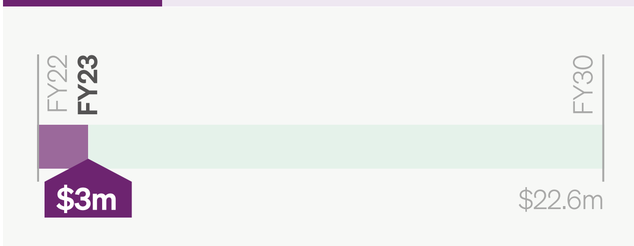
Customer expectations for sustainable building products are described through design principles for more sustainable homes including leading standards such the Greenstar Homes Guide by Green Building Council of Australia, LEED for Homes by U.S. Green Building Council, building codes, regulations and planning measures.

Brickworks' Sustainable Home Guide outlines how our products contribute to GreenStar Homes and LEED for Homes. Brickworks offers a range of products that help designers achieve sustainable design ratings, including National Home Energy Rating (NatHERS) used in the NSW Building Sustainability Index BASIX, Green Star Homes and LEED for Homes.

Brickworks' commitment to innovation into manufacturing excellence and raw material optimisation means our products are produced in some of the world's leading energy efficient kilns. In FY2022, Brickworks invested $3 million into research and development for kiln efficiencies, light weight products and different fuel types.

PRODUCT INNOVATION

Year on year increase in R&D investment into the next generation of clay brick and concrete block wall systems.



During FY2023, 24 research and development projects were successfully completed and embedded into production including new products and efficiency gains. These successful projects highlight the continued potential for significant advancements across our five sustainability innovation focus areas:

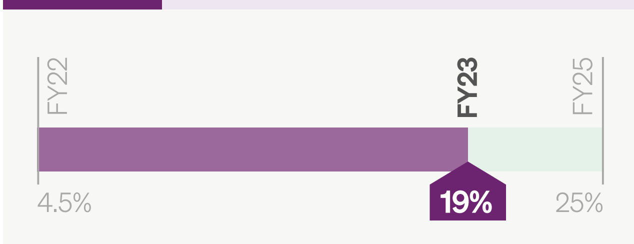
- Thermal mass
- Light-weighting, lower cement and higher recycled
- Raw material optimisation
- Product innovation
- Sustainable design elements

In FY2023, 25% of product volume in Australia was verified as sustainable by third party labels, which is the equivalent to 19% of our products across. 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 are also a range of opportunities across our North American products including recycled content and diversified façade options.

Further information of the environmental or social benefits of these products is provided in the Sustainability Report.

SUSTAINABLE PRODUCTS

Increase the volume of verified sustainable products to 25%.



Oakdale East Masonry Plant
Horsley Park, NSW

Community

Support

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 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 $4.8 million dollars, comprising of direct and indirect sources of revenue, including corporate and staff donations, state fundraising, sponsorships and supporting CCI events.

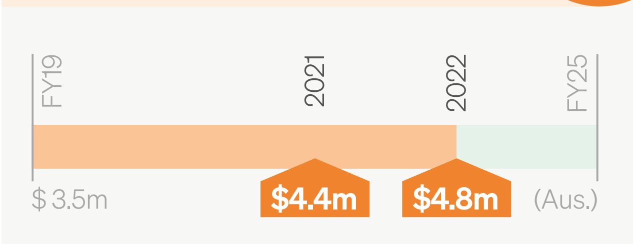
The reporting period for the CCI partnership is the 2022 calendar year and the team at Brickworks raised $260,815, helping CCI move closer to achieving the vision of curing all children with cancer.

One of the highlights for early 2023, was the '86k for a Cure' campaign where Brickworks became presenting partner for this national community initiative. This sponsorship, along with teams in every state and 52 staff, focussed on wellbeing and getting active by walking or running 86k in March as well as fundraising, which contributed an incredible $88,857.

Brickworks staff also offer their time and efforts to drive a range of other fundraising activities for CCI, including the Diamond Ball, CEO Dare to Cure. State-based Golf Days and Build for a Cure initiative.

COMMUNITY SUPPORT

Supporting charities like the Children's Cancer Institute



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. 2022 saw the Brickworks staff contribute an amazing $53,064 through the Casual Friday program with Brickworks matching this, thereby doubling the donation and impact.

"Every week 20 children are diagnosed with cancer in Australia. At Children's Cancer Institute, our vision is to save the lives of these children and improve their long-term health through research."

"We don't just hope to cure all children of cancer. We will do it. This vision is only possible with commitment from longstanding partners such as Brickworks. Heartfelt thanks to the entire Brickworks' team for its generous support of our work."

Anne Johnston, Director Marketing & Fundraising, Children's Cancer Institute

Stoney Rise Wines Cellar Door
Daniel Robertson Hawthorn in London and Bowral Bricks in Bowral Blue
Gravelly Beach, TAS

Our Global
Workforce

Culture and Values

Brickworks continues its commitment to cultivating a culture that aligns with our "We Are Brickworks" values and behaviours. To enable this, we focus on delivering initiatives that ensure our people feel respected, recognised, and motivated to excel.

Our formal recognition programs celebrate our employees who exemplify our company values and demonstrate excellence. Our quarterly Culture Champion Awards acknowledge the positive impact our employees make on our workplace culture and inspire others to follow their lead in living our values. Annually, we also have the Managing Director's Excellence Awards and Employee of the Year Awards. These significant award programs recognise the exceptional contributions of our people to the success of Brickworks.

From May 2023 we commenced the roll-out of face-to-face Code of Conduct training, placing a strong emphasis on promoting respect in the workplace and ensuring that all employees are fully aware of our company's expectations and standards. This training also ensures that all our people are aware of our established channels to report concerns, including an option to provide this anonymously. Further, a range of online compulsory e-Learning modules, such as the Code of Conduct, are updated and released annually to ensure the entire workforce population understands what is expected of them and can positively contribute to our workplace culture.

Leveraging the OfficeVibe engagement survey platform, we released a custom survey to gauge our employee experience and perceptions of our company's values and culture. Of those who participated in the survey 88% indicated that they were proud to work at Brickworks and 83% felt that their personal values aligned with the Company's values – this result supports that our practice of screening for values alignment in our recruitment and selection processes is proving beneficial.

Overall, the survey outcome was favourable, though we continue to review the anecdotal feedback to identify opportunities to improve our culture moving into the next year.

Our Workplace Australia and North America

Key Employment Data	Australia	North America	Global
Total Workforce	1,093	934	2,027
Total female breakdown	24.5% (no change from FY2022)	20.9% (down from 22% in FY2022)	22.8%
Female Senior Executives	31.4% (up from 26.5% in FY2022)	14.3% (down from 21% in FY2022)	25.0%
Average age of employees	43.3	45.8	44.5
Employees aged 50 and over	34.3%	42.8%	38.2%
Average length of service	8.9 years	10.8 years	9.9 years

Our Workplace Australia and North America

	Australia		North America		Global	
Workplace Profile	Total**	Female***	Total	Female*	Total	Female*
Management	18.5%	25.8%	21.4%	19.0%	19.8%	22.5%
Professionals	8.8%	39.8%	3.7%	37.1%	6.5%	39.1%
Tech/Trades	15.3%	5.0%	1.4%	0%	9.2%	4.7%
Administration	13.8%	70.4%	15.6%	60.3%	14.6%	65.6%
Sales	8.8%	53.4%	5.7%	17.0%	7.4%	41.0%
Operators/Labourers	34.8%	4.4%	52.1%	7.8%	42.5%	6.3%

* Female % is a fraction of each profile type.
** from WGEA data 2023

One year ago, Brickworks North America launched its "We Are Brickworks" culture campaign that simultaneously introduced 7 Culture Values. The organisation spent the next 12 months embedding these Values into the performance management and hiring processes. In January 2023, employees were invited to complete an Engagement Survey to assess the effectiveness of this initiative and receive feedback on how to improve the Company and its culture.

Surveys were completed online by salaried and plant hourly employees. Over 60% of the 980 Brickworks North American employees participated in the survey. Overall, salaried employees provided a more favourable average rating score than the plant hourly participants (3.9 vs 3.5 on a 5-point scale).

Employee Engagement

At Brickworks we recognise that fostering a positive work environment and striving to achieve high employee engagement levels is crucial for ensuring the well-being of our people and supporting the overall growth and success of the Company.

In February 2023 Brickworks launched OfficeVibe, an engagement survey platform capturing fortnightly pulse checks on employee satisfaction and engagement levels. This initiative has allowed us to gain valuable insights into the experiences and perceptions of our employees and enabled managers to review and respond to feedback in real-time whilst the system maintains employee's anonymity. The collection of this data is supporting Brickworks to address key concerns and identify areas for improvement.

Since its launch, Brickworks has been sustaining a very good overall engagement rating of 7.4/10 and a positive average employee net promotor score (12 eNPS). The platform also provides functionality that enables our people to send cards of appreciation and/or praise, known as Good Vibes. This informal recognition channel is actively used with over 1,200 Good Vibes shared since the launch of OfficeVibe.

To foster transparency and effective communication Brickworks continues to present two company update nights during the year. These events provide an opportunity for all staff members to come together and by sharing these insights, we encourage a sense of ownership and alignment among our employees, which contributes to their overall engagement and commitment to our shared vision.

Creating a sense of community and connection is important at Brickworks. We continue to bring our people together regularly for Social Club activities, end of year celebrations, site-based BBQ lunches and through our monthly newsletter, we celebrate and honour significant years of service, share staff interviews, and acknowledge personal and family milestones. By providing a platform for our employees to be seen and appreciated, we foster a culture of support, recognition, and genuine care.


Brickworks Staff

In the past 4 years, Brickworks North America has integrated 5 companies, revolutionised the brick market by opening Design Studios and promoting brick as fashionable and trending, while consolidating industry manufacturing capacity, improving production capabilities, and reducing the age of its factories. With all the change that has occurred, the Company is encouraged by the level of engagement and alignment of the feedback received from across the organisation.

There are always areas for improvement. The message from employees seems clear, for example:

- While we have spent millions of dollars each year on tools and infrastructure, there is more work to be done to overcome the lack of investment during the years preceding Brickworks.
- At a high level, employees understand the vision and direction of the Company and how they contribute to its success. The company may benefit from expanded cross functional collaboration, increased training and development, and improved efficiencies to address concerns regarding communication and work-life balance.

Sharing the feedback with managers to review and discuss the results for their area has been critically important to ensure the message is validated, clear and not assumed. Managers have worked with their teams to share the results and prepare the appropriate Action Plans to focus on specific areas where they can begin acting to create positive change.

Brickworks Staff
Horsley Park Design Centre

Employee Retention

We firmly believe that our employees are our greatest asset, and their long-term commitment and growth within Brickworks contributes to our success.

We take pride in our ability to foster long-lasting relationships with our employees which is reflected in our average tenure of more than 8 years for this FY period. Furthermore, 41% of our people have been employed with us for 8 or more years, further demonstrating the loyalty and dedication our employees have to Brickworks.

To achieve significant tenure at Brickworks we recognise the importance of investing in our people and keeping them engaged through internal mobility and promotional opportunities. We support multidisciplinary careers that enable our employees to explore new roles and challenges while staying within the Company and retaining their knowledge. This approach strengthens our talent pool, provides growth for our people, and reinforces a sense of belonging.

During the 2023 WGEA reporting period, 83% of our positions were filled either through internal appointment or promotions, supporting our approach to retaining internal talent, where achievable. Alongside this, we continue our annual practice of conducting salary reviews, industry benchmarking and providing short and long-term incentive benefits for our workforce, ensuring they are remunerated fairly for their contribution.

Unfortunately, FY2023 saw the gradual closure of our precast operation and the difficult decision to cease Austral Bricks Western Australia operations. Through this period, we remained dedicated to supporting and transitioning our people through this change by offering redeployment options, access to outplacement support services and fair redundancy packages.

The decision to enact these business closures, ultimately has an impact on our overall turnover for the year. However, our voluntary turnover (resignations and retirements) in Australia is currently 19.8% which is higher than we would like. Our focus into the next year will be to improve retention by continuing our efforts to review data from our exit interviews and engagement surveys and identifying opportunities to improve employee satisfaction.

In North America, overall turnover decreased by 8 percentage points and voluntary turnover decreased by 7.5 percentage points. The overall turnover would have been more favourable if not for the closure of the Marseilles manufacturing facility and salaried workforce reduction. Improvement to voluntary turnover is attributed to efforts resulting from remuneration reviews, training investments, and engagement survey and exit survey actions.

Talent Pipelines

We remain focused on ensuring a strong and steady pipeline of talent within the business and achieve this through connection with external secondary and tertiary institutions; via a range of talent program offerings; and through a continued commitment to internal promotions.

Brickworks was proud to sponsor the attendance of Australian high school STEM students at the 2023 International Science

	Australia		North America		Global	
Employee Turnover	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Voluntary	17.9%	19.8%	33.5%	26.0%	25.0%	22.6%
Total	19.6%	32.7%	46.1%	38.2%	31.7%	35.2%

Brickworks Design Studio
Manhattan, New York City

and Engineering Fair (ISEF) in Dallas, USA. We also continue to maintain relationships with universities across the country to ensure a stream of students into our related talent programs:

- **Industrial Training Program** – a 60-day work placement opportunity to support students in gaining industry experience as part of their course requirements. This short program may feed into the broader Cadet Program. In the FY2023, 6 students were enrolled in this Australian program.
- **Cadet Program** – a 1 to 2 year paid employment offering for those in their penultimate or final year. Working on a casual basis around university scheduling, students can gain additional experience in their field of study and will be involved in both business rotations and project work to extend their skillset.
- **Graduate Program** – this 2-year structured program and dedicated period of learning for those students, either via the Cadet Program or directly after graduation, who wish to pursue an accelerated pathway into leadership roles. In FY2023 we have 5 Graduates enrolled, with 3 of them streaming across from the FY2022 Cadet Program.

We also offer electrical, fitter and roof tiler Apprenticeships, available to both external applicants and employees seeking a career change, and currently employ 15 Apprentices.

This past year we started to ramp up our succession planning activities, following a best-practice model to ensure robust development plans are in place and reviewed regularly for potential successors to leadership and other key roles within the business.

These activities feed into our Leadership Development Program, another structured yet tailored offering to support a pipeline of talent moving into three tiers of leadership, accommodating supervisors, middle management and executive level roles.

Employees are further supported in their development journey through our structured Mentoring Program – a popular initiative in place since 2018. This year we were pleased to receive a record number of applications – 82 in total, comprising of mentors and mentees. Of these, 11 were female mentors, and 17 female mentees.

In the FY2024, we plan to develop a Transition to Retirement Program that will allow for a knowledge transfer before departure, to capture what often equates to a long tenure of experience in critical roles.

Intake of some of our Cadets and Graduates, along with senior managers

2023 Mentoring Program Attracts Record Participants

We are pleased to announce the launch of our 2023 Mentoring Program.

This is the second time running the internally developed mentoring program at Brickworks, with a record number of participants. We are excited to continue the program which supports our commitment to employee development and aligns with our company values – Care, Collaborate, Exceed, Innovate, Integrity, Lead and Inclusive.

The 2023 Mentoring Program has seen a peak in interest with a total of 82 participants with 47 mentoring partnerships. We are fortunate to have a great deal of knowledge, skills and experience within Brickworks that can be shared across the company through the Mentoring Program journey.

Our female roof tiling apprentice is raising the roof for other female trade apprentices

North America continued its commitment to the Emerging Professional Development Program, or more popularly called the "Brew Crew," which is a graduate development program that provides employees with building a professional skillset, reputation, and network in our organisation. These employees are newer entrants into the workforce, specifically less than 5 years of experience. Ideally, candidates have graduated with a degree from an accredited institution.

Participants in the program are exposed to training that develops their professional skills, promote company awareness as well as encourages organisational engagement. Training is held online for 1 ½ hours once a month and ranges from topics such as Emotional Intelligence, Increasing Personal Accountability and Workload Management.

The program has been expanded to include 3 levels: Brew Crew, Brew Masters, and Brew Alumni. Each level expands the development of emerging professionals providing them with expanded networking, mentoring, and learning opportunities focused on the business and their careers.

In 2023, North America introduced the Glen-Gery Technical Academy, which offers employees with the opportunity to further develop their skills in the trades. Employees could express their interest in continuing their education through course work at accredited trade schools and technical institutions, and through hands-on application on the job. Partnerships have been created near each manufacturing plant location to provide instruction in the areas of Millwright, Electrical, and PLC Controllers.

Classes begin in September 2023 for the 10 employees offered to entry into the program out of 17 employees who expressed interest and participated in an assessment process. The remaining employees will be provided entry level training to develop their mechanical and electrical aptitude in preparation for the next cohort.

Learning and Development

Brickworks continues its strong commitment to employee growth and development through the provision of regular performance and development discussions between managers and their teams; ongoing encouragement for all staff of 2 hours each week utilised for training; and through our structured talent programs. Employees engage in a range of externally facilitated short courses as well as complete certifications and qualifications aligned with their work. Our employee development practices have been added to our website to promote our offering and include staff testimonials.

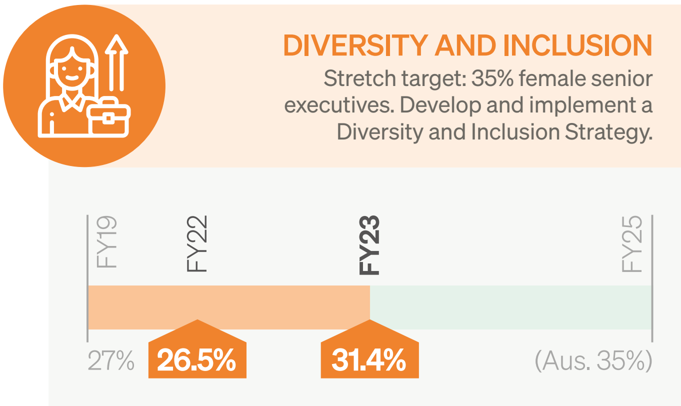
Employees are invited to monthly 'Lunch and Learn' sessions covering a broad range of topics from webinars on work / life balance to expert facilitator-led sessions on superannuation and will and estate planning.

Throughout the year succession planning activities have played a key role in accelerating high potential employees in readiness for future roles, securing a strong pipeline of leaders in years to come.

A dedicated learning and development function was also established internally in FY2023 to coordinate and strategically plan training and education initiatives - creating a suite of content for regular roll-out to employees and ensuring learning and development remains a key and continued priority for Brickworks.

Diversity, Equity and Inclusion

At Brickworks we have continued to extend our diversity, equity and inclusion (DEI) initiatives, achieving many of our diversity goals since the inception of our diversity strategy. Training on how to advance gender diversity was internally developed and rolled-out to people managers across the group in June. We are pleased to report an increase in female representation in the executive and manager cohorts and remain committed to meeting our stretch targets for gender diversity at all levels in the coming years.



Our commitment to flexible work arrangements remains strong with increased participation across our business supporting the needs of those with caring responsibilities, disability, and generally in offering a work/life balance.

We continue our focus on equal employment opportunities, ensuring fair and equitable recruitment and selection practices, and are in the process of reviewing all internal policies and procedures to ensure legislative compliance and alignment with International Labour Organisation (ILO) conventions and requirements. Code of Conduct sessions are being rolled-out nationally to ensure all employees understand their responsibilities regarding bullying and harassment to support a respectful and inclusive work environment for all, and managers are kept abreast of all relevant legislative change. To further support positive messaging in this regard and reinforce Brickworks' commitment to a safe and respectful workplace, banners and signs have been implemented in offices, retail spaces and factories around the business.

A diversity and inclusion survey was published in May seeking input from willing employees (with full anonymity) to gauge the make up of our population and assist in determining the focus of future DEI initiatives. As a result of this survey, dedicated quiet rooms are being created to serve as private spaces for breast-feeding, meditation and prayer, as required by our staff.

We promote and come together to celebrate and raise awareness for a calendar of events such as Harmony Week, the World's Biggest Morning Tea, Jersey Day in support of organ and tissue donation awareness, and International Women's Day – this year getting behind 'Dress for Success', with staff donating quality work attire to women in the community seeking to enter or re-enter the workforce. Nationally, Brickworks employees donated 751 individual pieces to support this important initiative.

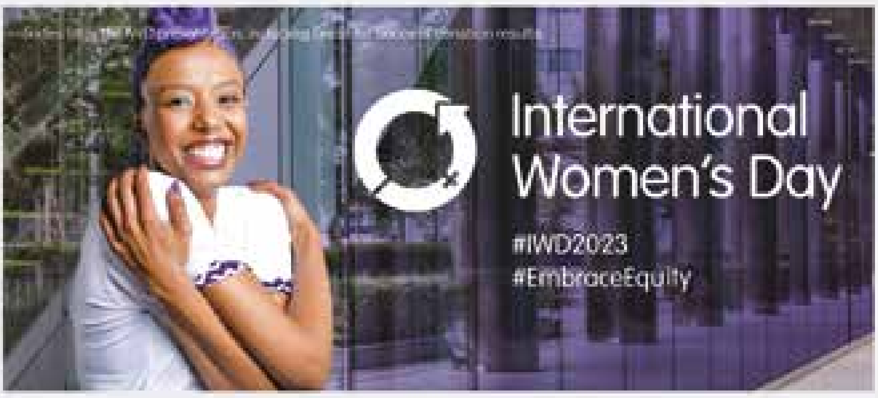
HIA International
Women's Day Luncheon

Brickworks Helps Women Dress for Success

International Women's Day (IWD) 2023 was recognised and celebrated across the business with a series of morning teas and a large group donation to Dress for Success.

Dress for Success is a global non-profit improving the employability of disadvantaged women, helping them become financially independent. They achieve this by providing professional clothing and accessories, plus a network of support and development tools. Brickworks donated a total of 751 items, collected from our generous staff across the country.

Thank you all for your donations.



In the coming year we seek to build on our progress, including the creation of a 'Return to Work Program' supporting parents after a period of parental leave, as well as development of a Reconciliation Action Plan.

In North America, our culture is a testament to the values that our employees foster from their own personal experiences. As a company, we want to tap into the richness of those experiences to create a collaborative and inclusive environment.

As such, in 2023, we created a Diversity and Inclusion Committee; whereby, Ambassadors have an opportunity to provide recommendations on ways to promote awareness and engagement, and to create a calendar of events to encourage participation. The committee is dedicated to fostering a culture of acceptance and belonging for all employees, where diversity of thought, background, and identity is embraced and leveraged to drive innovation. The more inclusive we are, the better our work will be for our employees, customers, and stakeholders.

Employee Wellness

Our Employee Assistance Program (EAP) provider services have been promoted widely across the business. The services are available to all employees and their immediate families and are both free and confidential. The offering includes a manager support service for people managers, and more broadly for all employees, support and advice on topics such as relationships, finances, work, family and health. In addition to counselling, other channels of information are available including learning modules, podcasts, and articles. We have also leveraged a monthly series of webinars supplied by our EAP provider, sharing these with the employee group via a 'Lunch and Learn' platform.

During our annual Sales and Manufacturing Conference, attendees completed a Mental Health and Well-being Index and results were reviewed and discussed with action items determined to uplift awareness and capability in ensuring employees experience a psychologically safe working environment. One such action item was for key people managers to complete Mental Health First Aid training which was initiated immediately after the conference.

In addition, a national calendar of events has been determined for promotion throughout the year with Mens Health Week and R U OK? Day key events publicised with active involvement from the employee group.

To further consult with our staff, a Mental Health and Well-being survey was developed and issued to measure employee opinion. Seventy-eight percent of participants reported that the culture of Brickworks supports mental health and well-being, and 98% know how to access resources to support their mental health and well-being.

The healthcare plan in North America includes many preventive care services, including colorectal cancer screenings, to help employees live healthy and be well. At risk employees received free confidential in-home colorectal cancer screening test kits from our health insurance partner. Colorectal cancer is the second leading cause of cancer deaths in the United States.

Workplace Relations

Brickworks respects the rights of all our employees to the Freedom of Association and reaffirms the requirements of the *Fair Work Act 2009* (Cth) which protects freedom of association in the workplace by ensuring that persons are free to become, or not become, members of industrial associations, are free to be represented, or not represented, by industrial associations, and are free to participate, or not participate, in lawful industrial activities.

Brickworks has 31% of the manufacturing workforce covered by union enterprise agreements. The remaining breakdown of the manufacturing workforce has 35% covered by non-union enterprise agreements, with the remaining 34% covered by individual agreements and Awards. Brickworks' approach in the last 12 months has been to collaboratively work with all the relevant representatives and employees. This is to ensure the optimum outcomes are achieved for both the employees and employers, in the provision of fair and equitable workplace conditions and wages, that promulgate a sustainable outcome for the whole business.

North America operates 8 manufacturing plants, 4 union and 4 non-union. During FY2023, one collective bargaining agreement was successfully negotiated and executed at the Adel plant in Iowa. The number of union plants decreased from the prior year due to the closing of the Marseilles plant in Illinois.

Brickworks Supply Centres, the distribution business in North America, has 6 CBA's, covering 9-yard locations, consisting of 38 truck drivers and yard workers. During FY2023, two CBAs were successfully negotiated and executed at the South Bend, Indiana and Naperville, Illinois locations.

Percentage of Employees Covered by Collective Bargaining Agreements

	Australia[1]	North America[2]	Global
Collective Bargaining Agreement	77.5%	61.0%	69.4%
No Agreement	22.5%	39.0%	30.6%

Composition of Collective Bargaining Agreements

	Australia[1]	North America[2]	Global
Union Based	46.2%	100%	69.4%
Non-Union Based	53.8%	0%	30.6%

1 Wages Employees Australia
2 Labour/Distribution Employees North America


Brickworks Staff

Compliance

A number of Fair Work conciliations have resulted in settlements with no fines or non-monetary sanctions received in FY2023.

Pennsylvania State Archive
5 Custom Glaze Blend
Harrisburg, Pennsylvania

Board of Directors

Robert D. Millner AO

FAICD

Chairman

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. Mr Millner was awarded an Officer of the Order of Australia in June 2023 for "distinguished service to business, to rugby union as an administrator, and to the community through philanthropic contributions".

He is a member of the Remuneration and Nomination Committee.

Mr Millner holds directorships in the following listed companies:

- Aeris Resources Limited
- Apex Healthcare Berhad
- BKI Investment Company Limited
- New Hope Corporation Limited
- TPG Telecom Limited
- Tuas Limited
- Washington H. Soul Pattinson and Co. Limited

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

- Australian Pharmaceutical Industries Limited (resigned July 2020)
- Milton Corporation Limited (resigned October 2021)
- TPG Corporation Limited (resigned July 2020)

Michael J. Millner

MAICD

Deputy Chairman

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 and Nomination Committee.

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

Lindsay R. Partridge AM

BSc. Hons. Ceramic Eng, FAICD, Dip. CD

Managing Director

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 he was awarded the esteemed “Sir Phillip Lynch Award”, by the Housing Industry Association in recognition of his immense contribution to the Housing Industry.

Deborah R. Page AM

B.Ec, FCA, FAICD

Non-executive Director

Mrs Page was appointed to the Board in July 2014.

Mrs Page 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 and 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 and 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:

- Growthpoint Properties Australia Limited
- Magellan Financial Group Limited (from 3 October 2023)
- The Star Entertainment Group Limited

During the last three years, Mrs Page also held listed company directorships with Pendal Group Limited (retired January 2023) and Service Stream Limited (retired April 2023).

Aesop, Canberra Centre
Australian Marble in Pilbara Red
Canberra, NSW

Robyn N. Stubbs

B.Bus, M.Sc., GAICD

Non-executive Director

Ms Stubbs was appointed to the Board in January 2020.

Ms Stubbs 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 and Nomination Committee and the Audit and Risk Committee.

Ms Stubbs is currently a director of HMC Funds Management Limited (as the responsible entity of the HomeCo Daily Needs REIT).

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

- Aventus Group (which merged with HomeCo Daily Needs REIT in March 2022)
- Inghams Group Limited (resigned June 2023)
- InvoCare Limited (resigned February 2021)

Malcolm P. Bundey

B.Bus (Accounting), GAICD

Non-executive Director

Mr Bundey was appointed to the Board in October 2019.

Mr Bundey has valuable experience as a CEO and 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, North America, Europe, Asia and South America.

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

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

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

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

The Hon. Joel A. Fitzgibbon

GradCertBA, GAICD

Non-executive Director

Mr Fitzgibbon was appointed to the Board in January 2023.

Mr Fitzgibbon has extensive government experience having served in the House of Representatives from 1996 to 2022, representing the New South Wales seat of Hunter. He served as Minister for Defence in 2007–2009, Minister for Agriculture, Fisheries and Forestry in 2013 and was Chief Government Whip in the House of Representatives from 2010–2013.

Mr Fitzgibbon has considerable expertise in public policy, social and environmental issues.

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

He is a non-executive Director and interim CEO of the Australian Forest Products Association and retained as Special Counsel by CMAX Advisory.

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

Oculus
Bowral Bricks Bowral300 in Bowral Blue
Surry Hills, NSW

Executive Management

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

Managing Director

Refer to Board of Directors, page 84.

Grant Douglas
Hons BCompt, CA, GAICD

Chief Financial Officer

Mr Douglas was appointed Chief Financial Officer in August 2022.

Mr Douglas is a Chartered Accountant with extensive international experience in both professional services and senior finance leadership roles focussed 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.

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.

Ms Kublins has over 29 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 1,900 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.

Ms Leppinus is admitted to practice in NSW and has over 18 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

Chief Operating Officer

Mr Ellenor was appointed to the position of Chief Operating Officer in August 2023.

Mr Ellenor started with Austral Bricks in the graduate program in 1999, progressed through management, and was promoted to General Manager Eureka Tiles in 2006, General Manager Austral Bricks NSW in 2009, General Manager Austral Bricks Australia in 2017 and Group General Manager Austral Bricks and Bristile Roofing in 2018.

In 2018, Mr Ellenor was appointed President – Brickworks Building Products North America, and relocated to the United States for the Brickworks acquisition of Glen-Gery to take on this role.

Mark's leadership for Brickworks first international acquisition was essential and included another four acquisitions, extensive plant rationalisation, major capex program, developing an expansive retail and trade footprint and inventing brick as a style choice to architects through new Design Studio's including the flagship site on 5th Avenue, New York. Mark has ensured that the North America division of the Company is set up for continued innovation, growth and success.

In 2022, Mr Ellenor was appointed Executive General Manager Building Products, managing the overall operational responsibility across Brickworks Building Products Australia and North America.

Mark has completed the Stanford Executive Program, the Wharton Executive Education Program and holds a degree in Business from the University of Newcastle.

Garden Room House
Bowral Bricks Chillingham White
Melbourne, VIC

University of Rochester, Wegmans Hall
53-DD
Rochester, New York

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

Brickworks Board

Audit and Risk Committee

- Financial reporting, internal and external audit
- Risk management framework and strategy, risk appetite and risk profile
- Oversight of sustainability and climate related risks and opportunities

Remuneration and Nomination Committee

- Remuneration policies, practices and related disclosure
- Board and Committee membership and renewal

Brickworks Managing Director and Chief Financial Officer

- Delegated limits of authority to manage the Company other than matters reserved to the Board or as otherwise delegated to a Board Committee

Brickworks senior management

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 2023, there were 10 full meetings of the Board.

Board Committees

The Board has established two permanent Committees to assist in the execution of its responsibilities. The current permanent Committees are the Audit and Risk Committee and the Remuneration and Nomination 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 program.

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

Compliance

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

Ethical and responsible decision making

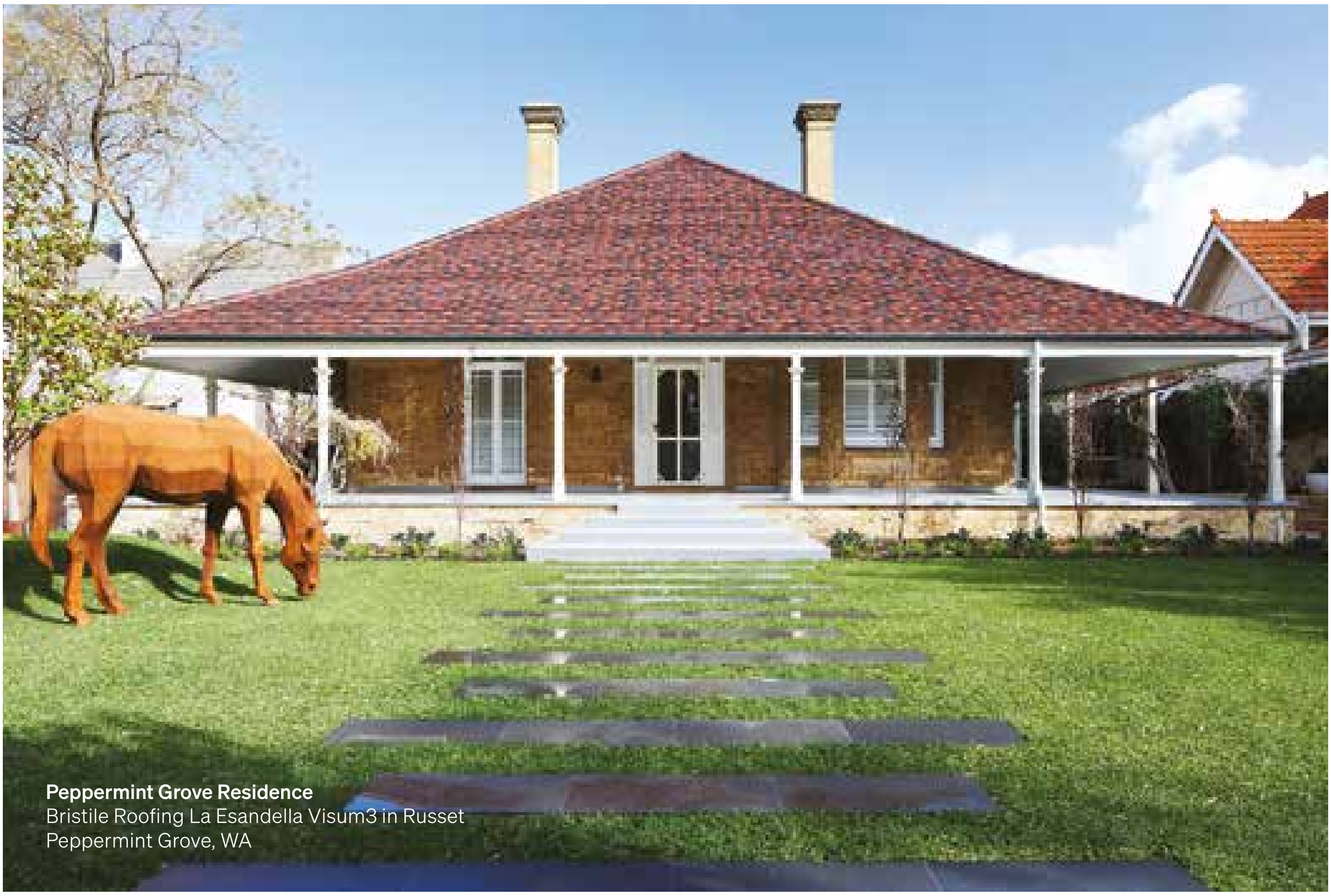
- The Board aims to ensure the Company continually builds an honest and ethical culture.
- Brickworks has an established code of conduct which centres on the Company and all Directors, senior management and employees conducting themselves with integrity in all business dealings. It also has Board policies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

Timely and balanced disclosure

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

Safeguard integrity in financial reporting

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



Peppermint Grove Residence
Bristile Roofing La Esandella Visum3 in Russet
Peppermint Grove, WA

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 and Nomination Committee ensures that remuneration and nomination policies and practices are consistent with strategic goals.
- The Company's remuneration and nomination 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.

Carmel Place Klaycoat Collection
Barely Grey, Light Grey, Steel Grey, Charcoal
Manhattan, New York Ciy

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 2023.

Directors

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

- **Robert D. Millner** AO 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
- **Malcolm P. Bundey** B.Bus (Accounting), GAICD
- **Robyn N. Stubbs** B.Bus, M.Sc., GAICD
- **The Hon. Joel A. Fitzgibbon** GradCertBA, GAICD (appointed January 2023)
- **The Hon. Robert J. Webster** MAICD (retired 22 November 2022)

Except for The Hon. Joel A. Fitzgibbon and The Hon Robert J. Webster, all Directors have been in office for the full financial year.

Each Director's experience and special responsibilities are set out on pages 83 to 85 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 AO

- Aeris Resources Limited — Appointed 2022
- Apex Healthcare Berhad — Appointed 2000
- BKI Investment Company Limited — Appointed 2003
- New Hope Corporation Limited — Appointed 1995
- TPG Telecom Limited — Appointed 2000
- Tuas Limited — Appointed 2020
- Washington H. Soul Pattinson and Co. Limited — Appointed 1984
- Milton Corporation Limited — Appointed 1998, Resigned 2021
- Australian Pharmaceutical Industries Limited — Appointed 2000, Resigned 2020
- TPG Corporation Limited — Appointed 2000, Resigned 2020

Deborah R. Page AM

- Growthpoint Properties Australia Limited — Appointed 2021
- Magellan Financial Group Limited — Appointed October 2023
- The Star Entertainment Group Limited — Appointed March 2023
- Pendal Group Limited — Appointed 2014, Resigned January 2023
- Service Stream Limited — Appointed 2010, Retired April 2023

Robyn N. Stubbs

- Aventus Group (merged with HomeCo Daily Needs REIT) — Appointed 2015, Ceased 2022
- Inghams Group Limited — Appointed 2021, Resigned June 2023
- Invocare Limited — Appointed 2017, Resigned 2021

Company Secretary

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

Principal Activities

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

Consolidated Result of Operations

The consolidated net profit for the year ended 31 July 2023 of the Brickworks Group after income tax expense, amounted to $394,694,000 compared with $854,391,000 for the previous year.

Dividends

The Directors recommend that the following final dividend be declared:

Ordinary shareholders – 42 cents per share (fully franked)

The record date for the final ordinary dividend will be 1 November 2023, with payment being made on 22 November 2023.

Dividends paid during the financial year ended 31 July 2023 were:

(a) Final 2022 ordinary dividend of 41 cents per share (fully franked) paid on 23 November 2022 (2021: 40 cents).

(b) Interim 2023 ordinary dividend of 23 cents per share (fully franked) paid on 2 May 2023 (2022: 22 cents).

Review and Results of Operations

A review of Brickworks Group operations and the results for the year is set out on pages 5 to 45 and forms part of the Directors' Report.

State of Affairs

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

After Balance Date Events

On 1 September 2023 the Company filed proceedings in the Federal Court of Australia against BGC (Australia) Pty Limited and Midland Brick Pty Limited seeking unspecified damages for various alleged contraventions of sections 46 and 50 of the *Competition and Consumer Act*. The claim is now before the Federal Court and a further update will be provided in due course.

Apart from the above, 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 FY2020, 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.

During FY2020, Brickworks finalised a plan to meet the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**), publishing our first TCFD Statement in early 2022. An updated statement was published in early 2023 that includes an updated road map for implementing all recommendations. Brickworks' TCFD statements are available at www.brickworks.com.au.

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

Since the initial release of our Towards 2025 strategy in 2020, Brickworks completed several acquisitions in North America. There has been good progress towards our achieving our targets set in 2020 and we are now increasing our sustainability strategy targets to encompass our operations in Australia and North America.

Our greenhouse gas reduction strategy roadmap to the recognised standard of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, includes risk management disclosures, metrics and targets. Through this process, we have developed a new carbon target: to achieve a 15% reduction in greenhouse gas emissions by 2030, from a 2022 baseline, across our combined Australian and North American business.

Our approach to climate change is integrated into our increased sustainability strategy targets and focuses on:

- investment into renewable energy and continued investment into developing feasible renewable biomethane opportunities,
- increased sustainable products target to increase volume of verified sustainable products volume,
- increased investment into research and development into the next generation clay brick and concrete block wall system.

The 2023 Sustainability Report available at www.brickworks.com.au provides detailed information about environmental, social and governance performance over the last financial year including our US operations and the increased targets.

Environmental performance

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

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

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

Since 31 July 2023, Glen Gery was fined US$7,800 in September 2023 relating to unauthorised stormwater discharge as disclosed to the regulator for which full corrective action has been taken.

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 53 to 68.

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 and evolving safety culture and notwithstanding a well-developed WHS system (refer further "**Health and Safety**") the Group actively seeks initiatives to improve and refine health and safety practices. Safety audits, risk assessments and networking channels ensure the Group WHS systems remain up to date and in alignment with regulator and industry standards. Health and safety programs in the US business are being aligned to the Australian operations establishing a common approach across the business internationally. Psychosocial health has emerged as an area of concern following the COVID-19 pandemic and Brickworks Australia now has 13 percent of total employees qualified in Mental Health First Aid to support employees and others associated with the business.
Environmental incident	The Group has a strong commitment to environmental protection and a comprehensive environmental compliance system. The Group continues to focus on implementing equivalent systems in the expanding US business (refer further "**Environmental**").
Products – alternative products and product failure	The Group has a strong focus on research, development and quality control. The Group monitors market trends and has strategies to diversify its range of building products and its marketing approach.
Shift in housing trend	The Building Products business has significant exposure to the detached housing market. Over the past two decades there has been a trend towards multi-residential construction. The Group has implemented initiatives to increase exposure to the multi-residential segment. This includes expanding the product range (for example masonry products, brick facing systems) and increasing sales and marketing efforts in the commercial and multi-residential segments.
New competitor	Whilst barriers to entry are significant the Group monitors its Australian and US markets for both domestic manufacturing and import competitors and has adopted a customer relationship and quality model, supported by investment in research and development.
Production capacity	In both its Australian and US operations, the Group manages production capacity by adroit management of its manufacturing base to correlate production to cyclical market conditions as they occur. Production capacity is underpinned by a long-term strategy of plant upgrades moving to more efficient plants. In this way the Group is able to meet customer demand at the top of the cycle and pare back capacity to demand levels as the market cycles.

Business Interruption – plant failure or underutilisation and raw material supply	There are multiple facilities throughout Australia that can transport products between locations as and when required and also multiple plants in the US with no single plant so large as to represent an existential threat to the whole operation. The major facilities have rolling risk reviews and reporting by outside parties. The business also maintains significant insurance policies to manage the physical loss of assets and any loss of income from an insurable interruption. Raw materials are generally secured through ownership of raw material reserves and maintaining prudent raw material stockpiles.
Asbestos and other respirable dust risk	An asbestos management plan is in place. Building cladding is regularly removed and replaced with non-asbestos based materials. Where any friable asbestos is found, either within a plant or during rehabilitation, it is immediately quarantined and removed by qualified reputable contractors, using the most diligent safety standards. Respirable crystalline Silica is deemed carcinogenic and a crystalline silica management plan is in place. Inhalable and respirable dust exposure measurements are occurring at all operational sites with a health monitoring program. Brickworks employs its own occupational hygienists (two 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	The Group closely monitors economic indicators and utilises independent market forecasts for business planning purposes. Investments have been made to expand the product portfolio and geographic exposure, in order to reduce the risks associated with declines in any specific market. During the second half of the current financial year, the Group made the decision to cease the Austral Bricks Western Australian operations.
Failure to execute US bricks strategy effectively	The Group is currently pursuing growth in the United States (following an initial entry in 2019 and a number of subsequent acquisitions). Performance to date is lagging the initial business case, due in part to COVID-19 related restrictions that have impacted operations and sales activity. 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.

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 1 to 9 years.
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., as well as operational technology risks with a potential to adversely impact the Group's manufacturing operations. 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. A significant ongoing focus is on addressing key operational technology risks including review of controls at a site level.
COVID-19	The Group continues to be cautious and monitor COVID-19 impacts on its operations and provides ongoing support for staff as required.
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; regulatory standards and materials standards reducing competitiveness and a reduction in investor and lender appetite for Brickworks if decarbonisation targets are not met. The Group has developed a new carbon target: to achieve a 15% reduction in greenhouse gas emissions by 2030, from a 2022 baseline, across the combined Australia and North America business. The Sustainable Products program includes the development of products that hold leading sustainable qualities including expanded carbon neutral offerings. These strategic responses are outlined in in a Low Emission Technology Statement and Sustainable Home Guide.

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.

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 and Risk Committee	Remuneration and Nomination Committee[1]
Number of Meetings held:	10	3	2
Number attended:			
R D Millner	10	N/A	2
M J Millner	9	N/A	2
L R Partridge	10	N/A	N/A
D R Page	10	3	2
M P Bundey	10	3	2
R N Stubbs	10	3	2
J A Fitzgibbon (appointed 1 January 2023)	5	2	1
R J Webster (retired 22 November 2022)	4	1	1

1. In 2023 the Remuneration Committee and the Nomination Committee were combined into the Remuneration and Nomination Committee.

Directors Interests

As at 31 July 2023, Directors had the following relevant interests in Brickworks shares:

Director	Ordinary Shares
R D Millner	4,817,967
M J Millner	4,797,141
L R Partridge	226,000*
D R Page	17,400
M P Bundey	3,970
R N Stubbs	1,000
J A Fitzgibbon	500

* In addition, Lindsay Partridge has been allocated 82,049 ERP awards on terms subject to performance criteria outlined in the remuneration report.

As at 31 July 2023, 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.

Farrier Lane Residence
Customised Carbon Neutral Bricks
White Gum Valley, WA

Chairman of the Remuneration and Nomination Committee

Letter

On behalf of the Board of Directors, I am pleased to provide you with the FY2023 Remuneration Report for which we are seeking your approval at the upcoming Annual General Meeting.

Our People

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 10.0 at 31 July 2023 from 12.2 at 31 July 2022 as we continue to target a reduction of injury rates year on year.

Operational and Financial Performance

Brickworks had another year of strong performance in FY2023 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:

- Commenced commissioning of the Austral Bricks Plant 2 at Horsley Park
- Completed commissioning of the Austral Masonry Oakdale East plant in New South Wales
- Launch of a new business unit in Austral Bricks – Advanced Cladding Systems
- Entered into a supply agreement with Brickability PLC for the sale of a minimum 10 million bricks per annum into the UK
- Continued consolidation of brick plants in the US to reduce the plant footprint and improve overall plant efficiency
- Completed extensive upgrades to the US Sergeant Bluff and Adel plants
- Completed the sale of Oakdale East Stage 2 into the JV Property Trust for $302 million delivering a gain of $263 million after taking into account book value and transaction costs
- Continued property development activity within the JV Trust with the completion of several new facilities at Oakdale West reaching the milestone of 1 million square meters of leased area within the Trust

Financial

Despite the significant headwinds caused by global inflation and challenging labour and construction markets the Group has finished with a strong year across all performance measures.

- The annual EBIT from continuing operations (before significant items) generated by Building Products Australia has decreased from $152.9 million in FY2022 to $52.8 million in FY2023. The prior year EBIT from continuing operations included an amount of $89.1 million representing a gain on sale of assets to the Brickworks Manufacturing Trust. Overall, excluding the gain arising on this transaction, the Building Products Australia EBIT in FY2023 reduced by 17% compared to the prior year ($52.8 million vs $63.8 million) primarily on account of softer market conditions in the building industry.
- The annual EBIT (before significant items) generated by the Property division in Australia has reduced from $643.7 million in FY2022 to $505.5 million in FY2023. The prior year EBIT included a development profit of $387.0 million and revaluation gains of $227.4 million, compared to a development profit of $78.3 million and revaluation gains of $112.3 million in the current year. Current year EBIT includes a gain of $262.6 million in respect of the Oakdale East Stage 2 sale into the JV Property Trust.
- The annual EBIT (before significant items) generated by Brickworks North America has decreased from $24.9 million in FY2022 to $12.8 million in FY2023. This included an EBIT of $6.5 million arising in respect of Property transactions (2022: $13.2 million).
- The Underlying Shareholder Return on NTA – excluding equity accounting investment in WHSP – demonstrates a reduction from FY2022 to FY2023 from 47.1% to 24.7% primarily on account of significant property revaluation gains and development profits recognised last year.
- Statutory Group NPAT (after significant items) in FY2023 amounted to $394.7 million compared to $854.4 million in FY2022. The prior year statutory 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 2023 amounted to $97.1 million compared to the prior year operating cash flow of $130.5 million. The reduction was primarily driven by softening market conditions in Australia, as well as increased interest payments. Property sales in Australia and North America contributed an additional cash flow of $28.4 million compared to $227.5 million last year.
- Brickworks has preserved its strong balance sheet position and conservative debt metrics as it has grown the Property Division and expanded into Building Products North America whilst at the same time continuing to grow the dividends paid to shareholders. At 31 July 2023 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 14.5%, Leverage Ratio at 2.73x and Interest Cover at 6.24x. During the financial year ended 31 July 2023 Brickworks increased its dividend from 63.0 to 65.0 cents per share (3.2% 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 FY2023

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 2023 financial year included:

Executive Incentives

- Short Term Incentives (**STI**): Recognising the Company's strong operational and financial performance, as well as leadership during FY2023, the Board awarded 78% of the maximum annual STI opportunity to the Managing Director, Mr Lindsay Partridge and the Chief Financial Officer, Mr Grant Douglas, noting that financial and non-financial metrics set at the beginning of the year to trigger this, were met. The Executive General Manager Building Products, Mark Ellenor achieved 70% of the target annual STI opportunity reflecting the Building Products performance across both Australia and North America. The Executive General Manager, Property and Development, Ms Megan Kublins achieved 97% of the target annual STI opportunity based on consideration of divisional performance excluding revaluation gains.
- Long term incentives (**Current Executive Rights LTI Plan**): In FY2023 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 2022 to 31 July 2025. This included a pro-rata award to the previous CFO prior to his cessation date.
- The Executive Rights Plan was introduced in 2019 and the second full allocation to the MD and the previous CFO under this plan occurred in FY2021 following shareholder approval and was tested on 31 July 2023.
  - The Absolute TSR Performance over a 3-year period (for testing historical allocations) was 24.7% 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 86th 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 the previous CFO in 2018 which were eligible for testing at 31 July 2023 established the following:
  - The Absolute TSR Performance (for testing of historical allocations) was 21.9%. Relative TSR Performance (for testing of historical allocations) was at 212% 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 2023 vesting.

Remuneration in FY2023

Brickworks is a diversified international Building Products, Investments and Property company today. Retention of executives and highly skilled staff and pay for performance continues to be a high priority for the Brickworks Board.

MD and CFO

Remuneration Structure	MD FY2023	CFO FY2023
Total Fixed Remuneration (TFR) (including car allowance and superannuation) on an annual basis	$1,641,500	$650,000
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)	75% of TFR	60% of TFR

For the Managing Director, a 5% salary increase came into 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) taking effect from 1 July 2022. Together with a $5,000 increase in the fees for each of the Remuneration Committee Chair and the Audit and 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 $1,500,000 per annum. Following the 2022 AGM the Remuneration Committee and the Nomination Committee were combined into one Remuneration and Nomination Committee.

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

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

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

Malcolm Bundey
Remuneration and Nomination 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 2022 AGM with 98.33% of votes in favour of the Remuneration Report.

During FY2023 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 AO	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
Mr M. Bundey	Non-executive Director
Ms R. Stubbs	Non-executive Director
The Hon. R. Webster	Non-executive Director (retired 22 November 2022)
The Hon J. Fitzgibbon	Non-executive Director (appointed 1 January 2023)

Executive KMP

Mr G. Douglas	Chief Financial Officer (from 29 August 2022)
Mr R. Bakewell	Chief Financial Officer (ceased employment on 28 February 2023)
Mr M. Ellenor	Executive General Manager – Building Products (from 1 August 2022)
Ms M. Kublins	Executive General Manager – Property & Development

1.3. Remuneration Policy

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

Brickworks Board

- Overall responsibility for the remuneration strategy and outcomes for executives and non-executive Directors
- Reviews and, as appropriate, approves recommendations from the Remuneration and Nomination Committee

External Advisors

- Provide independent advice, information and recommendations relevant to remuneration decisions
- Throughout the year, the Remuneration and Nomination Committee and management received information from external providers Aon related to remuneration market data and analysis
- There were no remuneration recommendations received from external providers during the year

Remuneration and Nomination Committee

Monitors, recommends and reports to the Board on:

- Alignment of remuneration policies and procedures with Brickworks strategic goals and human resource objectives and which enable Brickworks to retain executives and directors who will create value for shareholders
- Equitably, consistently and responsibly rewarding executives including incentive targets and achievement of the remuneration outcomes having regard to the performance of Brickworks, the performance of the executives and the general pay environment
- Employee share plans
- Board remuneration within aggregate approved by shareholders
- Overseeing induction of new non-executive Directors

Developing and implementing a process for the evaluation of the performance of the Board of Directors

Managing Director and Human Resources Manager

Provides information to the Remuneration and Nomination Committee for the Committee to recommend on:

- Incentive targets and outcomes
- Remuneration policy
- Long and short-term incentive participation
- Individual remuneration and contractual arrangements for executives

Human Resources

Monitors, recommends and reports to the Board on:

- Talent pools for senior management succession
- Assessment of performance against measurable objectives
- Management development frameworks and individual development progress for key talent
- Monitoring surveys conducted by the Company in relation to the culture of the organisation
- Initiatives to improve and drive a strong performance culture

1.4 Remuneration Committee

The Board has an established Remuneration and Nomination Committee (formerly two separate committees combined into one committee following the 2022 AGM) which operates under the delegated authority of the Board of Directors. The Remuneration and Nomination Committee charter is included on the Brickworks website (www.brickworks.com.au). All non-executive Directors of Brickworks are members of the Remuneration and Nomination Committee and the membership of Committee is as follows:

Mr M. Bundey	Non-executive Committee Chair
Mr M. Millner	Non-executive Director
Mr R. Millner AO	Non-executive Director
Mrs D. Page AM	Non-executive Director
Ms R. Stubbs	Non-executive Director
The Hon J. Fitzgibbon	Non-executive Director

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

1.5 Use of remuneration consultants

Where the Remuneration and Nomination 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.

- In the prior 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 report was issued in August 2022 and disclosed in the last year's remuneration report. The consideration for the remuneration benchmarking for executives provided by Aon was $11,000 and was paid in FY2022 as disclosed last year.
- Remuneration information was provided to the Committee as an input into decision making only. The 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 and Nomination Committee.
- During the current 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 three main parts to the Brickworks business model:

1. the Building Products Group (Australia and North America) – Austral Bricks, Concrete Products[1], Bristile Roofing, 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 Limited ('WHSP') 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 and Nomination 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 to 20 years.

The Property Trust established 16 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.

1 Following the prior year decision to exit concrete precast panel manufacturing operations and sell the assets, the Austral Precast assets are classified as held for sale with results for the current and prior financial year classified as losses on discontinued operations.

2 Remuneration Components

2.1. Remuneration structure

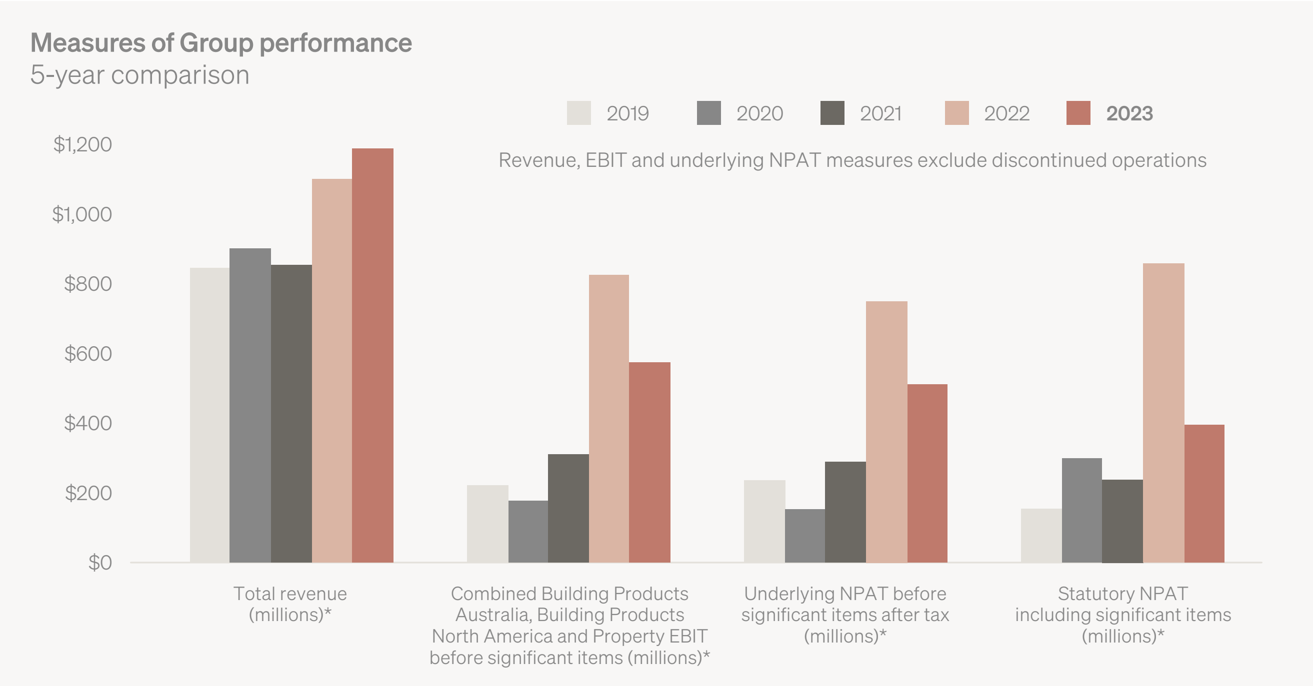
The core elements of Brickworks remuneration structure for the executive KMP are outlined below:

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	Brickworks' executives participate in an STI plan The STI is weighted 75% to relevant business unit financial metrics and 25% to individual performance metrics Refer to 2.5 for further details	For the MD and CFO, the LTI is assessed over three years and linked to: ◗ Relative total shareholder return ◗ Absolute total shareholder return For the other executive KMP grants are made following as assessment of prior year performance Refer to 2.7 for further details
◗ Base salary ◗ Superannuation ◗ Other benefits such as maintained motor vehicles ◗ Other eligible salary sacrifice benefits	◗ 100% cash ◗ For the MD and CFO 50% deferred into equity for one year	◗ For the MD and CFO, equity with performance assessed over three years ◗ For other executives 20% of an LTI grant vests annually on 31 July over five years

2.2 Historical performance, shareholder wealth and remuneration

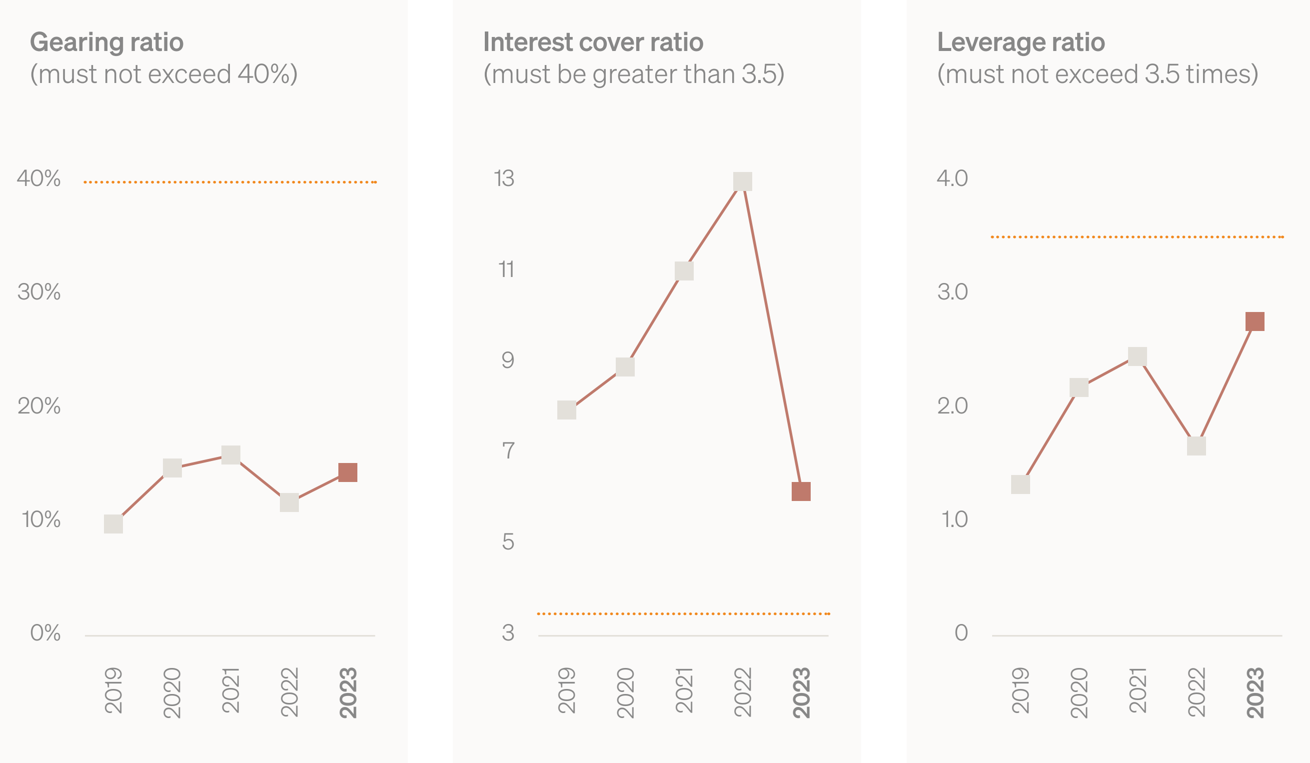
Financial Performance

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



* Statutory Group NPAT (after significant items) in FY2023 amounted to $394.7 million compared to $854.4 million in FY2022. The prior year statutory 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.

The graph below shows the alignment of LTI outcome with medium to long term financial performance[2].



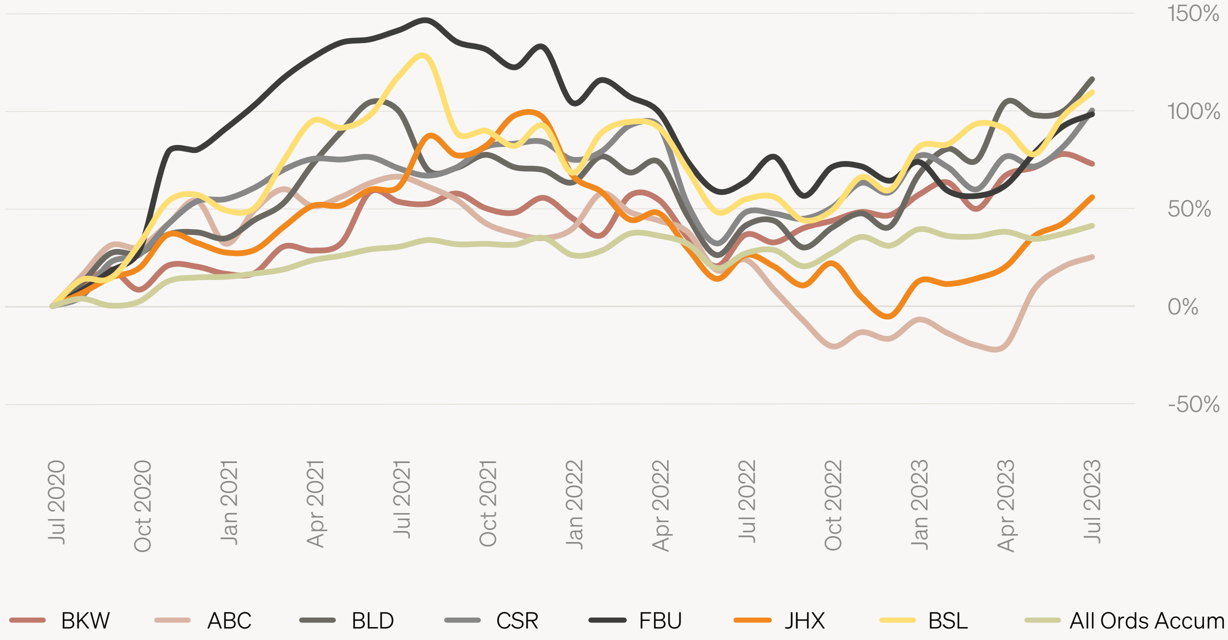
Total Shareholder Returns (TSR)

Our diversified portfolio of assets has translated into consistently strong absolute shareholder returns, including a return of 26.6% for the year ended 31 July 2023 compared to a 11.1% 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 9.3%% on a compound basis over the 20 years.

Annual TSR	1 year	3 years	5 years	10 years	15 years	20 years
Brickworks Ltd	26.6%	20.0%	14.2%	11.3%	8.9%	9.3%
All Ordinaries Accumulation Index	11.1%	12.2%	7.7%	8.5%	7.1%	9.0%
BKW Relative Performance	**15.5%**	**7.8%**	**6.5%**	**2.8%**	**1.8%**	**0.3%**

2 The Leverage and Interest Cover Ratio covenants only apply if gearing exceeds 22.5%.

Total Shareholder Return (Cumulative)
3-year comparison



Employee Productivity

Brickworks Building Products productivity measures have also improved over time.

Australia

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

United States

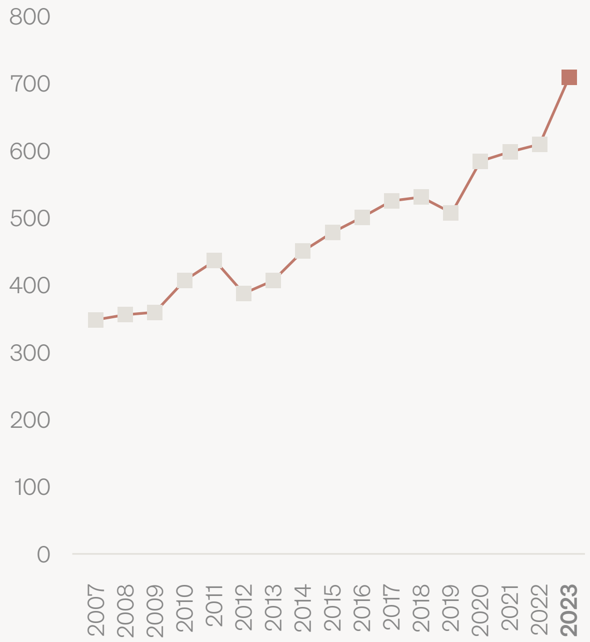
In North America, Building Products revenue per employee increased by 4% when compared to FY2022. Overall, a significant improvement in productivity measures was observed over the last 2 years with Building Products revenue per employee increasing from US$189,563 in FY2021 to USD$321,620 in FY2023. This 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

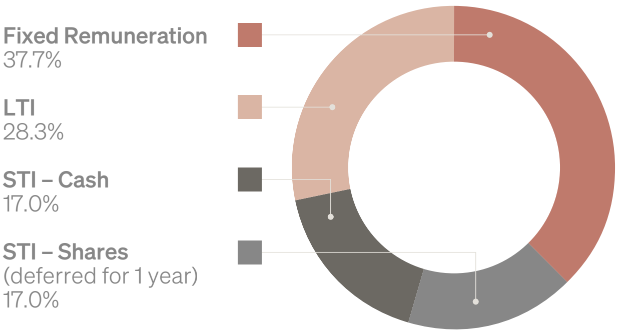
Total remuneration for the MD and the other executive KMP's comprises both fixed remuneration and an at-risk component (STI and LTI). The mix shown in the graph below is the potential remuneration based on the current remuneration at 31 July 2023 with STI and LTI based on maximum opportunities.

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

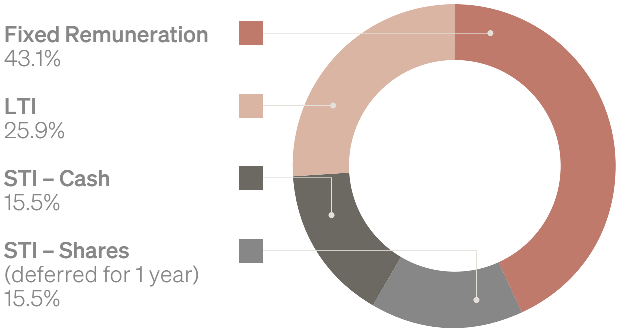
Building Products Australia
Revenue per Employee
($'000)



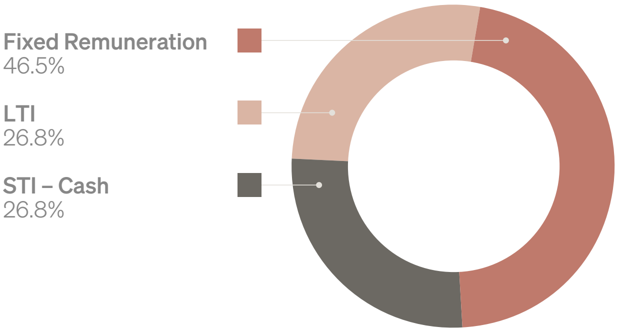
Potential MD Remuneration Mix



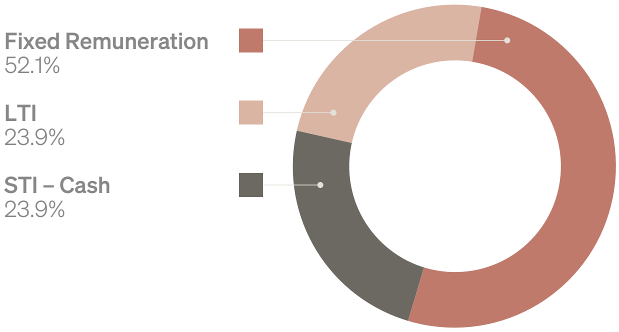
Potential CFO Remuneration Mix



Potential Executive GM Building Products Remuneration Mix



Potential Executive GM Property & Development Remuneration Mix

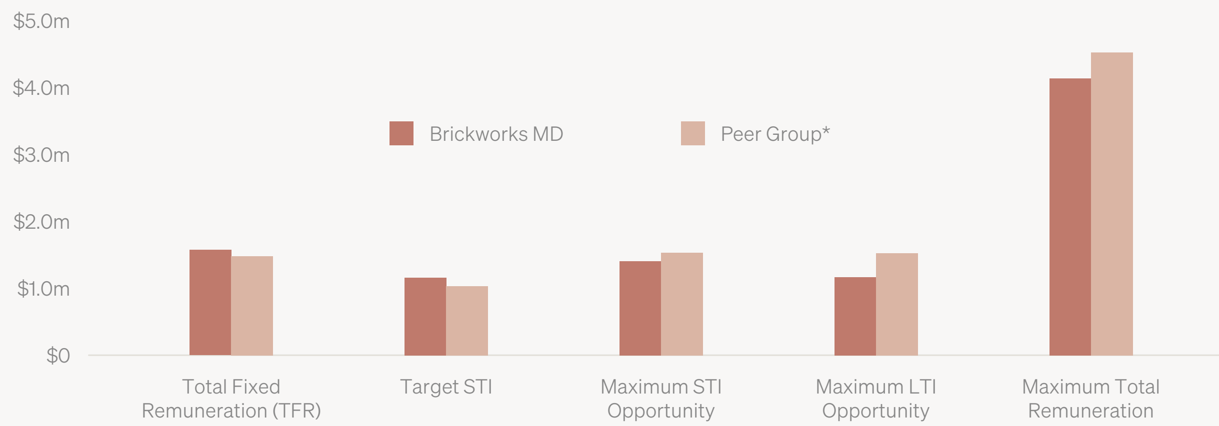


2.4. Remuneration Component – Fixed Remuneration

For the Managing Director, a 5% salary increase came into effect from 1 July 2022 for the FY2023 year.

A benchmarking exercise was undertaken by Aon dated August 2022 and shows the MD's target and maximum pay opportunities compared to market median of industry peers as set out below:

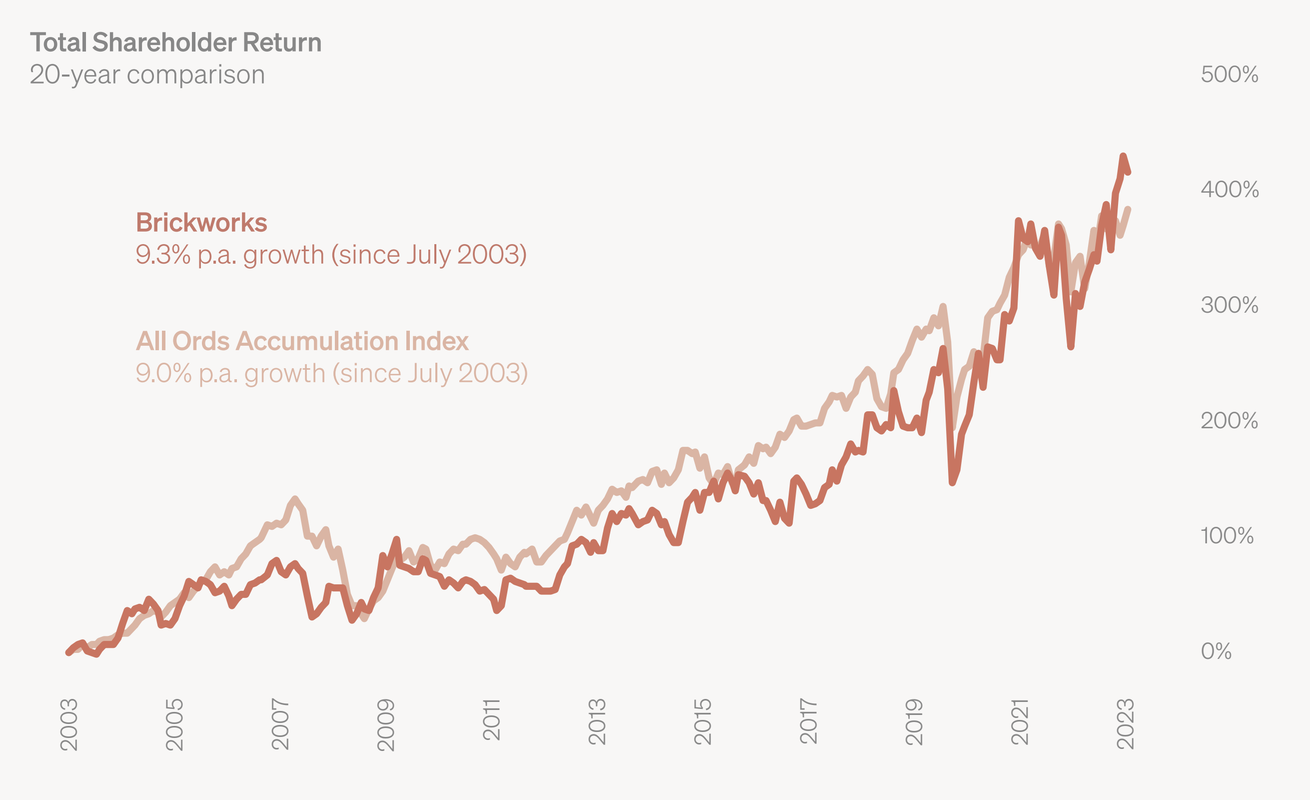
Comparison of Brickworks MD Remuneration to Industry Peer Group Remuneration



* 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.
- 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.
- The MD's remuneration is reflective of the value that has been created for shareholders throughout his tenure as outlined below.



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

The information below outlines the Company's STI Plan for FY2023:

What is the purpose and objective of the STI?	The STI is an annual incentive plan designed to reward executives for meeting or exceeding financial and non-financial objectives over a one-year period. The STI has been designed to foster an organisational culture of collaboration, co-operation and mutual respect which supports the objective of a long-term outperformance in both the financial and non-financial areas of the business, mainly with annual measures linked to the business strategy, set at the beginning of the financial year at levels that are challenging, yet achievable.
What is the target and maximum STI opportunity?	**MD and CFO** 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. The STI opportunity for the CFO is 60% of total fixed remuneration at target and 72% of total fixed remuneration at maximum. **Other executive KMP** For the Executive General Manager Building Products the STI is awarded up to a maximum of 60% of total fixed remuneration. For the Executive General Manager Property KMP the STI is awarded in cash up to a maximum of 50% of total fixed remuneration (including base salary, and superannuation but excluding car allowance). Any excess STI earned between the target and maximum opportunity will not be paid as a cash bonus but will be added to the long-term incentive share allocation for that year and will vest over the LTI's plan vesting period.

Is any part of the STI awarded deferred into equity?

MD and CFO

Half of any STI awarded to the MD and CFO will be deferred into shares for one year.

Should the employment of either the MD or CFO be terminated other than for cause, all deferred STI payments will remain on foot and will be subject to a tenure of service requirement in the usual course as if their employment had continued with the Company.

Other Executives

No STI awarded to other executives is deferred into equity.

What is the target and maximum STI opportunity?

The STI Target Opportunities are set out below:

	Target STI opportunity	Maximum 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 Executive KMP ***	Between 10% and 60% of fixed remuneration (inc. base salary and superannuation)	60% of total fixed remuneration for EGM Building Products 50% of total fixed remuneration for EGM Property

* 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.

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

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

How are STI performance measures determined?

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

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

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

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

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

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

Why are the STI measures adopted considered appropriate?

Financial measures (MD and CFO: 75%)

Group NPAT (before significant items excluding equity accounted profit from associates (WHSP) and property revaluation gains) – 37.5%	Focus attention on results and performance for segments for which they have direct responsibility. Property profit will include net property trust income, trust development profit, the sale of trust assets and Brickworks land sales (less Brickworks property admin and other costs). It will not include property revaluations arising from cap rate compression or expansion outside the control of management.
Cash generation – 37.5%	Managing cash to ensure cash and working capital is available whenever and wherever required by the business.

Non-financial measures – (MD and CFO: 25%)

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

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

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

Profit – 37.5% of total available STI Award	
Achievement	**STI Award**
Below base profit	0%
Between base profit and target profit	Pro rata award on a straight-line basis between 60% and 100% of target STI
Between 100% and 110% of target profit	Pro rata award on a straight-line basis between 100% and 120% of target STI being Maximum STI.

Setting the Target for Profit Performance

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

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

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

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

All property revaluation gains were excluded from the profit measures used to determine the FY2023 incentive amounts payable.

What is the financial and non-financial component of the STI Award for the MD and CFO and how is it applied? continued	**Cash flow – 37.5% of total available STI Award** **Achievement** / **STI Award** Below base cash flow / 0% Between base profit and target cash flow / Pro rata award on a straight-line basis between 60% and 100% of target STI Between 100% and 110% of target cash flow / Pro rata award on a straight-line basis between 100% and 120% of target STI being Maximum STI. **Setting the Target for Cash Performance** 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. 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. 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. **Other STI award criteria** The remaining 25% of any STI Award is subject to the achievement of challenging non-financial measures with profit performance used to determine the maximum STI award for these components. - 12.5% of potential STI award (up to a maximum of 15%) is paid if all RONTA[3]/quality of earnings considerations are met (otherwise 12.5% of the STI award is forfeited) - 6.25% of potential STI award (up to a maximum of 7.5%) is paid if all workplace health & safety ("WHS") initiatives and outcomes are met (otherwise 6.25% of the STI award is forfeited) - 6.25% of potential STI award (up to a maximum of 7.5%) is paid if all succession planning criteria is met (otherwise 6.25% of the STI award is forfeited)
What is the financial and non-financial component of the STI Award for other executive KMP and how is it applied?	**Percentage of financial component payable for other executive KMP (other than the MD and CFO)** **Profit – 37.5% of total STI Award** **Achievement** / **STI Award** Below base profit / 0% Between base profit and target profit / Pro-rata award on a straight-line basis between 50% and 100% > target profit / Pro rata award equal to the percentage over upper target to a maximum of 50% of total fixed remuneration in cash with outperformance against the profit target recognised by the grant of rights or shares over the LTI plans performance period **Operating cash flow – 37.5%** **Achievement** / **STI Award** Below Base Cash Flow / 0% Between Base Cash Flow and Target Cash Flow. / Straight line between 50% and 100% The Cash Base and Target is set in the same manner as for the MD and CFO. In respect of the Building Products division the cash measure used is based on divisional EBITDA, research & development claim benefits achieved, changes in Days Sales Outstanding (DSO's) and inventory movements in the year. This KPI considers a strong focus on cash generation through improved cash collections and inventory management required from the senior Building Products executives and the wider management team. The remaining 25% of any STI Award is subject to the achievement of challenging non-financial measures. There is no upside available against cash and non-financial measures.

3 Return on Net Tangible Assets.

When and how is the STI Award assessed?	**MD and CFO** At the end of the financial year the Remuneration and Nomination Committee assesses actual performance against their respective KPIs set at the beginning of the financial year and recommends the STI quantum to be paid to the individuals for approval by the Board. These assessment methods have been chosen as they provide the Committee with an objective assessment of each individual's performance. **Other executive KMP** At the end of the financial year the MD assesses the executive KMP's actual performance against their respective KPIs set at the beginning of the financial year and determines the STI quantum to be paid to the executive KMP. The MD provides these assessments to the Remuneration and Nomination Committee annually for review and approval.
Is quality of earnings a relevant factor in assessing STI Awards?	The Remuneration and Nomination 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 and Nomination 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 KMP for financial year 2023 and the performance achieved. Unless otherwise stated all earnings measures exclude significant items.

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. 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. 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.

Executive KMP	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 WHSP) was $269.9 million compared to $408.1 million in the prior financial year. This translated into a partially achieved STI target.	76% achieved
	Cash flow	The Group Cash Flow for the year ended 31 July 2023 was $427.1 million compared to $346.9 million in the prior year. This translated into overperformance in respect of the STI target. FY2023 Cash Flow measure includes: - the subscription of units in the trust following the sale of the Oakdale East land to the JV Property Trust ($301.6 million) - cash proceeds from other property sales in Australia and North America ($28.4 million). 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.	106% achieved
EGM Building Products	Divisional profit against target for Building Products Australia and North America	Building Products divisional profit amounted to $65.6 million compared to $88.7 million in the prior financial year. The prior year EBIT excludes the gain on sale of assets to the Brickworks Manufacturing Trust. This translated into a partially achieved STI target.	65% achieved
	Cash flow	The Building Products cash measure amounted to $131.2 million compared to $156.4 million in the prior financial year. This translated into a partially achieved STI target.	55% achieved

<table>
<tr><th>Executive KMP</th><th>Measure(s)</th><th>Performance</th><th>Outcome</th></tr>
<tr><td colspan="4">Financial 75%</td></tr>
<tr><td rowspan="2">EGM Property & Development</td><td>Divisional profit against target for Property</td><td>Property divisional profit (excluding property revaluation gains) amounted to $393.2 million compared to the prior year profit of $416.2 million.
This translated into a partially achieved STI target.</td><td>96% achieved</td></tr>
<tr><td>Cash Flow</td><td>The Cash Flow measure applicable to the Property division amounted to $348.9 million compared to $234.4 million. The FY2023 amount included the subscription of units in the JV Property Trust ($301.6 million) and proceeds from other property sales in Australia ($11.2 million).
This translated into a fully achieved STI target.</td><td>100% achieved</td></tr>
<tr><td colspan="4">Non-financial 25%</td></tr>
<tr><td rowspan="2">MD & CFO</td><td>Return on net tangible assets/quality of earnings considerations</td><td>• Return on Net Tangible Assets for the Group excluding investments in associates (WHSP) amounted to 24.3% which translated into a fully achieved STI target.</td><td>100% achievement of the KPI for the MD
100% achievement of the KPI for the CFO</td></tr>
<tr><td>Safety
Key lag target metrics across the Group:
• Where the last year's TRIFR is 5 or less, the TRIFR target is the average TRIFR over the past 3 years. Where the last year's TRIFR is between 5 and 20 the TRIFR target is +10% of last year's TRIFR. Where the last year's TRIFR is above 20, TRIFR target is same or better than last year.
Other key lead target metrics
• Presence of safety indicators (these targets are based on a 10% increase from the last year's final numbers for Australia).
Workplace Inspections >2,100
Safety Device checks >495
Safety Contacts >1,488
• Random drug and alcohol testing of at least 25% of company employees in Australia
• Development of psychosocial procedures written into Brickworks safety management system – eLearning Courses for employee training
• Support Brickworks North America safety team with Management System development and rollout</td><td>• An improvement in injury frequency rates with the Group Total Recordable Injury Frequency Rate (TRIFR) of 10.0 compared to 12.2 last year
• Other key lead target metrics all met, including:
– presence of safety indicators met with respect to all required targets (2,490 workplace inspections, 694 safety device checks, 1,952 safety contacts conducted in FY2023).
– drug and alcohol testing embedded into the business with approximately 70% of company employees tested in Australia in FY2023.
– psychosocial procedures developed and documented as part of Brickworks safety management system, e-learning courses developed and assigned, presentations delivered to Brickworks Board, executives and employees in FY2023.
– Development of Brickworks North America safety management system supported through the application and rollout of the Group procedures, safety software and reporting tools across the US operations.</td><td>100% achievement of safety KPIs</td></tr>
</table>

<table>
<tr><th>Executive</th><th>Measure(s)</th><th>Performance</th><th>Outcome</th></tr>
<tr><td colspan="4">Non-financial 25%</td></tr>
<tr><td>MD & CFO</td><td>Succession Planning
Key Metrics:
◗ Regular talent and succession reviews
◗ Mentoring program for emerging leaders in Australia</td><td>◗ Successful appointment of Mark Ellenor to an expanded role of the Group Chief Operating Officer
◗ Successful completion of bi-annual succession strategy sessions</td><td>100% achievement of succession planning KPIs</td></tr>
<tr><td rowspan="3">EGM Building Products</td><td>Building Products Return on net tangible assets/ quality of earnings considerations</td><td>Return on Net Tangible Assets for the Building Products division of 21.3% which translated into a fully achieved STI target</td><td rowspan="3">100% achievement of non-financial KPIs</td></tr>
<tr><td>Safety
Key lag target metrics across the Group:
◗ Where the last year's TRIFR is 5 or less, the TRIFR target is the average TRIFR over the past 3 years. Where the last year's TRIFR is between 5 and 20 the TRIFR target is +10% of last year's TRIFR. Where the last year's TRIFR is above 20, TRIFR target
◗ Presence of safety indicators (these targets are based on a 10% increase from the last year's final numbers for Australia).
Workplace Inspections > 2,100
Safety Device checks >495
Safety Contacts >1,488
◗ Rollout of Safety, Health & Environment System (SHEMS) fully completed in Brickworks North America
◗ 4 quarterly safety meetings held in North America in FY23</td><td>◗ An improvement in injury frequency rates with the Group Total Recordable Injury Frequency Rate (TRIFR) of 10.0 compared to 12.2 last year.
◗ Other key lead target metrics all met, including:
◗ presence of safety indicators met with respect to all required targets (2,490 workplace inspections, 694 safety device checks, 1,952 safety contacts conducted in Australia in FY2023).
◗ SHEMS rollout in North America completed.
◗ 4 quarterly safety meetings held in North America.</td></tr>
<tr><td>Succession Planning and Diversity
◗ Diversity greater than last year
◗ President and VP Production appointed in North America</td><td>◗ Female employees as a proportion of total workforce increased from 24.6% to 25.6% in Australia
◗ Female and minority employees as a proportion of total workforce increased from 36.1% to 37.9% in North America
◗ Brickworks North America President and VP Production both appointed during FY2023</td></tr>
<tr><td rowspan="3">EGM Property & Development</td><td>Property Trust Return on net tangible assets/quality of earnings considerations</td><td>Return on Net Tangible Assets for the Property division of 22.2% which translated into a fully achieved STI target.</td><td rowspan="3">100% achievement of non-financial KPIs</td></tr>
<tr><td>Safety
Target Metrics
◗ Category 1 events same or better than last year
◗ Category 2 events (injuries, near misses and development related risks) actioned or closed out within 6 months</td><td>Strong safety performance as measured by the number of safety events in the financial year ended 31 July 2023:
◗ No Category 1 events (FY2022: nil)
◗ All Category 2 events actioned and closed within 6 months</td></tr>
<tr><td>Mixture of Strategic and Operational relevant to the executive KMP</td><td>◗ Successfully managed Trust property leases to achieve high occupancy rates (>99%) at 31 July 2023
◗ Successful sale of Oakdale East Stage 2 into the JV Property Trust</td></tr>
</table>

STI achieved

The table below outlines the weighting of financial and non-financial KPIs in relation to each executive KMP for 2023 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 KMP for 2023.

			FINANCIAL			NON-FINANCIAL				
Executive KMP	Target STI Opportunity $	Max STI Opportunity $	Weighting %	Achieved* %	Forfeited %	Weighting %	Achieved* %	Forfeited %	STI awarded*** $	STI over performance subject to LTI $
MD	1,231,125	1,477,350	75%	91%	9%	25%	100%	0%	1,145,128	–
CFO	390,000	468,000	75%	91%	9%	25%	100%	0%	362,757	–
EGM Building Products**	628,554	628,554	75%	60%	40%	25%	100%	0%	441,648	–
EGM Property & Development	280,000	280,000	75%	96%	4%	25%	100%	0%	271,340	–

* Calculated as % of Target STI opportunity.

** Translated into AUD based on the AUD/USD rate of 0.6682 applicable at 31 July 2023.

*** 50% of the MD and CFO's STI awards deferred into equity, for one year being $572,564 for the MD and $181,379 for the CFO.

2.7. Remuneration Component – Long Term incentives (LTI) for FY2023

What is the LTI?	The Group operates an LTI Plan through the Brickworks Deferred Employee Share Plan and Executive Rights Plan in which employees receive Brickworks Limited shares or performance rights. No consideration is payable by participants for shares or performance rights under the terms of the plan.
What is the scope of the LTI?	The LTI includes: • a broad-based employee share plan with 512 employees participating as at 31 July 2023 via 1,131,835 shares on allocation of which 33.88% remain unvested (and 66.12% vested). In addition, 52,258 shares in the plan were forfeited during the year to 31 July 2023; and • an Executive Rights Plan with 32 participants as at 31 July 2023 via 618,349 rights on allocation of which 70.02% remain unvested (and 29.98% vested). 0 rights were forfeited during the year to 31 July 2023.
What is the purpose of the LTI?	The primary purpose of the LTI is the retention of the Company's senior executive team. The LTI also provides alignment between executive remuneration and shareholders, as measured by the absolute and relative total shareholder return (**TSR**).
What is the LTI Opportunity for the MD and CFO?	The value of shares or performance rights granted to the MD 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.
What is the LTI Opportunity for other executive KMP?	For all other executive KMP, 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. In years where STI targets are not met in difficult market conditions the Board awards half the LTI opportunity to other executive KMP.
What LTI performance measures apply to executive KMP (other than the MD and CFO)?	The vesting of shares/rights to other executive KMP is undertaken progressively on 31 July for 20% on each anniversary following the allocation date for five years.
What LTI performance measures apply to the MD and CFO?	50% of the award made is subject to Brickworks relative total shareholder return (**TSR**) vesting condition under which Brickworks' TSR is compared to the companies in the S&P/ASX 200 Franking Credit Adjusted Annual Total Return Index over a period of three years from 1 August 2022 to 31 July 2025. 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 2022. The actual share price used to compare to the TSR target share price is the 90-day VWAP prior to 31 July 2025. The remaining 50% of the award is subject to an absolute TSR p.a. compounding vesting condition also over the same period.

How does the Relative TSR measure (50% of each award) work?	A summary of the Relative TSR measure for the MD and CFO is as follows.

Relative TSR measure	
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	**Below the median** – 0% vesting **At the median** – 50% vesting **Between the median and 60th percentile** – pro-rata vesting on a straight-line basis between 50% and 100% **At the 60th percentile or above** – 100% vesting
Re-testing	No re-testing. Testing to be undertaken once only at end of the **3-year period**.
Dividends and voting rights	**No dividends or voting rights on unvested performance rights** Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria.
Shareholder approval	Yes for allocations made to the Managing Director

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

XJOAI Returns	1 Year to 31 July 2023	1 Year to 31 July 2022	1 Year to 31 July 2021	1 Year to 31 July 2020
At Index Level	7.8%	(5.9%)	29.0%	(9.9%)
At 60th percentile	13.8%	1.1%	40.1%	(5.4%)
At 75th Percentile	25.1%	9.1%	64.9%	5.1%
BKW	28.4%	(10.0%)	58.3%	(9.4%)

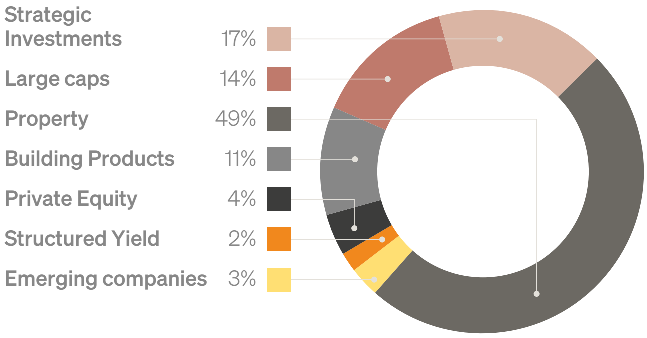
We note the difficulty with delivering TSR results in excess of 25.1% in the current macroeconomic climate.

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 2023 was 20.0%.

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

How does the Absolute TSR measure (50% of each award) work?	A summary of the Absolute TSR measure for the MD and CFO is as follows.

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

Why is an absolute TSR measure considered appropriate for LTI Awards to the MD and CFO?	• Brickworks has a diversified portfolio of assets through its investment in Washington H. Soul Pattinson & Company Limited (**WHSP**) • Brickworks' look through asset exposure shows that, in addition to building products (25%) and property (30%), the Company has exposure to other companies in telecommunications, finance, energy and health through its investment in WHSP. **Brickworks Asset Exposure** 
Why is an absolute TSR measure combined with a relative TSR measure considered appropriate for LTI Awards to the MD and CFO?	The Board believes that when combined with the STI, the performance criteria for the MD and CFO under the LTI provides the most suitable link to long-term security holder value creation because: • absolute TSR ensures vesting is commensurate with the Company's actual TSR, meaning there are no awards when TSR is negative and it also provides a good line of sight for the MD and CFO; • measuring TSR on a relative basis levels the playing field by removing overall market movements and industry economics for the evaluation of MD and CFO performance. Relative TSR provides a relative, external market performance measure having regard to a peer group of ASX200 companies with which the Company competes for capital, customers and talent; • the use of relative TSR ensures that the MD and CFO are motivated to deliver returns that are superior to what a security holder could achieve in the broader market and ensures as the most senior management they maintain a strong focus on security holder outcomes; • Brickworks calculates its after tax TSR incorporating the full value of franking credits. The S&P ASX 200 Franking Credit adjusted annual total return Index also adjusts the total return for the tax effect of franking credits to ensure consistency of calculations; • the use of the S&P/ASX 200 Franking Credit adjusted annual total return Index was chosen as the relative performance target following testing of this group against a range of historical and future share price/payout scenarios to confirm that outcomes align with the Company's historical notion of superior long-term performance; • having regard to the overall size and market capitalisation of Brickworks, and the diverse nature of the Brickworks Group across Property, Building Products and its investment in WHSP, the Board considers the XJOAI Franked Index as the most appropriate Index for relative performance assessment; and • while the Board appreciates that there are at times different views held by different stakeholders, it considers that these measures provide the appropriate balance between market and non-market measures.
Are shareholders asked to approve LTI Awards made to the MD?	Yes. Performance rights allocated to the MD are put to shareholders for approval at the **AGM**.
Can the Board clawback LTI Awards?	Historically clawback clauses have not been applicable for LTI allocations. The Board and the Remuneration and Nomination 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.
What dividend rights attached to LTI Awards?	Dividends will not be paid on unvested performance rights, and will only be granted in proportion to the vested grants at the end of the performance period.
How are LTI Awards satisfied?	The Board has the discretion to either purchase shares on-market or to issue new shares for participants. During the year rights were granted to the MD, CFO and executive KMP through the LTI executive rights plan. Shares granted to employees other than the MD, CFO and executive KMP were issued as new shares.

Are executives prohibited from entering financial derivatives in respect of Brickworks shares?	Under the Company's Securities Trading Policy Brickworks shares are not permitted to be used to secure any type of financial product such as margin loans or similar. Options, collars and/or other financial derivatives must not be used in respect of any Brickworks shares.

2.8. LTI Outcomes FY2023 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 2023 are:

Year TSR	Test period from	Test period to	TSR Performance
1-year TSR	1-Aug-2022		25.7%
2-year TSR	1-Aug-2021		11.9%
3-year TSR	1-Aug-2020	31 July 2023	32.6%
4-year TSR	1-Aug-2019		19.6%
5-year TSR	1-Aug-2018		19.7%
Average TSR			**21.9%**
Target Criteria			**8%**
Outcome			**100% vested**
			MD – 3,487 shares
			Previous CFO (Robert Bakewell) – 1,821 shares

Brickworks' Average TSR of 21.9% 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 2023 (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 94.0% for the period from 1 August 2020 to 31 July 2023 is equal to an annual TSR of 24.7%. As this is higher than the threshold of 8% p.a. for 100% vesting, all awards under the Absolute TSR test will vest (MD – 15,722 shares to vest, previous CFO (Robert Bakewell) – 8,069 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 2018 allocation
1 year	8.9%	25.7%		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	6.4%	11.9%		
3 years	16.1%	32.6%		
4 years	9.3%	19.6%		
5 years	11.0%	19.7%		
Simple average	**10.3%**	**21.9%**	**211.9%**	
Outcome				**100%**
				MD – 3,487 shares
				Previous CFO (Robert Bakewell) – 1,821 shares

Brickworks' relative TSR performance of 211.9% 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 2023.

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

During the 3-year period from 1 August 2020 to 31 July 2023, Brickworks generated a TSR of 94.0%, which would place BKW at the 86th 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 – 15,721 shares to vest, previous CFO (Robert Bakewell)– 8,069 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 2023, there were 620 employees participating in the Brickworks Deferred Employee Share Plan and the Brickworks Exempt Employee Share Plan, holding 1,222,156 shares (0.8% 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 KMP Employment Contracts

3.1 Termination payments

A payment will be made by the Company to KMP upon termination or bona-fide retirement, equivalent to a proportion (not exceeding 100%) of each executive KMP's average base pay for the previous 3 years, and any unvested shares or performance rights held on behalf of the executive KMP will remain within the employee share plan and retain their performance/vesting criteria. If an executive KMP resigns, any unvested shares or rights will be forfeited. The Board and the Remuneration and Nomination 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 executive KMP. It can terminate an executive KMP's employment on months' notice (or payment in lieu of notice) and executive KMP's can be terminated on 6 months' notice.

If the MD or any other executive KMP 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 KMP Restraint

All executive KMP's 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 KMP's employment contract to prevent executive KMPs 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 executive KMP 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 executive KMP 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 $1,500,000, and was approved by shareholders at the 2022 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 FY2023 and FY2024 are as follows:

	FY2023	FY2024
Chair	$282,555	$293,857
NED Base Fee	$141,278	$146,929
Member – Audit & Risk Committee	$8,694	$9,042
Member – Remuneration & Nomination Committee	$10,868	$11,302
Chair – Audit & Risk Committee	$27,822	$28,934
Chair – Remuneration & Nomination Committee*	$41,678	$43,345

* The Remuneration and Nomination Committee was combined during the year and the fees reflect the fee previously paid to both Chairs.

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 two 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

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 executive KMP during the financial year ended 31 July 2023 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]	Other	Total
Directors									
RD Millner	2023	254,793	–	26,860	281,653	–	–	–	281,653
	2022	245,559	–	24,662	270,221	–	–	–	270,221
MJ Millner	2023	137,196	–	14,463	151,659	–	–	–	151,659
	2022	132,224	–	13,280	145,504	–	–	–	145,504
JA Fitzgibbon[5]	2023	84,907	–	8,976	93,883	–	–	–	93,883
DR Page	2023	178,993	–	–	178,993	–	–	–	178,993
	2022	167,746	–	–	167,746	–	–	–	167,746
RJ Webster[6]	2023	47,477	–	4,985	52,462	–	–	–	52,462
	2022	148,043	–	14,869	162,912	–	–	–	162,912
MP Bundey	2023	163,883	–	17,276	181,159	–	–	–	181,159
	2022	154,324		15,501	169,825	–	–	–	169,825
RN Stubbs	2023	145,036	–	15,289	160,325	–	–	–	160,325
	2022	154,540	–	15,515	170,055	–	–	–	170,055
LR Partridge	2023	1,616,208	7,529	25,468	1,649,205	1,145,128	743,777	–	3,538,110
	2022	1,548,923	4,550	23,712	1,577,185	1,409,736	840,206	–	3,827,127
Total	**2023**	**2,628,493**	**7,529**	**113,317**	**2,749,339**	**1,145,128**	**743,777**	**–**	**4,638,244**
	2022	2,551,359	4,550	107,539	2,663,448	1,409,736	840,206	–	4,913,390

4 Reflects the grant date fair value of the shares/executive rights vested during the financial year.
5 JA Fitzgibbon was appointed on 1 January 2023.
6 R Webster retired on 22 November 2023.

	Year	Base fees/ salary	Non-monetary benefits	Post Employment (Super)	Total fixed remuneration	Short Term Incentive	Long Term Incentive[7]	Other	Total
Other Key Management Personnel									
RC Bakewell[8]	2023	476,996	24,446	14,754	516,196	–	382,809	178,324	1,077,329
	2022	784,339	22,377	23,712	830,428	579,509	435,358	–	1,845,295
GS Douglas[9]	2023	582,104	13,901	23,360	619,365	362,757	106,516	–	1,088,638
MA Ellenor[10]	2023	1,464,045	46,291	25,468	1,535,804	438,825	275,522	–	2,250,151
MM Kublins	2023	579,208	7,697	25,468	612,373	271,340	399,307	–	1,283,020
	2022	553,288	7,719	23,712	584,719	287,500	340,122	–	1,212,341
Total	**2023**	**3,102,353**	**92,335**	**89,050**	**3,283,738**	**1,072,922**	**1,164,154**	**178,324**	**5,699,138**
	2022	1,337,627	30,096	47,424	1,415,147	867,009	775,480	–	3,057,636

7 Reflects the grant date fair value of the shares/executive rights vested during the financial year.
8 RC Bakewell ceased employment on 28 February 2023. Other benefits represent a termination benefit.
9 CFO from 29 August 2022.
10 EGM Building Products from 1 August 2022. USD denominated remuneration was translated using an AUD/USD rate of 0.6725 representing an average rate for FY2023. Includes a secondment allowance of AUD 378,781 (USD 254,730) which ceased to be paid on 1 August 2023 on MA Ellenor's return to Australia.

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

- L R Partridge: net increase of $210,566 in accrued leave entitlements (2022: $12,047 increase)
- G S Douglas: net increase of $61,795 in accrued leave entitlements
- R C Bakewell: net increase of $70,448 in accrued leave entitlements (2022: $41,569 net increase in accrued leave entitlements)
- M A Ellenor: net increase of $32,067 in accrued leave entitlements
- M Kublins: net increase of $21,434 accrued leave entitlements (2022: $20,364 decrease)

5.2 Director and Key Management Personnel shareholdings and performance rights

The number of shares held in Brickworks Limited during the financial year by each director and key management personnel, including their related entities are set out below.

Non-Executive Directors

	Held 31 July 2022	Acquired	Shares Disposed	Held 31 July 2023
Non-executive Directors				
RD Millner	4,817,967	–	–	4,817,967
MJ Millner	4,797,141	–	–	4,797,141
DR Page	17,400	–	–	17,400
MP Bundey	3,970	–	–	3,970
RN Stubbs	1,000	–	–	1,000
JA Fitzgibbon[1]	N/A	500	–	500
RJ Webster[2]	15,922	N/A	N/A	N/A

1 Joel Fitzgibbon was appointed to the Board on 1 January 2023.

2 Robert Webster retired as a director on 22 November 2022. This represents the number of shares held as at his retirement date.

Executive Key Management Personnel

Executive Director and Key Management Personnel shareholdings and performance rights

	Held 31 July 2022					Granted as Remuneration[1]		Shares Acquired[2]	Shares Disposed	Held 31 July 2023				
	FPO	DESP	EEP	ERP	STI Def	ERP	STI Def			FPO	DESP	EEP	ERP	STI Def
Executive Key Management Personnel														
LR Partridge	151,000	22,107	–	115,449	21,604	–[3]	33,182	75,000	–	226,000	6,973	–	82,049	33,182
RC Bakewell[4]	8,357	11,637	–	54,127	11,088	–[3]	13,640	38,548	–	–	–	–	–	–
GS Douglas	–	3,861	–	15,255	–	–[3]	–	6,945	(5,619)	1,326	1,459	–	11,126	–
MA Ellenor	4,325	8,972	–	27,789	–	18,229	–	14,198	(3,699)	14,824	2,955	–	38,572	–
MM Kublins	57,345	10,990	–	42,315	–	26,490	–	19,782	(9,602)	67,525	3,566	–	57,545	–

FPO Fully paid ordinary shares held including unrestricted employee shares

DESP Deferred Employee Share Plan – unvested/restricted shares which vest to the employee if performance criteria are satisfied including shares vesting on 31 July 2023

ERP Executive Rights Plan – unvested/restricted rights which vest to the employee if performance criteria are satisfied including rights vesting on 31 July 2023.

EEP Exempt Employee Share Plan.

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

1 Granted as remuneration under the ERP or STI Deferred Plan.

2 Shares acquired through vesting under the DESP, ERP or STI Deferred Plans and FPO shares purchased.

3 Under the ERP, the LTI opportunity for FY2023 is yet to be allocated to LR Partridge for AUD 1,231,125, RC Bakewell for AUD 252,900 and GS Douglas for AUD 390,000 following approval of the allocation to the MD at the 2022 Annual General Meeting.

4 RC Bakewell ceased as CFO on 28 February 2023.

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.

End of the Remuneration Report

Auditor's Independence Declaration

Following a mandatory partner rotation, the financial year ended 31 July 2023 is the third year with Jodie Inglis as audit partner.

The Directors received an independence declaration from the auditor, EY. A copy has been included on page 129 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 $125,402. The non-audit services were for the provision for tax advisory services, as well as advisory services in relation to sustainability.

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

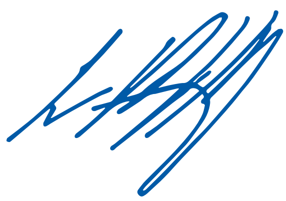
The Company has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest $1,000 where allowed under that instrument.

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

Dated: 28 September 2023

R.D. Millner AO

Director



L.R. Partridge AM

Director

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Auditor's Independence Declaration

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 2023, 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.

Ernst & Young

Ernst & Young

J Inglis

Jodie Inglis
Partner
28 September 2023

Consolidated Financial Statements

Consolidated Income Statement

	Note	2023 $000	2022 $000
Continuing operations			
Revenue	2.2	1,181,178	1,095,353
Cost of sales		(833,217)	(748,759)
Gross profit		**347,961**	**346,594**
Gain/(loss) on deemed disposal of associate	6.3	(994)	722,179
Other income	2.2	277,834	111,233
Distribution expenses		(93,553)	(88,303)
Administration expenses		(61,972)	(57,904)
Selling expenses		(149,187)	(137,642)
Impairment of non-current assets	3.2,3.3	(62,701)	(145,352)
Restructuring costs		(41,033)	(27,737)
Business acquisition costs		(252)	(4,965)
Other expenses		(35,552)	(40,065)
Loss on derecognition of associate		(11,273)	–
Share of net profits of associates and joint ventures	2.3	402,729	630,408
Profit from continuing operations before finance cost and income tax		**572,007**	**1,308,446**
Finance costs	2.2	(59,563)	(31,699)
Profit from continuing operations before income tax		**512,444**	**1,276,747**
Income tax expense	4.1	(107,180)	(407,011)
Profit from continuing operations after tax		**405,264**	**869,736**
Discontinued operations			
Loss from discontinued operations, net of income tax benefit	6.5	(10,570)	(15,345)
Profit after tax		**394,694**	**854,391**
Profit after tax attributable to:			
Shareholders of Brickworks Limited		394,694	854,391

		Cents	Cents
Earnings per share attributable to the shareholders of Brickworks Limited			
Basic (cents per share)	2.4	259.4	563.0
Diluted (cents per share)	2.4	258.4	561.2
Basic (cents per share) from continuing operations	2.4	266.3	573.2
Diluted (cents per share) from continuing operations	2.4	265.3	571.2

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

Consolidated Statement of Other Comprehensive Income

	Note	2023 $000	2022 $000
Profit after tax		**394,694**	**854,391**
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to Income Statement			
Share of increments/(decrements) in reserves attributable to associates and joint ventures		(40,632)	258
Foreign currency translation		2,344	1,528
Income tax (expense)/benefit relating to these items	4.1	12,190	(77)
Net other comprehensive profit/(loss) that may be reclassified to Income Statement		**(26,098)**	**1,709**
Items not to be subsequently reclassified to Income Statement			
Share of increments/(decrements) in reserves attributable to associates and joint ventures		17,267	5,196
Net fair value gain/(loss) on financial assets at fair value through other comprehensive income		(2,155)	2,351
Income tax (expense)/benefit relating to these items	4.1	(6,498)	(2,264)
Net other comprehensive income/(loss) not to be reclassified to Income Statement		**8,614**	**5,283**
Other comprehensive income/(loss), net of tax		**(17,484)**	**6,992**
Total comprehensive income		**377,210**	**861,383**
Total comprehensive income, attributable to:			
Shareholders of Brickworks Limited		377,210	861,383

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

Consolidated Balance Sheet

	Note	2023 $000	2022 $000
Cash and cash equivalents	5.2	69,565	106,083
Receivables	3.1	147,387	152,138
Inventories	3.1	319,122	327,202
Prepayments		12,771	11,453
Contract assets	3.1	1,321	2,228
Current income tax asset	4.2	1,095	2,348
Assets classified as held for sale	6.5	13,532	24,224
Derivative financial assets	5.4, 5.8	417	28
Total current assets		**565,210**	**625,704**
Inventories	3.1	7,180	6,901
Financial assets at fair value through other comprehensive income	5.3	13,107	5,876
Investments accounted for using the equity method	6.3	4,397,730	3,822,570
Derivative financial assets	5.4	2,446	1,031
Property, plant and equipment	3.2	631,858	636,013
Right-of-use assets	3.3	375,720	332,515
Intangible assets	3.2	144,437	141,510
Total non-current assets		**5,572,478**	**4,946,416**
TOTAL ASSETS		**6,137,688**	**5,572,120**
Payables	3.1	136,032	148,694
Borrowings	5.4	–	15,250
Derivative financial liabilities	5.4	–	41
Current income tax liability	4.2	–	6,315
Post-employment liabilities	3.5	984	826
Contract liabilities	3.1	8,465	9,367
Lease liabilities	3.3	46,840	39,559
Other financial liabilities	5.5	2,922	1,427
Liabilities directly associated with assets classified as held for sale	6.5	16,760	16,701
Provisions	3.4	93,226	86,953
Total current liabilities		**305,229**	**325,133**
Borrowings	5.4	711,552	579,407
Derivative financial liabilities	5.4	457	–
Post-employment liabilities	3.5	16,165	15,984
Lease liabilities	3.3	561,662	504,213
Other financial liabilities	5.5	10,608	10,955
Provisions	3.4	29,971	35,498
Deferred income tax liability	4.2	941,028	840,935
Total non-current liability		**2,271,443**	**1,986,992**
TOTAL LIABILITIES		**2,576,672**	**2,312,125**
NET ASSETS		**3,561,016**	**3,259,995**
Issued capital	5.6	399,835	392,263
Reserves	5.7	168,830	183,616
Retained profits		2,992,351	2,684,116
TOTAL EQUITY		**3,561,016**	**3,259,995**

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

Consolidated Statement of Changes in Equity

	Notes	Issued capital $000	Reserves $000	Retained profits $000	Total $000
For the year ended 31 July 2023					
Balance at 1 August 2022		392,263	183,616	2,684,116	3,259,995
Profit after tax		–	–	394,694	394,694
Other comprehensive income/(loss) – net of tax		–	(17,484)	–	(17,484)
Net dividends paid	2.5	–	–	(86,459)	(86,459)
Share issue costs	5.6	(23)	–	–	(23)
Issue of shares through employee share plan	5.7	2,521	(2,521)	–	–
Shares vested to employees	5.6	5,216	(5,216)	–	–
Shares purchased under STI scheme	5.6	(994)	994	–	–
Shares vested under STI scheme	5.6	852	(852)	–	–
Share based payments expense	7.1	–	10,293	–	10,293
Balance at 31 July 2023		**399,835**	**168,830**	**2,992,351**	**3,561,016**

	Notes	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		–	–	(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**

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

Consolidated Statement of Cash Flows

	Note	2023 $000	2022 $000
Cash flows from operating activities			
Receipts from customers		1,265,608	1,149,350
Payments to suppliers and employees		(1,237,135)	(1,100,139)
Interest received		635	236
Interest and other finance costs paid		(55,554)	(29,727)
Dividends and distributions received		124,944	97,487
Income tax refund/(paid)		(1,357)	13,279
Net cash from operating activities		**97,141**	**130,486**
Cash flows from investing activities			
Purchases of property, plant and equipment		(113,662)	(134,030)
Proceeds from sale of property, plant and equipment		28,809	227,494
Purchases of intangible assets		(2,121)	(5,314)
Purchase of investments		(29,910)	(7,724)
Purchase of controlled entities, net of cash acquired[1]		(1,903)	(74,962)
Net cash from/(used in) investing activities		**(118,787)**	**5,464**
Cash flows from financing activities			
Proceeds from borrowings		285,061	368,885
Repayments of borrowings		(160,000)	(419,960)
Payment of principal portion of lease liabilities		(44,358)	(29,023)
Share issue costs		(23)	(13)
Dividends paid		(97,436)	(94,101)
Net cash provided by/(used in) financing activities		**(16,756)**	**(174,212)**
Net increase/(decrease) in cash held		**(38,402)**	**(38,262)**
Effects of exchange rate changes on cash		1,884	4,520
Cash at the beginning of the financial year		106,083	139,825
Cash at the end of the financial year	5.2	**69,565**	**106,083**
Reconciliation of net profit attributable to shareholders of Brickworks Limited to net cash from operating activities			
Profit after tax		**394,694**	**854,391**
Adjustments for non-cash items			
Depreciation and amortisation		36,934	44,232
Amortisation of right-of-use assets		38,523	33,961
Non-cash amortisation of borrowing costs		(5,518)	(1,588)
Capitalised borrowing costs on qualifying asset		(310)	(523)
Net fair value change on derivatives		(1,388)	(7,782)
Impairment of assets held for sale		5,933	18,727
Impairment of non-current assets		62,701	145,352
(Gain)/loss on deemed disposal of associate		994	(722,179)
Net losses/(gains) on disposal of property, plant and equipment		(297,900)	(114,548)
Loss on derecognition of an associate		11,273	–
Non-cash share based payment expense		10,293	6,958
Share of net profit of investments accounted for using the equity method		(277,785)	(532,922)
Net cash provided by operating activities before changes in assets and liabilities		**(21,556)**	**(275,921)**
Changes in assets and liabilities net of effects from business combinations			
(Increase)/decrease in receivables		5,811	(22,907)
(Increase)/decrease in inventories		19,864	(22,912)
(Increase)/decrease in net contract assets		132	245
Movement in right of use assets and lease liabilities		5,513	3,420
(Increase)/decrease in prepayments		(812)	(932)
(Decrease)/increase in payables		(12,910)	20,051
(Decrease)/increase in provisions		541	19,741
(Decrease)/increase in post-employment liabilities		(478)	(2,960)
(Decrease)/increase in other financial liabilities		406	(687)
(Decrease)/increase in current and deferred income tax		100,630	413,348
Net cash provided by operating activities		**97,141**	**130,486**

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

1 Includes a deferred consideration payment of $ 1.9 million in the current year (2022: $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 currency[1];
- adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 August 2022;
- 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 28 September 2023.

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.

1.2 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)	Equity accounted investments – Fair value of investment property
6.5	Discontinued Operations

1.3 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, 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) and FBR Limited (FBR).

31 July 2023	Building Products Australia $'000	Building Products North America $'000	Property $'000	Investments $'000	Continuing operations $'000	Discontinued operations[2] $'000	Consolidated $'000
REVENUE							
Sale of goods[3]	682,253	445,283	–	–	1,127,536	6,070	1,133,606
Revenue from supply and install contracts[4]	50,972	–	–	–	50,972	33,760	84,732
Interest received	–	–	–	635	635	–	635
Rental revenue	182	99	72	–	353	–	353
Other operating revenue	313	1,315	54	–	1,682	–	1,682
Revenue	**733,720**	**446,697**	**126**	**635**	**1,181,178**	**39,830**	**1,221,008**
RESULT							
Segment EBITDA	100,479	33,355	236,657	158,707	529,198	(6,112)	523,086
Amortisation of right-of-use assets	(29,537)	(8,272)	–	–	(37,809)	(714)	(38,523)
Depreciation and amortisation	(18,133)	(18,801)	–	–	(36,934)	–	(36,934)
Segment EBIT (before gain on sale of land and buildings)	**52,809**	**6,282**	**236,657**	**158,707**	**454,455**	**(6,826)**	**447,629**
Gain/(Loss) on sale of land and buildings	–	6,513	268,860	–	275,373	–	275,373
Total segment EBIT	**52,809**	**12,795**	**505,517**	**158,707**	**729,828**	**(6,826)**	**723,002**
Unallocated expenses							
Significant items[6]					(143,851)	(8,265)	(152,116)
Borrowing costs[5]					(53,100)	–	(53,100)
Other unallocated expenses					(20,433)	–	(20,433)
Profit/(loss) before income tax					**512,444**	**(15,091)**	**497,353**
Income tax (expense)/benefit[1]					(107,180)	4,521	(102,659)
Profit/(loss) after income tax					**405,264**	**(10,570)**	**394,694**
ASSETS							
Segment assets	1,117,074	591,096	2,273,675	2,138,352	6,120,197	13,532	6,133,729
Unallocated assets					3,959	–	3,959
Total assets					**6,124,156**	**13,532**	**6,137,688**
LIABILITIES							
Segment liabilities	720,829	157,696	16,243	454,790	1,349,558	16,760	1,366,318
Borrowings					711,552	–	711,552
Other unallocated liabilities					498,802	–	498,802
Total liabilities					**2,559,912**	**16,760**	**2,576,672**
OTHER							
Share of profit of an associate and a joint venture	1,959	–	240,171	160,599	402,729	–	402,729
Carrying value of investments accounted for by the equity method	19,620	–	2,273,675	2,104,435	4,397,730	–	4,397,730
Acquisition of non-current segment assets	69,743	44,337	6,762	23,148	143,990	–	143,990
Non-cash expenses other than depreciation and amortisation	102,730	53,597	–	–	156,327	5,933	162,260

1 Included in the income tax expense is tax expense related to significant items amounting to $43,366,000
2 Refer to Discontinued operations – Note 6.5.
3 Recognised at a point in time.
4 Recognised over time.
5 Borrowing costs are presented net of fair value change on derivatives ($1,388,000) and exclude items disclosed in the "Significant items" line.
6 Significant items are presented before tax.

2.1 Segment reporting (continued)

31 July 2022	Building Products Australia $'000	Building Products North America $'000	Property $'000	Investments $'000	Continuing operations $'000	Discontinued operations[2] $'000	Consolidated $'000
REVENUE							
Sale of goods[3]	621,677	398,698	–	–	1,020,375	7,733	1,028,108
Revenue from supply and install contracts[4]	65,049	–	–	–	65,049	27,844	92,893
Interest received	–	–	–	236	236	–	236
Rental revenue	30	139	46	–	215	–	215
Other operating revenue	8,017	1,403	58	–	9,478	87	9,565
Revenue	**694,773**	**400,240**	**104**	**236**	**1,095,353**	**35,664**	**1,131,017**
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[6]					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	1,157,609	538,249	1,754,134	2,094,527	5,544,519	24,224	5,568,743
Unallocated assets					3,377	–	3,377
Total assets					**5,547,896**	**24,224**	**5,572,120**
LIABILITIES							
Segment liabilities	708,026	138,160	2,888	466,341	1,315,415	16,701	1,332,116
Borrowings					594,657	–	594,657
Other unallocated liabilities					385,352	–	385,352
Total liabilities					**2,295,424**	**16,701**	**2,312,125**
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	37,062	–	–	223,948	18,727	242,675

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 6.5.
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.
6 Significant items are presented before tax.

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.

Significant items	Note	2023 $000	2022 $000
Impairment of non-current assets[1]	3.2	(49,240)	(132,223)
Austral Bricks Western Australia exit costs[2]		(32,265)	–
Plant relocation and commissioning costs[3]		(25,015)	(39,788)
Other restructuring activities and site closure costs – North America[4]		(13,429)	(5,250)
Other restructuring activities and site closure costs – Australia[5]		(5,762)	(8,482)
Business acquisition and legal costs[6]		(5,445)	(4,271)
IT implementation costs[7]		(2,954)	(3,060)
COVID-19 – incremental and unabsorbed costs		–	(11,061)
Australian East Coast floods		–	(2,853)
Significant items from continuing operations before income tax (excluding associates)		**(134,110)**	**(206,988)**
Income tax benefit on other significant items (excluding associates)[8]		37,820	36,567
Significant items from continuing operations after income tax (excluding associates)		**(96,290)**	**(170,421)**
Gain/(loss) on deemed disposal of associate[9]	6.3	(994)	722,179
Income tax expense arising on deemed disposal[8]		298	(270,609)
Gain on deemed disposal of associate after income tax		**(696)**	**451,570**
Loss on derecognition of associate[10]		(11,273)	–
Income tax expense arising on derecognition of associate[8]		1,673	–
Loss on derecognition of associate after income tax		**(9,600)**	**–**
Significant one-off transactions of associate[11]		2,526	(200,689)
Income tax expense arising from the carrying value of the investment in the associates (WHSP)[8]		1,095	43,132
Significant items after income tax (associates)		**3,621**	**(157,557)**
Significant items from continuing operations after income tax (including associates)		**(102,965)**	**123,592**
Impairment of assets held for sale[12]		(5,933)	(18,727)
Gain on disposal of assets held for sale[12]		693	–
Other significant items[12]		(3,025)	(587)
Significant items from discontinued operations before income tax	6.5	**(8,265)**	**(19,314)**
Income tax (expense)/benefit[12]		2,480	5,794
Significant items from discontinued operations after income tax		**(5,785)**	**(13,520)**

Table notes on following page

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 assessment was conducted in line with the value-in-use methodology. Includes an impairment loss of $33.7 million recognised in relation to Property, Plant and Equipment and $15.5 million in relation to Right-of-use assets.
2 Disclosed in 'Restructuring costs' ($32.2 million) line on the Income Statement.
3 Disclosed in 'Cost of Sales' ($17.4 million), 'Finance Costs' ($4.8 million), 'Impairment of non-current assets' ($4.1 million) and 'Restructuring costs' $1.3 million lines on the Income Statement.
4 Disclosed in 'Restructuring costs' ($4.9 million) and 'Impairment of non-current assets' ($8.5 million) lines on the Income Statement.
5 Disclosed in 'Restructuring costs' ($4.9 million) and 'Impairment of non-current assets' ($0.9 million) lines on the Income Statement.
6 Disclosed in 'Other Expenses' ($4.8 million), 'Business acquisition costs' ($0.3 million), 'Finance costs' ($0.3 million) and 'Restructuring costs' ($0.1 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 'Gain/(loss) on deemed disposal' line on the Income statement.
10 Disclosed in 'Loss on derecognition of associate' line on the Income statement.
11 Disclosed in 'Share of net profits of associates and joint ventures' line on the Income Statement.
12 Disclosed in the 'Losses from discontinued operations, net of income tax benefit' line on the Income statement.

2.2 Revenues and expenses

(a) Revenue and other income

	2023 $000	2022 $000
REVENUE		
Revenue from contracts with customers		
Sale of goods	1,127,536	1,020,375
Revenue from supply and install contracts[1]	50,972	65,049
	1,178,508	**1,085,424**
Other operating revenue		
Sale of surplus gas	–	6,842
Interest received	635	236
Rental revenue	353	215
Other	1,682	2,636
Total operating revenue from continuing operations	**1,181,178**	**1,095,353**
OTHER INCOME		
Net gain on disposal of property, plant and equipment	276,310	102,414
Net fair value change on derivatives	1,388	7,782
Other items	136	1,037
Total other income from continuing operations	**277,834**	**111,233**

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

Current year

In the current year the Group sold the remainder of the Oakdale East land into a newly established JV trust with Goodman Group (BGMG Oakdale East No 2.). Consideration for the sale amounted to $301.3 million and represents the Group's initial investment in this trust (refer Note 6.3). Total profit recognised in respect of the sale amounted to $262.6 million and includes $13.0 million of costs associated with environmental remediation obligations arising from the sale of the land. The Group also sold other properties in Australia during the current year with the total gain of $6.3 million recognised in respect of these transactions. The gain recognised in respect of the sale and leaseback transaction in North America amounted to $6.5 million.

Prior year

In the prior year, 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 comprised 496 hectares in land area and had 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 the 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 prior 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 previous financial year) were received during the prior year.

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 obligations under each lease (refer Note 3.4).

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

Specific Expense Disclosures	2023 $000	2022 $000
Wages and salaries	264,528	241,948
Post-employment benefits expense	15,743	14,900
Health insurance expense – North America	15,677	11,291
Share based payments expense	10,293	6,958
Other	12,306	13,344
Employee benefits expense from continuing operations	**318,547**	**288,441**
Depreciation of property, plant and equipment	35,850	42,036
Amortisation of right-of-use assets	37,809	32,923
Amortisation of intangible assets	1,084	566
Depreciation and amortisation from continuing operations	**74,743**	**75,525**
Interest and finance charges paid/payable	37,697	22,053
Interest on lease liabilities	21,553	9,303
Unwind of discounting on deferred consideration – Redland Brick acquisition	313	343
Total finance costs from continuing operations	**59,563**	**31,699**

Recognition and measurement

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

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

2.3 Share of net profits of associates and joint ventures

	Notes	2023 $000	2022 $000
Share of net of profits/(losses) of associates	6.3 (a)	160,599	(20,213)
Share of net profits of joint ventures	6.3 (b)	242,130	650,621
		402,729	**630,408**

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)

	2023	2022
Profit after tax attributable to shareholders of Brickworks Limited ($'000)	394,694	854,391
Profit from continuing operations after tax ($'000)	405,264	869,736
Weighted average number of ordinary shares used in the calculation of basic EPS (thousand)	152,166	151,744
Weighted average number of ordinary shares used in the calculation of diluted EPS (thousand)	152,772	152,251
Basic EPS (cents per share)	259.4	563.0
Diluted EPS (cents per share)	258.4	561.2
Basic EPS (cents per share) from continuing operations	266.3	573.2
Diluted EPS (cents per share) from continuing operations	265.3	571.2

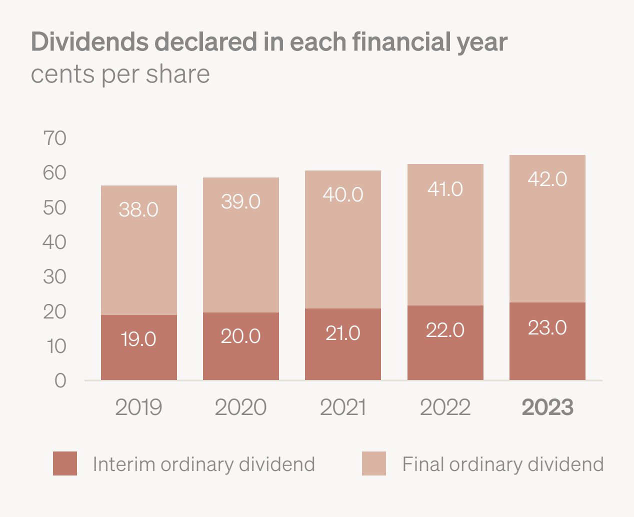
Recognition and measurement

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

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

2.5 Dividends and franking credits

Type of dividend (fully franked)	Cents per share	Total amount $'000	Date paid/ payable
2021 Final	40.0	60,710	24-Nov-21
2022 Interim	22.0	33,391	03-May-22
2022 Final	41.0	62,420	23-Nov-22
2023 Interim	23.0	35,016	02-May-23
2023 Final[1]	42.0	63,943	22-Nov-23



	2023 $000	2022 $000
2022 Final ordinary dividend (PY: 2021)	62,420	60,710
2023 Interim ordinary dividend (PY: 2022)	35,016	33,391
Group's share of dividend received by associated company	(10,977)	(14,118)
	86,459	**79,983**
Franking account balance on a tax paid basis	156,608	160,371

The impact on the franking account of dividends resolved to be paid after 31 July 2023, but not recognised as a liability, will be a reduction in the franking account of $27.4 million (2022: $26.7 million).

1 The final dividend for the 2023 financial year has not been recognised as a liability in this financial report because it was resolved to be paid after 31 July 2023. The amounts disclosed as recognised in 2023 are the final dividend in respect of the 2022 financial year and the interim dividend in respect of the 2023 financial year.

3 Operating Assets and Liabilities

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

3.1 Working capital

(a) Receivables

	2023 $000	2022 $000
Trade receivables	148,591	149,973
Allowance for expected credit losses	(6,568)	(2,548)
Net trade receivables	**142,023**	**147,425**
Other debtors	5,364	4,713
Total	**147,387**	**152,138**
Movement in allowance for expected credit losses		
Opening balance	2,548	2,134
Trade debts provided	6,048	1,938
Trade debts written-off	(2,057)	(635)
Transferred to assets held for sale	–	(913)
Foreign currency exchange difference	29	24
Closing balance	**6,568**	**2,548**
Receivables past due		
Past due 0–30 days	8,853	12,857
Past due 30+ days	13,624	10,595
	22,477	**23,452**

(b) Inventories

	2023 $000	2022 $000
Current		
Raw materials and stores	49,560	54,402
Work in progress	5,433	5,699
Finished goods	264,129	267,101
Total	**319,122**	**327,202**
Non-current		
Raw materials	7,180	6,901

Write-down of inventories recognised as an expense for the 2023 financial year amounted to $29.0 million (2022: $11.8million).

(c) Current payables

	2023 $000	2022 $000
Trade payables and accruals	136,032	148,694

Average terms on trade payables are 30 days from statement.

As at 31 July 2023 the contract assets amounted to $1.3 million (2022: $2.2 million) and contract liabilities to $8.5 million (2022: $9.4 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. Cost of sales excludes freight costs which are classified as distribution expenses in the Income statement.

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.

3.2 Property, plant and equipment and intangible assets

(a) Property, plant and equipment

		Land and buildings		Plant and equipment		Total	
	Notes	2023 $000	2022 $000	2023 $000	2022 $000	2023 $000	2022 $000
Cost		322,262	342,541	839,370	817,474	1,161,632	1,160,015
Accumulated depreciation and impairment losses		(48,389)	(50,878)	(481,385)	(473,124)	(529,774)	(524,002)
Net carrying amount 31 July		**273,873**	**291,663**	**357,985**	**344,350**	**631,858**	**636,013**
Net carrying amount at 1 August		291,663	315,242	344,350	390,283	636,013	705,525
Additions[1]		11,508	67,536	101,974	67,020	113,482	134,556
Acquisitions through business combinations		–	28,327	308	7,386	308	35,713
Disposals		(26,150)	(115,809)	(20,237)	(41,236)	(46,387)	(157,045)
Transfer to assets held for sale	6.5	–	–	–	(18,727)	–	(18,727)
Impairment losses		(1,562)	(758)	(45,665)	(31,341)	(47,227)	(32,099)
Foreign currency exchange difference		6,128	6,523	5,391	5,233	11,519	11,756
Depreciation expense		(7,714)	(9,398)	(28,136)	(34,268)	(35,850)	(43,666)
Net carrying amount 31 July		**273,873**	**291,663**	**357,985**	**344,350**	**631,858**	**636,013**

As at 31 July 2023 capital works in progress, disclosed as part of plant and equipment, amounted to $134.0 million (2022: $135.3 million).

Impairment losses of $47.2 million include:

- $33.7 million of impairment losses recognised based on an assessment of CGU asset carrying amounts in line with value-in-use methodology and primarily related to Austral Bricks Western Australia assets (Note 3.2c).
- $9.4 million of impairment losses recognised following a review of carrying amounts of assets impacted by site closures undertaken as part of restructure activities and primarily related to the closure of the Marseilles plant in Illinois, North America (Note 2.1).
- $4.1 million of impairment losses recognised following a review of carrying amounts of assets impacted by plant relocations (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.

1 Additions to plant and equipment include $0.3 million (2022: $0.5 million) of capitalised borrowing costs in the current year.

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

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).

(b) Intangible assets

	Notes	Goodwill $'000	Brand names $'000	Other $'000	Total $'000
Cost		307,114	20,149	24,830	352,093
Accumulated amortisation and impairment losses		(205,489)	–	(2,167)	(207,656)
Net carrying amount 31 July 2023		**101,625**	**20,149**	**22,663**	**144,437**
Net carrying amount 1 August 2022		100,252	19,632	21,626	141,510
Additions		–	–	2,121	2,121
Foreign currency exchange difference		1,373	517	–	1,890
Amortisation expense		–	–	(1,084)	(1,084)
Net carrying amount 31 July 2023		**101,625**	**20,149**	**22,663**	**144,437**
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**

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.

(c) Impairment assessment

(i) Allocation of goodwill and intangible assets with indefinite useful lives to cash generating units

The Group's CGUs consist of Austral Bricks East Coast, Austral Bricks WA, Austral Masonry and Bristile Roofing in Australia, as well as Brickworks North America. Goodwill is allocated to CGUs (or a Group of CGUs in respect of Austral Bricks) 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 2023 the following CGUs representing business operations had allocations of goodwill tested for impairment:

- Austral Bricks CGU Group: $72.0 million (2022: $72.0 million);
- Building Products North America: $29.6 million (2022: $28.2 million).

For the purpose of impairment assessment outlined below brand names with indefinite useful lives with a carrying value of $20.1 million (2022: $19.6 million) have been allocated to the following CGUs, which form part of the Building Products Australia and North America operating segments:

- Austral Bricks CGU Group: $9.0 million (2022: $9.0 million);
- Building Products North America: $11.1 million (2022: $10.6 Million).

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

Furthermore, impairment indicators have been identified in respect of the Austral Masonry CGU at 31 July 2023. Consequently, this CGU has also been tested for impairment based on value-in-use methodology.

(ii) Results of impairment assessment – half year

As at 31 January 2023 an impairment loss of $46.1 million was recognised in respect of non-current assets related to the Austral Bricks Western Australia CGU, predominantly due to the loss of several key customers and the resulting decline in market share requiring an impairment assessment be performed at the half year.

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

(iii) Results of impairment assessment – year end

An impairment loss of $3.1 million was recognised in right-of-use assets with the impairment loss recognised within 'Impairment of non-current assets' in the consolidated income statement. The loss related to the Austral Bricks WA CGU ($1.5 million) and Bristile Roofing CGU ($1.6 million).

There has been no additional impairment identified based on the value-in-use assessment conducted at 31 July 2023.

In the prior year, an impairment assessment was conducted in line with the value-in-use methodology. Based on the assessment, the Group recognised an impairment loss of $132.2 million. 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);
- Bristile 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.

(iv) Austral Bricks, Austral Masonry 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 2023 and what the Management and the Directors believe can reasonably be expected at that date.

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

(iv) Austral Bricks, Austral Masonry and Building Products North America impairment assessment – key assumptions (continued)

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.
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 Austral Bricks the terminal value earnings are based on the 7-year average historical earnings moderated to reflect structural changes to the market in which the CGU operates. For Austral Masonry and Brickworks North America, the terminal value earnings are based on the average cashflows forecast over the 3 final years of the forecast period. This takes into account: • the nature of newly acquired businesses and forecast benefits from the plant rationalisation program completed in the current year (North America); and • a range of strategic initiatives, including transition to the new manufacturing facility at Oakdale and continued growth of premium products (Austral Masonry).
Long-term growth rates (LTGR)	Long-term growth rates used in cash flow valuation reflect 2.5% (2022: 2.5%).
Discount rate	Management uses an independent external advisor to calculate the appropriate discount rate applied consistently across all CGUs. For 2023, the post-tax discount rate calculated including the impact of AASB 16 – Leases for the Australian CGUs was 9.31% (2022: 9.23%) and 9.34% (2022: 8.96%) for the North American CGU.

(v) Sensitivity to changes in assumptions

The table below illustrates the impact of key assumptions on the non-current assets impairment for those CGUs where the carrying amount approximates the recoverable amount.

	Austral Bricks	Austral Masonry	Brickworks North America
The excess of CGUs recoverable amount over its carrying amounts ($ millions)	24.4	31.0	53.6
	Change in the assumption required for the model to break even		
Reduction in EBIT over the forecast period*	(10.4%)	(12.5%)	(13.7%)
Reduction in LTGR	From 2.50% to 2.01%	No reasonable change leads to impairment	From 2.50% to 0.99%
Increase in post-tax WACC	From 9.31% to 9.64%	From 9.31% to 11.45%	From 9.34% to 10.46%

* In respect of the Austral Masonry and Brickworks North America CGUs, the forecast EBIT sensitivity over the forecast period included the impact on terminal EBIT representing the average of the last three years of the forecast period.

The recoverable amount of the Austral Bricks CGU is sensitive to the terminal earnings assumption calculated based on the 7-year average historical earnings. The impairment model will break even if the terminal value earnings reduce by 3.5%.

There are no other CGUs where a reasonably possible change in a key assumption would result in an impairment to the carrying value of non-current assets as at 31 July 2023.

In respect of sensitivity to changes in assumptions in the prior year's impairment assessment:

- given an impairment loss was recognised in respect of Austral Bricks and Austral Masonry in the prior, the carrying values of the CGU's are held at their recoverable amount. Therefore, any negative change in key assumptions would result in an additional impairment charge being recognised as at 31 July 2022.
- in respect of Brickworks North America, for the headroom in the model to reduce to $nil:
  - the post-tax discount rate would need to increase from 8.96% to 11.22%, or
  - a 26% reduction in EBIT over the forecast period would be required.
  - no reasonable possible change to LTGR would lead to an impairment being required.

3.3 Right-of-use assets and lease liabilities

		Right-of-use assets				
	Note	Property $'000	Equipment $'000	Vehicles $'000	Total $'000	Liabilities $'000
As at 1 August 2022		**197,459**	**133,484**	**1,572**	**332,515**	**(543,772)**
New and modified leases[2]		43,101	51,933	642	95,676	(105,525)
Leases terminated		(263)	(222)	(194)	(679)	1,020
Depreciation expense		(20,157)	(16,531)	(1,121)	(37,809)	
Impairment losses	3.2	(13,868)	(1,606)	–	(15,474)	–
Payment of principal portion of lease liability						41,562
Foreign exchange difference		1,078	376	37	1,491	(1,787)
As at 31 July 2023		**207,350**	**167,434**	**936**	**375,720**	**(608,502)[1]**
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	6.5	(4,395)	(283)	(71)	(4,749)	6,472
Foreign exchange difference		1,301	182	54	1,537	(1,695)
As at 31 July 2022		**197,459**	**133,484**	**1,572**	**332,515**	**(543,772)[1]**

During the year, the Group recognised rent expense of $5.6 million (2022: $5.2 million) from short-term leases and variable lease payments.

Impairment losses of $15.5 million were recognised based on an assessment of CGU asset carrying amounts in line with value-in-use methodology and primarily related to Austral Bricks Western Australia and Bristile Roofing assets. (Note 3.2c)

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.

1 $46.8 million (2022: $39.6 million) included in current liabilities and $561.7 million (2022: $504.2 million) in non-current liabilities.

2 The difference between additions to right-of-use assets and lease liabilities relates to sale and leaseback accounting and lease modification in the current year. In the prior year, additions included $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 prior financial year. Refer note 2.2(a).

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

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.

3.4 Provisions

	Employee benefits $'000	Remediation and make good $'000	Workers compensation $'000	Site Closures $'000	Other $'000	Total $'000
Opening balance 1 August 2022	58,797	42,921	4,288	14,290	2,155	122,451
Recognised / (reversed)	87,425	16,806	3,499	11,489	2,274	121,493
Foreign currency exchange difference	365	172	–	294	25	856
Settled	(89,638)	(5,117)	(3,336)	(21,188)	(2,324)	(121,603)
Closing balance 31 July 2023	**56,949**	**54,782**	**4,451**	**4,885**	**2,130**	**123,197**
Current	53,362	28,398	4,451	4,885	2,130	93,226
Non-current	3,587	26,384	–	–	–	29,971
Total	**56,949**	**54,782**	**4,451**	**4,885**	**2,130**	**123,197**

	Employee benefits $'000	Remediation and make good $'000	Workers compensation $'000	Site Closures $'000	Other $'000	Total $'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**

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.

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 years, Glen-Gery ceased to participate in the NGIPP.

As the Group is unable to identify its share of the assets and liabilities for the AB&GW scheme as insufficient information is available on which to calculate this split (as confirmed with the scheme actuaries), it is accounted for on a defined contribution basis.

Unfunded vested benefits are allocated among active employer participating groups. This allows the multi-employer plan to assess employers who withdraw from a plan with a share of the plan's total unfunded vested liability. That share of unfunded liability is not determined with reference to the employer's participants nor the assets that were accumulated by that employer's contributions. When an employer withdraws, it may be required to pay the entire withdrawal liability over time, or a lesser amount based on certain limitations related to the period of payments and the net worth of the employer.

The minimum contribution requirements for the AB&GW scheme are based on a minimum monthly charge per active employee.

In total, the AB&GW plan has a deficit as at 31 July 2023 of $20.4 million (2022: $18.2 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 $17.1 million (2022: $16.8 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 2024, amount to $1.5 million (2022: $1.4 million).

	Post-employment liabilities $'000
Opening balance 1 August 2022	16,810
Recognised/(reversed)	94
Settled	(570)
Foreign currency exchange difference	815
Closing balance 31 July 2023	**17,149**
Current	984
Non-current	16,165
Total	**17,149**
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**

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

	Notes	2023 $000	2022 $000
Profit from continuing operations before income tax		512,444	1,276,747
Loss from discontinued operations before income tax benefit	6.5	(15,091)	(21,997)
Profit before income tax		**497,353**	**1,254,750**
Prima facie tax expense calculated at 30%		149,206	376,425
(Decrease)/increase in income tax expense due to:			
Franked dividend income		(26,597)	(18,391)
Share of net profits of associates		(23,186)	(18,676)
(Under)/overprovided in prior years		3,255	2,344
R&D tax incentive		(2,580)	(1,076)
Loss on derecognition of associate		1,709	–
Disposal of land		(1,702)	(7,854)
Business acquisition costs		1,437	690
Tax rate difference in overseas entities		206	(502)
Gain on deemed disposal of associate		–	53,955
Goodwill and impairment losses		–	24,600
Utilisation of carried forward capital losses		–	(11,246)
Other non-allowable items		911	90
Income tax expense attributable to profit		**102,659**	**400,359**
Current tax (benefit)/expense		(24,258)	25,616
Deferred tax expense relating to movements in deferred tax balances	4.2	123,662	383,645
Overprovided in prior years		3,255	2,344
Utilisation of carried forward capital losses		–	(11,246)
Total income tax expense on profit		**102,659**	**400,359**

4.1 Income tax expense (continued)

	Notes	2023 $000	2022 $000
Income tax expense / (benefit) attributable to:			
Profit from continuing operations		107,180	407,011
Loss from discontinued operations	6.5	(4,521)	(6,652)
Income tax expense attributable to profit		**102,659**	**400,359**
Income tax expense /(benefit) recognised directly in equity			
Tax effect on movements in reserves attributable to equity accounted investments		(7,010)	1,636
Tax effect on movements in reserves attributable to financial instruments		1,318	705
Income tax expense /(benefit) recognised in other comprehensive income		**(5,692)**	**2,341**
Tax effect on share of associates other movements in retained earnings		–	(129)
Total income tax expense / (benefit) recognised directly in equity		**(5,692)**	**2,212**

4.2 Income tax assets and liabilities

(a) Current income tax liability/(asset)

	2023 $000	2022 $000
Current income tax liability	–	6,315
Current income tax asset	(1,095)	(2,348)

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	
	2023 $000	2022 $000	2023 $000	2022 $000
Equity accounted investments in associated and joint ventures	1,084,726	945,549	143,744	477,092
Property, plant and equipment	(45,239)	(46,625)	582	(77,856)
Provisions	(52,938)	(44,971)	(14,095)	(14,074)
Tax losses and rebates	(46,984)	(12,551)	(10,175)	(2,252)
Intangibles	3,931	1,922	2,009	579
Other	(2,468)	(2,389)	1,597	156
Net deferred income tax liability	**941,028**	**840,935**	**123,662**	**383,645**

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:

	Notes	2023 $000	2022 $000
Financial assets			
Cash and cash equivalents	5.2	69,565	106,083
Receivables	3.1(a)	147,387	152,138
Financial assets at fair value through other comprehensive income	5.3	13,107	5,876
Derivative financial assets	5.4(c), 5.8(a)	2,863	1,059
Total financial assets		**232,922**	**265,156**
Financial liabilities			
Trade and other payables	3.1(c)	136,032	148,694
Borrowings	5.4(a)	711,552	594,657
Lease liabilities	3.3	608,502	543,772
Other financial liabilities	5.5	13,530	12,382
Derivative financial liabilities	5.4(c)	457	41
Total financial liabilities		**1,470,073**	**1,299,546**

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 (2022: 40%).

	2023 $000	2022 $000
Net debt	652,030	493,099
Total equity	3,561,016	3,259,995
Capital employed	**4,213,046**	**3,753,094**
Net debt to capital employed	15.5%	13.1%

5.2 Cash and cash equivalents

	2023 $000	2022 $000
Cash on hand	69,565	106,083

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	
	2023 $000	2022 $000
Equities – Listed	13,107	5,876
Total	**13,107**	**5,876**

5.4 Borrowings

(a) Available loan facilities

	2023 $000	2022 $000
Current		
Interest-bearing loans	–	15,250
	–	**15,250**
Non-current		
Interest-bearing loans	721,595	583,932
Unamortised borrowing costs	(10,043)	(4,525)
	711,552	**579,407**

In December 2022 the Group completed a partial refinancing of its debt, which consisted of the following changes:

- Syndicated loan facility (Tranche E) (Previously Tranche A): the facility limit of A$100 million was extended with the maturity date set to August 2027 (2022: December 2023);
- Syndicated loan facility (Tranche E1) (Previously Tranche A1): the facility limit of US$100.0 million was extended with the maturity date set to August 2027 (2022: December 2023); and
- Working capital facility: the facility limit of A$75.0 million was extended with the maturity date set to December 2024 (2022: December 2023).

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 BBSY[1] (AUD) and Term SOFR[2] (USD) bid rate with a credit spread adjustment 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 2023 approximated their carrying amount (2022: carrying amount).

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.

1 The Bank Bill Swap Bid Rate (BBSY) is a benchmark interest rate quoted by Reuters Information Service.
2 Term SOFR is the market implied forward looking term index rate published by the Chicago Mercantile Exchange ('CME') Group used as an index.

(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 2023 the Group had AUD 226.0 million and USD 52.0 million of unused bank facilities (2022: AUD 324.0 million and USD 67.0 million).

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.

The maturity profile of the Group's loan facilities at 31 July 2023 is outlined below.

Facility	Currency	Limit ($m)	Drawn ($m)	Available ($m)	Maturity date
Tranche B	AUD	175	80	95	06–Aug–24
Tranche C	AUD	104	103	1	20–Dec–26
Tranche E	AUD	100	–	100	06–Aug–27
Syndicated loan facility	**AUD**	**379**	**183**	**196**	
Tranche B1	USD	100	100	–	06–Aug–24
Tranche E1	USD	100	48	52	06–Aug–27
Tranche D	USD	55	55	–	21–Jun–28
Syndicated loan facility	**USD**	**255**	**203**	**52**	
Facility A-ITL	AUD	25	25	–	16–Feb–28
Facility B-ITL	AUD	35	35	–	16–Feb–26
Facility C-ITL	AUD	40	40	–	16–Feb–26
Syndicated ITL facility	**AUD**	**100**	**100**	**–**	
Facility D-ITL	USD	60	60	–	07–Dec–31
Syndicated ITL facility	**USD**	**60**	**60**	**–**	
Working capital facility	**AUD**	**75**	**45**	**30**	11–Dec–24

5.4 Borrowings (continued)

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 2023				
Trade and other payables	136,032	–	–	136,032
Borrowings	44,920	719,885	98,994	863,799
Lease liabilities	70,584	301,264	414,970	786,818
Other financial liabilities	2,922	8,589	4,490	16,001
Derivatives	(417)	(1,989)	–	(2,406)
	254,041	**1,027,749**	**518,454**	**1,800,244**
31 July 2022				
Trade and other payables	148,694	–	–	148,694
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	(1,058)	–	(1,017)
	237,382	**757,706**	**439,766**	**1,434,854**

(c) Management of interest rate risk

The Group's main interest rate risk arises from fluctuations in the BBSY bid rate and Term SOFR 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 3.33% (2022: 2.51%). 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 2023 the Group entered into one new interest rate swap arrangement to the value of $100.0 million.

	Notional Principal Amount		Average Interest Rate		Fair value	
	2023 $000	2022 $000	2023 %	2022 %	2023 $000	2022 $000
Less than 1 year	25,000	25,000	2.77	2.54	417	(41)
1 to 3 years	175,000	100,000	3.41	2.48	1,989	1,031
3 to 5 years	–	–	–	–	–	–
Total asset/(liability)	**200,000**	**125,000**	**3.33**	**2.51**	**2,406**	**990**

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 2023, 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 $4.0 million higher/lower respectively (2022: $3.7 million higher/lower). There would not have been any other significant impacts on equity.

5.5 Other financial liabilities

	2023 $'000	2022 $'000
Deferred consideration related to business combinations:		
Current	2,922	1,427
Non-current	10,608	10,955
Total	**13,530**	**12,382**

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.

5.6 Contributed equity

	2023 Number of shares	2022 Number of shares	2023 $'000	2022 $'000
Contributed equity				
Ordinary shares, fully paid	152,244,695	151,775,663	410,150	401,090
Treasury shares	(517,193)	(445,339)	(10,315)	(8,827)
			399,835	**392,263**
Movement in ordinary issued capital				
Opening balance 1 August	151,775,663	151,596,520	401,090	397,060
Issue of shares through employee share plan	469,032	179,143	9,083	4,043
Share issue costs			(23)	(13)
Closing balance 31 July	**152,244,695**	**151,775,663**	**410,150**	**401,090**
Movement in treasury shares				
Opening balance 1 August	(445,339)	(576,426)	(8,827)	(10,173)
Bonus shares through employee share plan	(309,412)	(110,905)	(6,562)	(2,814)
Shares purchased under Short-term incentive (STI) scheme	(46,822)	(32,692)	(994)	(852)
Shares vested under STI scheme	32,692	41,054	852	803
Shares vested to employees	251,688	233,630	5,216	4,209
Closing balance 31 July	**(517,193)**	**(445,339)**	**(10,315)**	**(8,827)**

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.

5.7 Reserves

	Notes	Capital Profits Reserve $'000	Equity Adjust-ments Reserve $'000	General Reserve $'000	Foreign Currency Reserve $'000	Share-based Payments Reserve $'000	Investment revaluation reserve $'000	Associates and JVs Reserve $'000	Total $'000
Balance at 1 August 2022		88,102	17,598	36,125	1,317	10,180	3,665	26,629	183,616
Other comprehensive income for the year		–	5,692	–	2,344	–	(2,155)	(23,365)	(17,484)
Issue of shares through employee share plan		–	–	–	–	(2,521)	–	–	(2,521)
Shares purchased under Short-term incentive (STI) scheme		–	–	–	–	994	–	–	994
Shares vested under Short-term incentive (STI) scheme		–	–	–	–	(852)	–	–	(852)
Shares vested to employees	7.1	–	–	–	–	(5,216)	–	–	(5,216)
Share based payments expense	7.1	–	–	–	–	10,293	–	–	10,293
Balance at 31 July 2023		**88,102**	**23,290**	**36,125**	**3,661**	**12,878**	**1,510**	**3,264**	**168,830**
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**

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.

5.8 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 2023 the net investment in the US subsidiaries of the Group of USD 297.9 million (2022: USD 290.8 million) was hedged with USD denominated borrowings of USD 263.0 million (2022: USD 248.0 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	
	2023 $000	2022 $000
USD forward contracts	–	–
EUR forward contracts	–	28
Net derivative liability	**–**	**28**

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

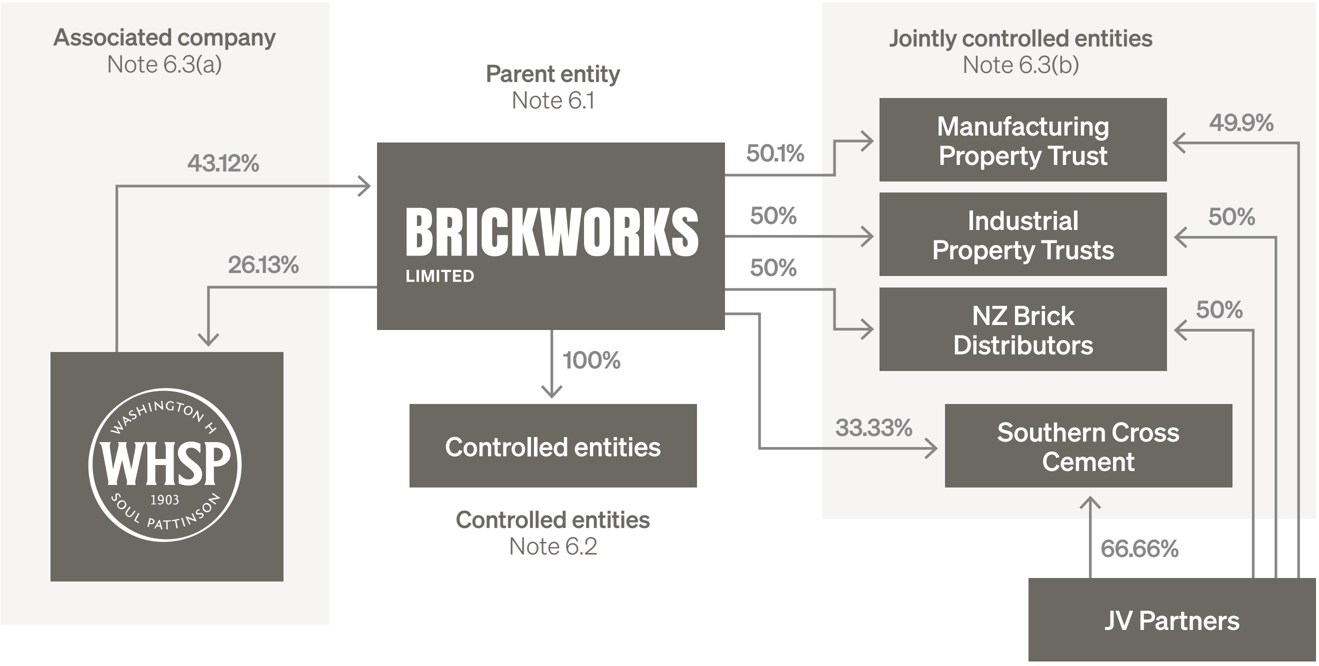
The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. At 31 July 2023, the exposure to equity investments at fair value listed on the Australian Stock Exchange was $13.1 million (2022: $5.8 million). The Group has determined that an increase/decrease of 10% in the share price could have an impact of approximately $1.3 million (2022: $0.58 million) increase/decrease on the other comprehensive income and equity attributable to the Group on pre-tax basis.

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 profit and loss or other comprehensive income. As a result, fluctuations in equity prices would potentially impact both the Group's net profit after tax and equity reflecting the Group's share of fair value movements recognised by WHSP.

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 2023 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

	2023 $000	2022 $000
Statement of financial position		
Current assets	21,402	37,825
Non-current assets	1,084,888	1,119,013
Current liabilities	(2,455)	(24,236)
Non-current liabilities	(73,284)	(87,390)
Net assets	**1,030,551**	**1,045,212**
Equity		
Issued capital	399,835	392,263
Reserves	86,139	100,837
Retained earnings	544,577	552,112
Total equity	**1,030,551**	**1,045,212**
Statement of financial performance		
Profit after tax	72,506	556,061
Total comprehensive income	72,506	556,061

The parent entity's contingent liabilities of $26.8 million (2022: $25.9 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 (2022: nil).

6.2 Controlled entities

Details of wholly owned entities within the Brickworks Group of companies are as follows.

	% Group's interest	
Entity	**2023**	**2022**
Incorporated in Australia		
A.C.N. 000 012 340 Pty Ltd[1]	100	100
A.C.N. 074 202 592 Pty Ltd[1]	100	100
AP Installations (NSW) Pty Ltd[1]	100	100
AP Installations (Qld) Pty Ltd[1]	100	100
Austral Bricks (NSW) Pty Ltd[1]	100	100
Austral Bricks (Qld) Pty Ltd[1]	100	100
Austral Bricks (SA) Pty Ltd[1]	100	100
Austral Bricks (Tas) Pty Ltd[1]	100	100
Austral Bricks (Tasmania) Pty Ltd[1]	100	100
Austral Bricks (Vic) Pty Ltd[1]	100	100
Austral Bricks (WA) Pty Ltd[1]	100	100
Austral Bricks Holdings Pty Ltd[1]	100	100
Austral Masonry (NSW) Pty Ltd[1]	100	100
Austral Masonry (Qld) Pty Ltd[1]	100	100
Austral Masonry (Vic) Pty Ltd[1]	100	100
Austral Masonry Holdings Pty Ltd[1]	100	100
Austral Precast (NSW) Pty Ltd[1]	100	100
Austral Precast (Qld) Pty Ltd[1]	100	100
Austral Precast (Vic) Pty Ltd[1]	100	100
Austral Precast (WA) Pty Ltd[1]	100	100
Austral Precast Holdings Pty Ltd[1]	100	100
Austral Roof Tiles Pty Ltd[1]	100	100
Austral Cement Pty Ltd[1]	100	100
Auswest Timbers Holdings Pty Ltd[1]	100	100
Bowral Brickworks Pty Ltd[1]	100	100
Brickworks Building Products Pty Ltd[1]	100	100
Brickworks Building Products (NZ) Pty Ltd[1]	100	100
Brickworks Building Products North America Pty Ltd[1]	100	100
Brickworks Cement Pty Limited[1]	100	100
Brickworks Construction Materials Pty Limited[1]	100	100
Brickworks Finance Pty Ltd1[1]	100	100
Brickworks Supercentres Pty Ltd[1]	100	100
Brickworks Head Holding Co Pty Ltd[1]	100	100
Building Products Head Tenant Pty Ltd[1]	100	100
Brickworks Industrial Developments Pty Ltd[1]	100	100
Brickworks Properties Pty Ltd[1]	100	100
Brickworks Property Finance Co Pty Ltd	100	100
Brickworks Specialised Building Systems Pty Ltd[1]	100	100
Brickworks Sub Holding Co No. 1 Pty Ltd[1]	100	100
Brickworks Sub Holding Co No. 2 Pty Ltd[1]	100	100

	% Group's interest	
Entity	**2023**	**2022**
Incorporated in Australia		
Brickworks Sub Holding Co No. 3 Pty Ltd[1]	100	100
Brickworks Sub Holding Co No. 4 Pty Ltd[1]	100	100
Brickworks Sub Holding Co No. 5 Pty Ltd[1]	100	100
Brickworks Sub Holding Co No. 6 Pty Ltd[1]	100	100
Brickworks Sub Holding Co No. 7 Pty Ltd[1]	100	100
Brickworks Sub Holding Co No. 8 Pty Ltd[1]	100	100
Bristile Guardians Pty Ltd[1]	100	100
Bristile Holdings Pty Ltd[1]	100	100
Bristile Pty Ltd[1]	100	100
Bristile Roofing (East Coast) Pty Ltd[1]	100	100
Bristile Roofing Holdings Pty Ltd[1]	100	100
Capital Battens Pty Ltd[1]	100	100
Christies Sands Pty Ltd[1]	100	100
Clifton Brick Holdings Pty Ltd[1]	100	100
Clifton Brick Manufacturers Pty Ltd[1]	100	100
Daniel Robertson Australia Pty Ltd[1]	100	100
Davman Builders Pty Ltd[1]	100	100
Hallett Brick Pty Ltd[1]	100	100
Hallett Roofing Services Pty Ltd[1]	100	100
Horsley Park Holdings Pty Ltd[1]	100	100
International Brick & Tile Pty Ltd[1]	100	100
J. Hallett & Son Pty Ltd[1]	100	100
Lumetum Pty Ltd[1]	100	100
Metropolitan Brick Company Pty Ltd[1]	100	100
Nubrik Concrete Masonry Pty Ltd[1]	100	100
Nubrik Pty Ltd[1]	100	100
Pilsley Investments Pty Ltd[1]	100	100
Prestige Equipment Pty Ltd[1]	100	100
Southern Bricks Pty Ltd[1]	100	100
The Austral Brick Co Pty Ltd[1]	100	100
The Warren Brick Co Pty Ltd[1]	100	100
Visigoth Pty Ltd[1]	100	100
Incorporated in the United States of America		
Brickworks North America Corporation	100	100
Brickworks Eddie Acquisition Corporation	100	100
Brickworks Supply LLC	100	100
Glen-Gery Corporation	100	100
Landmark Stone Products, LLC	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).

6.3 Investments accounted for using the equity method

	Notes	2023 $000	2022 $000
Associated companies	6.3(a)	2,104,435	2,051,006
Joint ventures	6.3(b)	2,293,295	1,771,564
Total investments accounted for using the equity method		**4,397,730**	**3,822,570**

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	
	2023 %	2022 %	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Washington H. Soul Pattinson and Company Limited	26.13	26.13	162,295	(20,213)	2,104,435	2,051,006	3,107,674	2,422,949
FBR Limited	–	–	(1,696)	–	–[1]	–	–	–
Total			**160,599**	**(20,213)**	**2,104,435**	**2,051,006**	**3,107,674**	**2,422,949**

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

During the year, the Group acquired additional shares in FBR Limited (FBR) which resulted in Brickworks being the largest shareholder in this entity. Following these share acquisitions, at 31 October 2022 the Group's interest in FBR was 19.65% (July 2022: 5.29%). Given the resulting ability to exercise significant influence in FBR, the Group's investment in FBR was classified as an investment in associate company and measured using the equity method of accounting with 31 October 2022 as the date of transition. The Group's accounting policy is to apply 'fair value as a deemed cost' method to account for transition between available for sale investments and investments in associates.

1 At 31 July 2023 the Group's investment in FBR was classified as a financial asset measured at fair value through other comprehensive income (FVOCI).

6.3 Investments accounted for using the equity method (continued)

(a) Associated company (continued)

Subsequent to 31 October 2022, FBR issued additional shares to its other shareholders which resulted in the Group's interest reducing from 19.65% at 31 October 2022 to 19.05% at 31 January 2023. The non-cash loss on deemed disposal recognised by the Group amounted to $1.0 million.

In March 2023, FBR completed an equity raise which led to further dilution of Brickworks shareholding. Consequently, the Group no longer held significant influence and the investment in FBR was derecognised as an associate. Upon derecognition, a loss of $11.3 million was recognised as part of significant items, reflecting the decline in market value of FBR.

At the end of the year, the market value of Brickworks stake in FBR was $13.1 million with the investment measured at Fair Value Through Other Comprehensive Income (FVOCI).

In addition to the Group owning 26.13% (2022: 26.13%) of issued ordinary shares of WHSP, at 31 July 2023, WHSP owned 43.12% (2022: 43.25%) of issued ordinary shares of Brickworks Limited.

In the prior year, 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 owned 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 in the prior year, 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.

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.

	2023 $000	2022 $000
Current assets	1,717,298	1,592,873
Non-current assets	7,253,879	7,549,125
Current liabilities	(375,241)	(402,320)
Non-current liabilities	(529,081)	(879,926)
Outside equity interest (OEI)	(13,141)	(10,512)
Net assets	**8,053,714**	**7,849,240**
Equity accounted carrying value	**2,104,435**	**2,051,006**
Revenue	629,465	2,784,562
Profit after tax attributable to members	621,145	(124,509)
Other comprehensive income	(70,187)	(42,212)
Total comprehensive income	**550,958**	**(166,721)**
Dividends received by Brickworks Limited from the associate	**88,657**	**61,305**

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 (2022: nil and $22 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 associates accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The consolidated financial statements include eliminations related to the cross share-holding arrangement between the Group and the associate.

(b) Joint ventures

Information relating to joint ventures is outlined below.

	Group's interest		Contribution to Group profit before tax		Carrying value		Principal activity
	2023 %	2022 %	2023 $'000	2022 $'000	2023 $'000	2022 $'000	
Domiciled in Australia							
BGAI Erskine Trust	50.0	50.0	37,472	40,691	236,856	207,993	Property development, management and leasing
BGAI1 Capicure Trust	50.0	50.0	7,201	4,877	27,407	20,354	
BGAI1 Heritage Trust	50.0	50.0	16,348	14,479	75,542	60,185	
BGAI1 Oakdale Trust	50.0	50.0	33,559	91,321	348,915	321,207	
BGAI1 Oakdale East Trust	50.0	50.0	5,319	15,607	70,649	66,486	
BGAI1 Oakdale South Trust	50.0	50.0	51,065	101,723	277,567	230,232	
BGAI2 Rochedale BT Trust	50.0	50.0	1,122	3,062	15,725	14,934	
BGAI2 Rochedale Trust	50.0	50.0	(1,070)	19,370	90,179	93,352	
BGAI2 Rochedale North Trust	50.0	50.0	947	19,604	28,308	27,416	
BGMG1 Oakdale West Trust	50.0	50.0	82,339	339,845	585,476	500,463	
BGMG Oakdale East Stage 2 Trust[1]	50.0	–	–	–	301,275	–	
Brickworks Goodman Manufacturing Trust (BGMT)[2]	50.1	50.1	5,869	–	215,776	211,512	
Property Trusts			**240,171**	**650,579**	**2,273,675**	**1,754,134**	
Southern Cross Cement	33.33	33.33	826	(608)	11,272	10,446	Import of cement
Domiciled in New Zealand							
NZ Brick Distributors	50.00	50.00	1,133	650	8,348	6,984	Import and distribution of building products
Total			**242,130**	**650,621**	**2,293,295**	**1,771,564**	

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

1 In the current year the Group sold the remainder of the Oakdale East land into a newly established JV trust with Goodman Group (BGMG Oakdale East No 2.). Consideration for the sale amounted to $301.3 million and represents the Group's initial investment in this trust (refer Note 2.2).

2 In the prior year, 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).

6.3 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.

	2023 $000	2022 $000
Share of fair value adjustment of properties held by joint venture	190,621	614,470
Share of joint venture property rental profits	49,550	36,109
Total equity accounted profit from Property Trusts	**240,171**	**650,579**

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.

	2023 $000	2022 $000
Current assets	169,841	54,781
Non-current assets	5,757,595	4,712,395
Current liabilities	(87,619)	(87,360)
Non-current liabilities	(1,233,581)	(1,133,019)
Net assets	**4,606,236**	**3,546,797**
Equity accounted carrying value	**2,293,295**	**1,771,564**
Other balance sheet disclosures		
Cash and cash equivalents	19,552	19,792
Current financial liabilities	(30,765)	(65,989)
Non-current financial liabilities	(1,231,655)	(1,129,822)
Revenue	232,198	148,224
Depreciation and amortisation	(4,077)	(3,951)
Interest income	509	26
Interest expense	(56,267)	(33,692)
Profit after tax	485,062	1,300,635
Other comprehensive income	–	–
Total comprehensive income	**485,062**	**1,300,635**
Distributions received by Brickworks Limited from the joint ventures	**36,287**	**36,182**
Joint ventures' expenditure commitments		
Capital commitments	236,680	210,360
Contingent liabilities of joint ventures		
Contingent liabilities incurred jointly with other investors	–	–
The entity has no legal liability for any contingent liabilities incurred by joint ventures.		

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 2023 (2022: 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. A profit and risk adjustment 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 of 20% was determined based on the location, size and status of the development at the valuation date.

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.

	2023 $000	2022 $000
Consolidated Balance Sheet		
Current assets		
Cash and cash equivalents	55,437	67,337
Receivables	91,072	99,756
Inventories	154,897	188,311
Other assets	8,334	6,425
Contract assets	920	1,968
Assets classified as held for sale	13,532	24,224
Total current assets	**324,192**	**388,021**
Non-current assets		
Receivables	835,011	613,653
Inventories	7,180	6,901
Other financial assets	354,149	345,503
Investments accounted for using the equity method	2,124,055	2,068,436
Property, plant and equipment	374,478	397,926
Right-of-use assets	315,124	300,077
Intangibles	103,705	102,669
Total non-current assets	**4,113,702**	**3,835,165**
Total assets	**4,437,894**	**4,223,186**
Current liabilities		
Trade and other payables	373,201	313,749
Borrowings	–	15,250
Derivative financial liabilities	–	41
Lease liabilities	39,682	32,708
Income tax payable	5,240	12,851
Contract liabilities	661	1,557
Liabilities directly associated with assets classified as held for sale	16,760	16,701
Provisions	82,855	69,886
Total current liabilities	**518,399**	**462,743**
Non-current liabilities		
Borrowings	711,552	579,407
Derivative financial liabilities	457	–
Lease liabilities	496,312	473,080
Provisions	28,175	33,069
Deferred income tax liabilities	307,555	415,672
Total non-current liabilities	**1,544,051**	**1,501,228**
Total liabilities	**2,062,450**	**1,963,971**
Net assets	**2,375,444**	**2,259,215**

	2023 $000	2022 $000
Equity		
Contributed equity	399,835	392,263
Reserves	128,699	168,319
Retained profits	1,846,910	1,698,633
Total equity	**2,375,444**	**2,259,215**

Consolidated Income Statement

Profit before income tax	267,073	591,312
Income tax expense	(31,965)	(199,842)
Profit after income tax expense	**235,108**	**391,470**

Movement in Consolidated Retained Earnings

Retained profits at the beginning of the year	1,698,261	1,372,382
Profit after income tax expense	235,108	391,470
Dividends paid	(86,459)	(79,983)
Share of associate's transferred to outside equity interests	–	14,764
Retained profits at the end of the year	**1,846,910**	**1,698,633**

6.5 Discontinued operations

In the previous 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 had been classified as held for sale. The results for the year ended 31 July 2023 and the prior year have been presented as discontinued operations (net of tax).

Financial performance and cashflow information

	2023 $000	2022 $000
Results of discontinued operations		
Revenue	39,830	35,664
Expenses	(46,562)	(38,939)
Operating loss	**(6,732)**	**(3,275)**
Impairment loss recognised on the measurement to fair value less costs to sell	(5,933)	(18,727)
Gain on disposal of assets held for sale	693	–
Other significant items	(3,025)	(587)
Finance income/(expense)	(94)	592
Loss before tax	**(15,091)**	**(21,997)**
Income tax benefit/(expense)	4,521	6,652
Loss after tax	**(10,570)**	**(15,345)**
Cash flows from discontinued operations		
Net cash used in operating activities	(2,906)	(7,759)
Net cash from/(used) in investing activities	107	(343)
Net cash from financing activities	(1,541)	(751)
Net cash inflow/(outflow)	**(4,340)**	**(8,853)**
Basic (cents per share) from discontinued operations	(6.9)	(10.1)
Diluted (cents per share) from discontinued operations	(6.9)	(10.1)

	2023 $000	2022 $000
Assets and liabilities classified as held for sale		
Receivables	6,698	5,745
Inventories	2,479	7,802
Contract assets	4,325	5,637
Right-of-use assets	–	4,749
Other assets	30	291
Assets classified as held for sale	**13,532**	**24,224**
Payables	4,967	2,961
Provisions	4,147	3,569
Contract liabilities	2,894	3,699
Lease liabilities	4,752	6,472
Liabilities held for sale	**16,760**	**16,701**
Net assets/(liabilities) held for sale	**(3,228)**	**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 the 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 2023, there were 620 employees participating in the Brickworks Deferred Employee Share Plan and the Brickworks Exempt Employee Share Plan, holding 1,222,156 shares (0.8% 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 No. of shares	Vested No. of shares	Total No. of shares
Opening balance	349,052	809,206	1,158,258
Granted	333,316	–	333,316
Vested	(251,688)	251,688	–
Forfeited/withdrawn	(46,978)	(275,533)	(322,511)
Closing balance	**383,702**	**785,361**	**1,169,063**

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.

218,059 rights were allocated in the current year (2022: 217,538). 185,370 rights vested on 31 July 2023 (2022: 144,774). There were no rights forfeited in the current year (2022: nil).

A fair value of rights with a TSR performance hurdle has been determined with reference to an independent valuation. A summary of key valuation assumptions is outlined below.

	2023
Grant date	23-Nov-22
Valuation method	Monte-Carlo simulation
Performance period	3 years
Grant date share price	$21.88
Estimated volatility	27.84%
Risk free rate (2.69-yr rate)	3.23%

	2023 $	2022 $
Expense arising from share-based payment transactions	10,292,819	6,958,114
Fair value of vested shares held by the plan at the end of the year (based on 31 July share price)	20,348,704	17,017,602
Fair value of shares granted during the year	8,457,457	3,582,055
Fair value of executive rights granted during the year	5,835,149	4,748,973

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 Group and Goodman Australia Industrial Fund, an unlisted property trust. During the financial year ended 31 July 2023, the Group sold the Oakdale East Stage 2 land holding into the Property trust for a consideration of $301.3 million and realising a profit of $262.6 million (2022: nil). All transactions with the property trust are at arm's length value.
- 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 (2022: nil).

7.3 Auditor's remuneration

	2023 $	2022 $
Fees for auditing the statutory financial report of the parent covering the group	**1,279,715**	**1,361,777**
Other assurance services		
Taxation services	119,952	420,601
Other services (Climate change and sustainability services)	5,450	54,470
Fees for other services	**125,402**	**475,071**
Total fees	**1,405,117**	**1,836,848**

The financial statements of the Group are audited by EY. Details of non-audit services provided by EY are outlined in the Directors' Report.

7.4 Commitments and contingencies

(a) Commitments

	2023 $000	2022 $000
Contracted capital expenditure		
Within one year	21,509	38,048

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

	2023 $000	2022 $000
Shareholder guarantee provided as part of joint venture arrangements and bank guarantees issued in the ordinary course of business	59,461	60,454

The Group does not anticipate that any of the bank guarantees issued on its behalf will be called upon.

The entities forming the Group are parties to various legal actions against them that are not provided for in the financial statements. These actions are being defended and the Group does not anticipate that any of these actions will result in material adverse consequences for the Group.

7.5 Events occurring after balance date

On 1 September 2023 the Company filed proceedings in the Federal Court of Australia against BGC (Australia) Pty Limited and Midland Brick Pty Ltd seeking unspecified damages for various alleged contraventions of sections 46 and 50 of the *Competition and Consumer Act*. The claim is now before the Federal Court and a further update will be provided in due course.

Apart from the above, 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

There were no other new accounting standards, interpretations and amendments significantly impacting the Group in the year ended 31 July 2023.

(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 2023. 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*
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Dumbarton Oaks
Santa Fe, Shenandoah, Victorian
Washington, DC

House at Flat Rock
Austral Masonry Australite in Smooth Grey
and Bowral Bricks in Chillingham White
Bendalong, NSW

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 131 to 180, 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 2023 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 2023.

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

R.D. Millner
Director

L.R. Partridge AM
Director

Dated: 28 September 2023

Allianz Stadium
Austral Masonry Techpave in Custom Colours
Sydney, NSW

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Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report

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 2023, 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 2023 and of its consolidated financial performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of investment properties held within joint venture property trusts

Why significant	How our audit addressed the key audit matter

At 31 July 2023, the Group's total assets include interests in joint venture property trusts that are equity accounted with a carrying value of $2,273.7 million. 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 $190.6 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 changes in key inputs such as the expected development costs to complete, the stage of completion and associated profit and risk adjustments, capitalisation rates, expected rental income, letting up periods and incentives.
 	
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.
	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 investment property 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 expected development costs to complete, stage of completion and associated profit and risk adjustments, capitalisation rates, expected rental income, letting up periods and incentives, 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 that 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 contained in Note 6.3(b) to the financial report.

Impairment assessment of goodwill and other non-current assets

Why significant	How our audit addressed the key audit matter
At 31 July 2023, the Group's consolidated balance sheet includes goodwill and other intangible assets totalling $144.4 million, and property plant and equipment and right of use assets totalling $1,007.6 million. The Directors have assessed goodwill and other intangible and tangible assets for impairment at 31 July 2023 and concluded no impairment is required. As disclosed in Note 3.2(c) to the financial report, the impairment assessment incorporated significant judgments and estimates, 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.	Our audit procedures included the following: ◗ Assessed the Group's determination of the Cash Generating Units 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 specialists. ◗ Performed sensitivity analysis on key assumptions including discount rates and terminal value growth rates. ◗ Assessed the adequacy of the disclosures relating to goodwill and other intangible assets in Note 3.2(c) 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 2023 Annual Report, but does not include the financial report and our auditor's report thereon.

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 104 to 125 of the directors' report for the year ended 31 July 2023.

In our opinion, the Remuneration Report of Brickworks Limited for the year ended 31 July 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

J Inglis

Jodie Inglis
Partner

28 September 2023

University of Rochester, Wegmans Hall
53-DD
Rochester, New York

Statement of

Shareholders

Ordinary Shares

as at 31 August 2023

Shareholders

Number of holders	**26,323**
Voting entitlement is one vote per fully paid ordinary share % of total holdings by or on behalf of 20 largest shareholders	69.79%
Distribution of shareholdings:	
1 – 1,000	18,444
1,001 – 5,000	6,316
5,001 – 10,000	903
10,001 – 100,000	609
100,001 and over	51
	26,323
Holdings of less than marketable parcel of 19 shares	693

Substantial Shareholders

The names of the substantial shareholders as disclosed in the shareholder notices received by the Company:

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 2023

		Number of Shares	%
1	WASHINGTON H SOUL PATTINSON & COMPANY LIMITED	65,645,140	43.12
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,469,149	8.19
3	CITICORP NOMINEES PTY LIMITED	7,915,423	5.20
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,068,792	4.64
5	NATIONAL NOMINEES LIMITED	3,359,205	2.21
6	J S MILLNER HOLDINGS PTY LIMITED	3,018,836	1.98
7	BNP PARIBAS NOMS PTY LTD <DRP>	1,149,162	0.75
8	WILDESMEADOW PTY LTD	828,480	0.54
9	T G MILLNER HOLDINGS PTY LIMITED	698,509	0.46
10	ARGO INVESTMENTS LIMITED	584,009	0.38
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	439,188	0.29
12	BKI INVESTMENT COMPANY LIMITED	436,209	0.29
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	380,449	0.25
14	MR GREGORY JAMES STONIER	374,686	0.25
15	MR JAMES WILLIAM STONIER	369,685	0.24
16	MRS KATHRYN ELIZABETH HOZACK	360,886	0.24
17	MILLANE PTY LIMITED	341,349	0.22
18	DIXSON TRUST PTY LIMITED	302,418	0.20
19	HEXHAM HOLDINGS PTY LIMITED	261,209	0.17
20	MRS LOUISE MARGARET RASMUSSEN	250,000	0.16
		106,252,784	**69.79**

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 (within Australia)
+61 3 9415 4000 (International)

Principal Administrative Office

738–780 Wallgrove Road
Horsley Park NSW 2175
Telephone: (02) 9830 7800
Email: info@brickworks.com.au

B23 New Arrivals
Daniel Robertson Civic Series

Important Dates

2023 annual result released	**28 September 2023**
Record date for final ordinary dividend	**1 November 2023**
Annual General Meeting	**21 November 2023**
Payment date for final ordinary dividend	**22 November 2023**
2024 half-year end	**31 January 2024**
2024 half-year result announced	**21 March 2024**
Record date for interim ordinary dividend	**10 April 2024**
Payment date for interim ordinary dividend	**1 May 2024**
2024 financial year end	**31 July 2024**
2024 annual result released	**26 September 2024**

The above dates are indicative only and are subject to change

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BRICKWORKS