

24 March 2022

Australian Securities Exchange
Attention: **Companies Department**
BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please see attached the Brickworks Limited Appendix 4D for the half year ended 31 January 2022, incorporating the interim financial report for that period, for immediately release to the market.

This announcement has been authorised for release by the Brickworks Board of Directors.

Yours faithfully

BRICKWORKS LIMITED



Susan Leppinus

Company Secretary

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ASX Appendix 4D

Half Year ended 31 January 2022

Results for announcement to the market

	31 January 2022	31 January 2021 ¹	% Change
Revenues from continuing operations (\$000's)	534,960	431,707	23.92%
Net profit after tax from continuing operations before significant items (\$000's)	330,482	89,567	268.98%
Profit from ordinary activities before tax attributable to members (\$000's) ²	898,617	97,740	819.40%
Profit from ordinary activities after tax attributable to members (\$000's) ²	581,049	70,863	719.96%
Net profit for the period attributable to members (\$000's) ²	581,049	70,863	719.96%
Basic earnings per share (cents per share)	383.0	47.3	710.19%
Net tangible assets per share (dollars per share) ³	16.72	13.79	21.25%
Interim dividend declared – 100% franked (cents per share) (Record date: 12 April 2022)	22.0	21.0	4.76%

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

- **Statutory NPAT** including significant items, up 720% to \$581 million
- **Underlying NPAT from continuing operations** before significant items, up 269% to \$330 million
- **Underlying EBIT from continuing operations** before significant items, up 254% to \$450 million (EBITDA up 200% to \$488 million)
 - **Building Products Australia EBIT** up 66% to \$27 million (EBITDA \$54 million)
 - **Building Products North America EBIT** down 70% to \$1 million (EBITDA \$12 million)
 - **Property EBIT** up 289% to \$358 million. Net Property Trust assets up \$349 million, to \$1.260 billion
 - **Investments EBIT** up 196% to \$73 million. BKW share of WHSP market value down \$504 million during period, to \$2.576 billion
- **Operating cash flow** down 17% to \$63 million
- **Interim dividend** of 22 cents fully franked, up 1 cent or 5% (Record date 12 April 2022, payment date 3 May 2022)

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the Financial Report for the financial half year ended 31 January 2022.

This information should be read in conjunction with the most recent annual report.

The report is based on accounts which have been subject to review. There was no dispute or qualification in relation to these accounts or report.

¹Comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements.

²Including discontinued operations in the prior period.

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

BRICKWORKS

A.B.N. 17 000 028 526

INTERIM FINANCIAL REPORT HALF YEAR ENDED 31 JANUARY 2022

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 half year ended 31 January 2022.

Directors

The names of the Directors in office at any time during or since the end of the half year up to the date of this report are:

- **Robert D. Millner** FAICD (Chairman)
- **Michael J. Millner** MAICD (Deputy Chairman)
- **Lindsay R. Partridge AM** BSc. Hons. Ceramic Eng; FAICD; Dip. CD (Managing Director)
- **Deborah R. Page AM** B.Ec; FCA; FAICD
- **The Hon. Robert J. Webster** MAICD
- **Malcolm P. Bunday** B.Bus (Accounting), GAICD
- **Robyn N. Stubbs** B.Bus M.Sc., GAICD

Highlights

- **Statutory NPAT** including significant items, up 720% to \$581 million
- **Underlying NPAT¹ from continuing operations** before significant items, up 269% to \$330 million
- **Underlying EBIT¹ from continuing operations** before significant items, up 254% to \$450 million (EBITDA up 200% to \$488 million)
 - Building Products Australia EBIT up 66% to \$27 million (EBITDA \$54 million)
 - Building Products North America EBIT down 70% to \$1 million (EBITDA \$12 million)
 - Property EBIT up 289% to \$358 million. Net Property Trust assets up \$349 million, to \$1.260 billion
 - Investments EBIT up 196% to \$73 million. Brickworks' share of WHSP market value down \$504 million during period, to \$2.576 billion
- **Operating cash flow** down 17% to \$63 million
- **Interim dividend** of 22 cents fully franked, up 1 cent or 5% (Record date 12 April 2022, payment date 3 May 2022).

Earnings

Brickworks Group (ASX: BKW) posted a Statutory Net Profit After Tax ('NPAT') of \$581 million for the half year ended 31 January 2022, up 720% on the previous corresponding period. Underlying NPAT from continuing operations was \$330 million, up 269% on the prior period.

On sales revenue of \$348 million, **Building Products Australia** Earnings Before Interest and Tax from continuing operations ('EBIT') was \$27 million, up 66% on the previous corresponding period (EBITDA was \$54 million). The improved result was primarily due to an uplift in earnings from Austral Bricks, driven by strong underlying demand across all states.

Building Products North America recorded an 84% increase in revenue, to \$187 million, driven by the acquisition of IBC² in August 2021 and increased sales to the southern residential market. However, EBIT was down 70% to \$1 million (EBITDA was \$12 million), with margins adversely impacted by cost pressures across the supply chain and pandemic related challenges impacting staffing levels and production. In addition, demand from the higher margin commercial and architectural segment remains weak compared to pre-pandemic levels.

Property EBIT was a half year record, up 289% to \$358 million, driven by another strong performance from the 50/50 joint venture property trust with Goodman Group³ ('Property Trust'). Strong revaluation and development profits were recorded during the period. This resulted in Brickworks' share of the net asset value within the Property Trust increasing by \$349 million to \$1,260 million. The increasing value of the Property Trust reflects a wider structural change across the economy, as companies modernise their supply chains in response to consumer preferences, such as online shopping.

Investments EBIT was \$73 million, up 196%, with Washington H. Soul Pattinson ("WHSP", ASX: SOL) earnings benefitting from an increase in the contribution from New Hope Corporation and Round Oak Minerals. During the half, WHSP completed a merger with ASX listed investment company, Milton Corporation ("Milton", formerly ASX: MLT). The market value of Brickworks' shareholding in WHSP was \$2.576 billion at 31 January 2022, down \$504 million for the half.

The underlying **income tax** expense from continuing operations was \$110 million, up from \$27 million in the prior corresponding period, due to the higher earnings from Building Products and Property.

Net borrowing costs were down marginally to \$9 million, with underlying interest cover finishing the half at a conservative 37 times.

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

² The acquisition comprised certain assets of Southfield Corporation, including Illinois Brick Company ("IBC").

³ The Joint Venture Industrial Property Trust is a 50/50 partnership between Brickworks and Goodman Industrial Trust.

Significant items increased NPAT by \$251 million for the period. This comprised:

- A net profit of \$279 million following WHSP's merger with Milton. This includes a \$453 million profit on the deemed disposal of WHSP shares, offset by Brickworks share of a goodwill impairment incurred by WHSP, upon the merger.
- A \$2 million profit in relation to other WHSP significant items.
- A \$16 million cost arising from the net impact of the income tax expense in respect of the equity accounted WHSP profit, offset by the impact of fully franked WHSP dividend income, adjusted for the movements in the franking account and the circular dividend impact.
- Restructuring costs of \$6 million (net of tax), primarily relating to the relocation of the Austral Masonry plant in Sydney. In North America, costs were incurred in relation to the closure of several retail outlets and the staged decommissioning of production at the York plant.
- COVID-19 related costs of \$5 million (net of tax), reflecting primarily the unabsorbed fixed costs in relation to manufacturing plant slowdowns, as a result of COVID-19 absenteeism in North America.
- Acquisition costs of \$2 million (net of tax), primarily in relation to the purchase of IBC.
- Other costs of \$1 million (net of tax), primarily in relation to the implementation of a new enterprise resource planning system across Australia.

Statutory Earnings Per Share ('EPS') was 383 cents, up 710% on the previous corresponding period. Underlying EPS from continuing operations was 218 cents, up 266%.

Significant Items (\$m)	Gross	Tax	Net
<i>Gain on deemed disposal of WHSP upon Milton merger</i>	725	(271)	453
<i>WHSP impairment of Goodwill upon Milton merger</i>	(249)	75	(175)
Net impact of WHSP merger with Milton	475	(196)	279
Other significant items relating to WHSP	2	-	2
Income tax from the carrying value of WHSP	-	(16)	(16)
Restructuring activities	(8)	2	(6)
COVID-19 costs	(7)	2	(5)
Acquisition costs	(3)	1	(2)
Other costs	(2)	0	(1)
Total (Continuing Operations)	458	(207)	251

Cash Flow

Total **cash flow from operating activities** was \$63 million, down from \$76 million in the previous corresponding period, with cash generation impacted by increased inventory within Building Products operations.

Capital expenditure was \$43 million during the period, with the Company midway through a significant investment program across a range of major projects. Project spend included a new brick plant at Horsley Park (NSW), a new masonry plant at Oakdale East (NSW) and deployment of a new enterprise resource planning system.

In addition, spending on **acquisitions** amounted to \$64 million, representing the IBC purchase, completed in August 2021.

Balance Sheet

During the half **total shareholders' equity** was up \$509 million to \$2.989 billion, primarily reflecting the increased statutory profit, offset by dividends paid to shareholders.

Net tangible assets ('NTA') per share was \$16.72 at 31 January 2022, up from \$13.88 at 31 July 2021, due to the increase in total shareholders' equity.

Total interest-bearing debt was \$705 million at the end of the period. After including cash on hand, **net debt** was \$626 million, an increase of \$108 million during the half. **Gearing** (net debt to equity) remained steady at 21%.

Brickworks has \$1,015 million in committed debt facilities, with significant headroom across all banking **covenants**. At the end of the period, bank gearing⁴ as defined for covenant calculations was 17% (vs. a covenant of <40%), interest cover was 9.6x (vs. a covenant of >3.5x) and the leverage ratio was 3.4x (vs. a covenant of <3.5x).

Net working capital was \$336 million at 31 January 2022, including **finished goods inventory** of \$342 million. Excluding the impact of acquisitions, finished goods inventory was up \$27 million during the half, due primarily to Building Products North America inventory increasing over the winter period.

Dividends

Directors have declared a fully franked interim dividend of 22 cents per share for the half year ended 31 January 2022, up 5% from 21 cents. The record date for the interim dividend will be 12 April 2022, with payment on 3 May 2022.

⁴ Gearing, interest cover and leverage ratio outlined here are based on the Group's banking covenant calculation (and differ from standard calculations used for these metrics, as quoted elsewhere in this report).

Interest cover and leverage ratio covenants only apply if gearing exceeds 22.5%.

Sustainability

Our People

Full-time equivalent **employee** numbers were 2,240 at 31 January 2022, comprising 1,153 based in Australia and 1,087 in the United States. This includes around 225 new employees following the IBC acquisition during the period.

The past 2 years has been a challenging time for the workforce, with many staff impacted by lockdowns and working from home for long periods. Travel restrictions have reduced face-to-face meetings and meant that teams have seen less of each other, even at a time when many have needed more support. Whilst it might not always be the same, video technology has allowed Brickworks' teams to stay connected, communicate regularly and maintain personal connections.

Brickworks continues to focus on inclusion and diversity, and during the period this commitment was re-enforced through the relaunch of Brickworks cultural framework, and the addition of "inclusion" as one of seven core values.

At the end of the period, female employees made up approximately 27% of the workforce. At the Senior Executive level, female representation has increased significantly in recent years, and was 24% at the end of the period. This compares to 7% in 2015.

Safety

The Company continues to make steady progress on improving workplace safety. A sustained decrease in injuries across Australian operations has been achieved over the past decade, through disciplined implementation of safety management systems and procedures, together with behavioural leadership and safety training programs.

In the first half, the Australian operations achieved a record low reportable injury frequency rate of 7.6 and no lost time injuries were recorded.

Safety management systems continue to be rolled out across our operations in North America where injury rates are higher than Australia, and this is resulting in a steady improvement in safety performance. In North America there were 3 lost time injuries during the period. Encouragingly, the total recordable injury rate decreased to 18.7 in the first half, from 21.1 for financial year 2021.

Environmental

Brickworks continues to implement its sustainability strategy, "Build for Living: Towards 2025". This strategy focuses on the opportunity to make buildings and cities safe, resilient and sustainable. It sets a clear pathway with 15 measurable targets and commitments across the pillars: Our People, Environment, Responsible Business and Community.

As part of the sustainability strategy, the Company is incrementally adopting the recommendations set out by the Task Force on Climate-Related Financial Disclosures (TCFD), including undertaking climate scenarios, identifying risks and responses.

Brickworks is committed to reducing carbon emissions, through continued investment in manufacturing excellence. This includes our global kiln refurbishment program to drive energy efficiency beyond international benchmarks and driving biofuels and low carbon opportunities.

Since 2006 we have reduced our emissions by 45% through manufacturing rationalisation, capital investments into modern, fuel-efficient production processes, as well as product redesign, use of recycled material and firing our kilns with green fuels such as landfill gas.

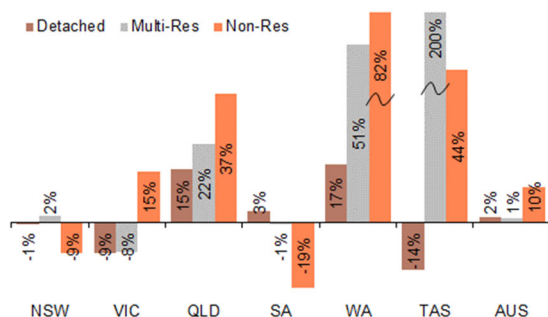
During the half, Brickworks announced a collaboration agreement with Delorean (ASX: DEL), whereby the two companies will work together to investigate the feasibility of developing green synthetic natural gas facilities at our brick plants. If successful, each facility has the potential to displace up to 100,000 gigajoules per annum of fossil fuel gas with renewable biomethane.

Building Products Australia

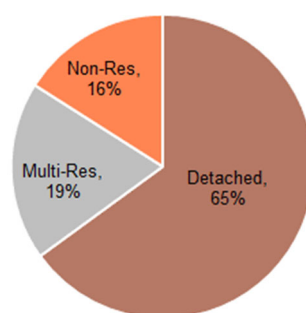
Market Conditions

Building Activity by State⁵

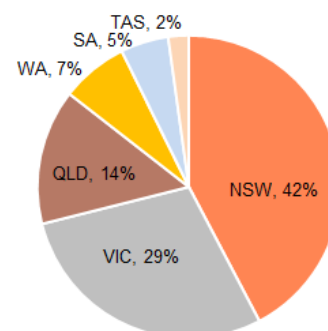
6 months to Dec 21 vs 6 months to Dec 20



Sales by Segment



Sales by Region



Over the past two years, the pandemic has resulted in increased consumer demand for lower density living, and this has resulted in a shift towards detached housing from multi-residential alternatives. This is favourable for Austral Bricks and Bristle Roofing, due to the relatively high usage of bricks and roof tiles in detached houses.

Despite concluding around twelve months ago, the HomeBuilder program continues to underpin detached housing building activity. However, the full impact of the strong underlying demand was not fully felt during the period.

Supply chain delays have been caused due to a range of factors such as the surge in demand from the government incentive programs, shortages of some building products such as timber, and COVID-19 related issues including construction restrictions and labour absenteeism. These factors have forced some intermittent shutdowns to Building Products manufacturing plants and resulted in on-site construction timelines to extend significantly. As a result, a lot of work remains in the pipeline.

Over the past six months, approvals data indicates that multi-residential housing activity has stabilised, albeit at cyclical low levels.

Looking across the country, Western Australia and Queensland experienced the strongest conditions in the first half. Both of these states were relatively unaffected by the pandemic and have been significant beneficiaries of the HomeBuilder scheme. By contrast, conditions were more subdued in the two largest states, New South Wales and Victoria.

Non-residential building has rebounded in most states, with private investment in offices, accommodation and retail, having previously been scaled back in the first year of the pandemic.

Overview of Result

\$million	1H2021	1H2022	Change
Revenue	330	348	6%
EBITDA	43	54	25%
EBIT	16	27	66%
EBITDA margin	13%	16%	19%
EBIT margin	5%	8%	57%

Revenue for the half year to 31 January 2022 was \$348 million, up 6% on the prior corresponding period.

Early in the period, sales in the key Sydney and Melbourne markets were impacted by construction restrictions imposed by state governments in response to the pandemic. Once restrictions were lifted, both markets recovered well, with sales momentum increasing steadily during the half.

EBIT was up 66% on the prior corresponding period to \$27 million and **EBITDA** was \$54 million. Unit margins increased, supported by price rises across most business units, offsetting the impact of supply chain difficulties and higher input costs in some areas. Increased plant utilisation resulted in improved production efficiencies, with all manufacturing plants operating at close to capacity for the period (aside from pandemic related enforced shutdowns).

Throughout the pandemic, Building Products Australia has maintained a significant capital investment program, to enhance its competitive position in key markets. This includes a new brick plant and new masonry plant in Sydney. In addition to investing in manufacturing operations, the Company is transforming the way it interacts with customers, with a new ERP system now fully implemented across the country.

⁵ Detached House and Multi-residential Commencements. Non-residential value of work done. Source: BIS Oxford Economics Dec 2021 forecast. Data shown for NSW also includes ACT, to align with Brickworks sales regions.

Austral Bricks earnings increased by 38% for the six months ended 31 January 2022, with sales revenue up 11% to \$215 million.

Revenue and earnings increased in all east coast states, with brick sales supported by a long backlog of detached housing projects steadily moving through the construction pipeline.

Performance was particularly strong in Queensland, where a significant uptick in building activity, market share growth and lower manufacturing costs all contributed to the improved result. Plant performance at Rochedale in Brisbane continues to be strong, with the quality and broader product range since the completion of upgrades, allowing Austral Bricks to return to a market leading position in Queensland.

New South Wales also delivered a strong uplift in earnings, despite production being heavily disrupted due to a range of pandemic related issues. In August, in response to new government restrictions on construction activity, kilns at Punchbowl and Horsley Park Plant 3 were temporarily taken off-line. Within less than two months these kilns were restarted in response to the strong underlying demand. The subsequent Omicron wave early in the new year resulted in high levels of absenteeism and resultant workforce challenges across all plants.

With demand across the country ramping up in recent months, all east coast manufacturing plants continue to operate at capacity. Supply into Victoria is particularly tight, with other plants across the network, most notably the Golden Grove facility in South Australia, supporting supply into that state.

In Western Australia, the sharp recovery in housing activity has resulted in a strong increase in demand. This has necessitated a ramp-up in production, amidst tight industry supply. Supply chain pressures are most acute in this state, in areas such as trucking and distribution, following many years of low activity. Despite significantly improved sales revenue, operations in this state remain loss-making and continue to be a drag on overall performance.

Construction of the new \$130 million face brick facility at Horsley Park in Sydney is well underway. This plant will produce 130 million bricks per annum and will be the most advanced brick plant in the world. The completion of this plant in around 12 months' time, will allow brick operations in western Sydney to be consolidated at the Horsley Park Plant 1 and 2 site, and 75 hectares of land to be released at Oakdale East, where Plant 3 is located.

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

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

Performance across this business was mixed, with improved earnings in Austral Precast more than offset by declines in Austral Masonry and Southern Cross Cement.

The uplift in *Austral Precast* earnings was driven by a range of cost reduction programs to improve production efficiency, and the continued sales growth and market acceptance of "Double Wall", a cost-effective product that offers significant advantages over alternative systems such as lightweight permanent formwork solutions.

Within *Austral Masonry*, the construction of a \$75 million masonry plant in Sydney reached practical completion in July, and the commissioning process is now largely complete. This new facility, with a capacity of 220,000 tonnes per year, incorporates the latest block-making technology, and will deliver lower costs and a broader product range.

This project also includes an associated value-added facility, to create products such as polished pavers and split face retaining walls. Construction of this facility was delayed due to the restricted mobility of engineering crews and overseas based suppliers, but with international travel now re-commencing, it is on track for completion during the second half.

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

During the period, exclusive supply agreements were secured for several Australian granites, commonly used by city councils across the country for large scale paving applications.

Southern Cross Cement continues to provide quality, cost-effective cement to Austral Masonry and Bristle Roofing operations in Brisbane, as well as to other Joint Venture shareholders. However, extremely high shipping costs have had an adverse impact on earnings during the period.

Bristle Roofing earnings were steady compared to the previous corresponding period, on a 4% decrease in revenue to \$50 million.

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

The business continues to implement a refocused and simplified business strategy, with an emphasis on the core roof tile range, and this resulted in improved margins during the half. Improved product quality from both the Wacol and Dandenong production plants continues to generate positive market feedback.

Capital Battens recorded lower revenue and earnings, with the Fyshwick mill impacted by pandemic related shutdowns and limited supply of high-quality logs.

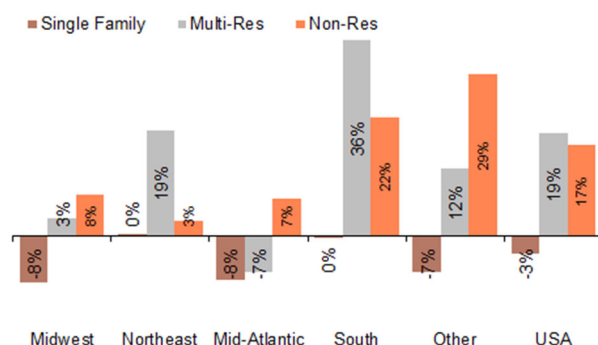
Building Products

North America

Market Conditions

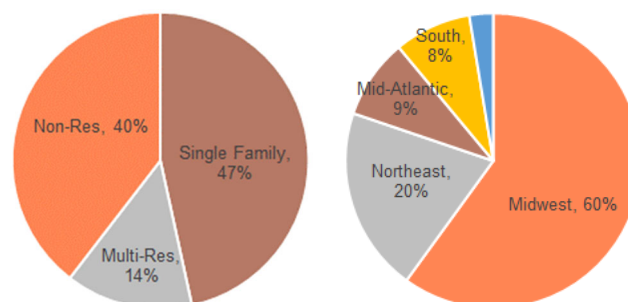
Building Activity by Region⁶

6 months to Dec 21 vs 6 months to Dec 20



Glen-Gery Sales by Segment

Glen-Gery Sales by Region



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

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

Across the country, the total value of building activity commenced for the 6 months to December 2021 was up 10% compared to the prior corresponding period. A 19% increase in multi-family residential commencements and a 17% increase in non-residential activity was partially offset by a 3% reduction in single family commencements.

The recent acquisition of IBC, together with a strategy to grow sales into the large and fast-growing southern housing market (predominantly Texas), has increased Glen-Gery's exposure to the residential segment. This segment now makes up 60% of sales, with non-residential making up the remaining 40%.

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

Compared to other regions across the country, building activity in the Midwest was relatively soft during the period, with single family starts down 8%, multi-residential starts up 3% and non-residential activity up by 8% (compared to the previous corresponding period).

Overview of Result⁷

\$million	1H2021	1H2022	Change
Revenue (\$US)	75	136	82%
EBITDA (\$US)	9	9	(2%)
EBIT (\$US)	3	1	(70%)
Revenue (\$AU)	102	187	84%
EBITDA (\$AU)	13	12	(1%)
EBIT (\$AU)	4	1	(70%)
EBITDA margin	12%	7%	(46%)
EBIT margin	4%	1%	(84%)

Building Products North America revenue was \$187 million (US\$136 million) for the six months to 31 January 2022, up 84% on the prior corresponding period.

The uplift in revenue was driven by the acquisition of IBC in August 2021 and increased sales to the Texas residential market. Offsetting this, the key commercial construction market along the eastern seaboard has been relatively slow to recover from the pandemic related downturn, and this has adversely impacted sales into that segment.

EBITDA for the period was down marginally to \$12 million (US\$9 million) and EBIT was \$1 million (US\$1 million).

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

⁶ Single Family and Multi-residential Commencements. Non-residential value of work done. Source: Dodge Data & Analytics.

⁷ An average exchange rate of 1AUD=0.73 USD has been used to convert earnings in 1H22 (1AUD=0.73 USD in 1H21).

pressures resulted in an adverse cost impact of around US\$3 million compared to the prior corresponding period.

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

Pandemic related challenges persisted throughout the half, with repeated interruptions to manufacturing and distribution operations across the country, as both the Delta and Omicron strains impacted workforce availability.

Despite these challenges, the business made strong progress on key strategic priorities over the period. Plant rationalisation and upgrades have continued, with the closure of the York site and completion of extensive upgrades to the Hanley plant. The Hanley plant in Pennsylvania is focussed on premium architectural products, with the upgrades to the clay preparation area, the extruder and the setting line to deliver much improved manufacturing efficiency, product quality and a broader product range.

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

A new design studio in central New York City was officially opened earlier this month by Australia's Ambassador to the United States, The Hon. Arthur Sinodinos AO. Together with the Philadelphia and Baltimore studios, these facilities will further enhance Glen-Gery's strong reputation for premium products and competitive position in the high value architectural segment.

Following the completion of the IBC acquisition in August, the integration process has been very smooth. IBC was the largest independently owned and operated brick distributor in the U.S., with 17 showrooms and distribution yards, all located in Illinois and Indiana. This is an area where Glen-Gery previously lacked a direct distribution presence, and therefore the acquisition has filled an important gap in the sales network. In addition to sales of around 70 million bricks per annum, IBC offers a range of complementary building materials and supplies such as stone, masonry, construction materials and tools.

The first half contribution from these stores has been in line with expectations, and brick sales have underpinned production volume at Glen-Gery's Midwest plants, which have ample capacity to accommodate additional sales growth. These plants include Marseilles in Illinois, Adel and Sergeant Bluff in Iowa, Caledonia and Iberia in Ohio, and the manufactured stone plant in Kentucky.

During the period, land sales delivered sales proceeds of US\$2 million and an EBIT contribution of US\$1 million, with the largest sale being surplus land surrounding the closed York site in Pennsylvania.

Acquisition of Capital Brick

Following the end of the period, Brickworks continued its vertical integration strategy, acquiring Capital Brick on 4th February. Capital Brick is a leading distributor of architectural brick and masonry products, with a single outlet in the Washington D.C. metropolitan area, and a key architectural customer of Glen-Gery. The acquisition expands Glen-Gery's existing footprint in the Maryland and Virginia markets, and increases company owned distribution locations to 27.

Property

Overview of Property Result

\$million	1H2021	1H2022	Change
Net Trust Income	16	17	7%
Revaluations	40	228	466%
Development Profit	0	115	NA
Property Trust	56	360	543%
Property Sales	38	0	NA
Admin and Other	(2)	(2)	-
Total	92	358	289%

Property delivered EBIT of \$358 million for the first half, up 289% on the prior corresponding period.

The **Property Trust** delivered an EBIT contribution of \$360 million, up 543%.

Net trust income was up 7% to \$17 million for the half.

Property Trust assets were revalued during the period, and this resulted in another strong revaluation profit of \$228 million. This reflects an approximate 50-basis point compression of capitalisation rates across the leased portfolio and follows the 25-50 basis point tightening that occurred in the prior year.

In addition, the revaluation includes a \$48 million profit associated with fully serviced land held within the Property Trust that is awaiting development. This reflects an increase in the underlying land value based on observable transaction prices in the area as identified in an independent valuation carried out towards the end of the period.

Going forward, fully serviced land within the Trust will be included in the revaluation process, to the extent that development has not yet commenced.

In order to meet the strong customer demand, development activity within the Property Trust has continued at pace. At Oakdale West, construction of the state-of-the-art Amazon facility reached practical completion at the end of December 2021. The completion of this facility, together with Building 1C at Oakdale South, resulted in development profits of \$115 million during the period.

There were no **Property sales** during the half.

Property administration expenses totalled \$2 million, in line with the prior half. These expenses include holding costs, such as rates and taxes on properties awaiting development.

Property Trust Assets

Estate	Currently Leased				
	Asset Value (\$m)	Gross Rental (\$m WALE ⁸ (yrs) Cap. Rate p.a.)	GLA ⁹ (m ²)		
M7 Hub (NSW)	225	9	2.8	3.8%	64,200
Interlink Park (NSW)	575	26	4.0	3.7%	192,200
Oakdale Central (NSW)	869	31	3.6	3.5%	245,200
Oakdale East 1 (NSW)	169	6	10.5	3.4%	35,900
Oakdale South (NSW)	453	16	6.6	4.0%	136,900
Rochedale (QLD)	283	12	9.7	3.9%	95,600
Oakdale West (NSW)	413	14	20.0	3.3%	53,500
Total	2,987	113	7.0	3.6%	823,500

As at 31 January 2022, the total value of leased assets held within the Property Trust was \$2.987 billion. The annualised gross rent generated from the Property Trust is \$113 million, the weighted average lease expiry is 7.0 years and the average capitalisation rate is 3.6%. There are currently no vacancies in the portfolio.

Including \$508 million worth of land to be developed, the total value of assets held within the Property Trust was \$3.494 billion at the end of the period. Borrowings of \$974 million are held within the Property Trust, giving a total net asset value of \$2.520 billion. Brickworks' 50% share of net asset value is \$1.260 billion, up by \$349 million during the half. The increase in value is primarily due to the property revaluations reported during the half.

⁸ Weighted average lease expiry (by income).

⁹ Gross Lettable Area.

Gearing on leased assets was 28% at the end of the period and the total return on the leased property assets in the Trust, including revaluation profit, was 24% during the half.

\$million	July 2021	January 2022	Change
Leased properties	1,982	2,987	51%
Land under development	686	508	(26%)
Total Property Trust assets	2,668	3,494	31%
Borrowings	(845)	(974)	(15%)
Net Property Trust assets	1,822	2,520	38%
Brickworks 50% share	911	1,260	38%
Rental return on leased assets ¹⁰	5%	3%	(40%)
Revaluation return on leased assets ¹¹	22%	21%	(5%)
Total return on leased assets (annualised)	27%	24%	(11%)
Gearing on leased assets ¹²	32%	28%	13%

¹⁰ Based on annualised Net Trust Income of \$34m (2 x 1H22), divided by \$1,081m (representing Brickworks share of leased properties, net of borrowings on leased properties).

¹¹ Methodology as above, but assuming annualised revaluation profit of \$180 million (in line with 1H22).

¹² Borrowings on leased assets / total leased assets.

Investments

The EBIT from Investments was \$73 million in the half year ended 31 January 2022, up 196% on the prior corresponding period. Investments consists primarily of Brickworks shareholding in WHSP, in addition to interest income on cash holdings.

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

Brickworks is the major shareholder in WHSP, with our initial investment dating back to 1968. This shareholding in WHSP is an important source of earnings and cash flow diversification for the Company and has been a key contributor to Brickworks' success for more than four decades.

WHSP holds a diversified investment portfolio of investments, and significant stakes in a number of listed companies including Brickworks, TPG Telecom and New Hope Corporation.

During the half, WHSP completed a merger with Milton, another large ASX listed investment company. The larger WHSP has net assets of around \$9 billion¹³ post the merger, with increased scale, diversification and liquidity to pursue additional investment opportunities.

Brickworks retains 94.3 million shares in WHSP, but due to the addition of new shareholders to the register, the ownership stake has reduced to 26.1% (previously 39.4%). The market value of Brickworks shareholding in WHSP was \$2.576 billion at 31 January 2022, down \$504 million for the half.

WHSP has delivered strong returns to Brickworks, with 20-year total shareholder return of 13.0% per annum (to 31 January 2022), 4.8% per annum ahead of the All-Ordinaries Accumulation Index. Shareholder returns comfortably exceed the benchmark over five, ten and fifteen years periods.

The investment in WHSP returned an underlying contribution of \$73 million for the half year ended 31 January 2022, up from \$24 million in the previous corresponding period. In addition, the merger with Milton resulted in a one-off non-cash profit to Brickworks of \$279 million (after tax).

During the period cash dividends of \$34 million were received, up 3% on the prior period.

¹³ As outlined in the Scheme Booklet for the WHSP and Milton merger.

Outlook

Building Products Australia

Within Building Products Australia, the start of the second half has been significantly impacted by extreme wet weather along the east coast of the country. Persistent heavy rainfall and flooding has severely limited construction activity in key markets such as Sydney and Brisbane. In the case of Sydney, this reduced bricks sales volume by around 50% in the first two weeks of March.

Manufacturing operations were also impacted, with major disruptions across virtually all plants along the east coast throughout February and March.

Despite the difficult start to the half, underlying demand across the country is strong, due to a large backlog of detached house construction work still in the pipeline. With improving weather, and as pandemic related restrictions and staff absenteeism eases across most states, this healthy pipeline of work is expected to translate to strong sales for the remainder of the financial year.

In some areas, sales volume will continue to be limited by the availability of trades, with bricklayers in Western Australia and roof tilers across all regions, in particularly short supply. In addition, inflationary pressures and supply chain issues are expected to persist for the foreseeable future.

The outbreak of war in Ukraine has created additional uncertainty, with potentially wide-ranging impacts across the economy. This includes the price and availability of energy, upward pressure on inflation and interest rates, and a decline in consumer confidence. Further strain on already stressed international supply chains is already evident, with shipping rates increasing back to levels not seen since the worst period of the pandemic.

The longer-term outlook is also clouded by uncertainty around the timing and extent of a return to immigration. It is also clear that government stimulus has brought forward a large volume of work that has the potential to leave a void once the existing pipeline is exhausted. Declining building approvals and moderating house price growth also indicate that we may be entering a period of softening construction activity.

The completion of major projects such as the Austral Masonry facility at Oakdale East and the Horsley Park brick plant will support earnings over the medium and longer-term.

Building Products North America

North American operations have also been impacted by weather in the early part of the second half, with severe winter conditions in the Midwest adversely impacting sales activity in that region. However, the order book is now at record levels and growing strongly, and this is expected to flow through to increased sales activity from April, across both the residential and higher margin commercial segments.

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

With the integration of IBC now complete, and the addition of Capital Brick in February, Glen-Gery's expanded network of 27 company owned distribution outlets will underpin production across the rationalised manufacturing footprint and provide longer term opportunities for further growth. In addition, design studios now established in New York, Philadelphia and Baltimore, are generating a very positive response from our customers, with several exciting project opportunities emerging, including major international developments.

As in Australia, short term market conditions in North America are significantly exposed to uncertainties in relation to the war in Ukraine and any further impacts from the COVID-19 pandemic.

However, assuming there are no major disruptions caused by these events, Brickworks expect higher earnings from North America in the second half of financial year 2022, compared to the prior corresponding period.

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

Property

JV Industrial Property Trust

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

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

At **Oakdale South**, following the completion of Site 1C during the half, a further 40,500m² of gross lettable area ("GLA") remains available for development on this Estate, across two facilities, known as Site 2A and Site 2B. Construction has now commenced on both facilities, with completion expected by the end of the current financial year. Yusen has pre-committed to lease 8,400m² (comprising part of Site 2A), with strong demand being experienced for the balance of the facilities.

Construction activity continues at **Oakdale West**, with all infrastructure now in place and the cornerstone Amazon facility handed over. An additional 182,500m² of GLA is pre-committed and under construction, with at least 45,000m² to be completed in the second half of financial year 2022. The 66,000m² Coles facility is then due for practical completion in the following half. Enquiry for the remaining 144,400m² of GLA has been strong, underpinned by record low vacancy rates across the Western Sydney industrial market.

At **Rochedale**, the remaining 30,200m² of GLA has been fully pre-committed and will reach practical completion within financial year 2022.

In total, there is 221,100m² of pre-committed GLA across the various Property Trust Estates. The completion of these facilities over the next two years will result in gross rent within the Property Trust increasing by around \$35 million, and leased assets increasing by around \$875 million, assuming a capitalisation rate for new developments of 4.0%.

In addition to the pre-committed facilities, another 176,400m² of GLA remains available for development within the Trust. Based on current demand, development of this area is anticipated to be completed within around three years, and is expected to add a further \$25 million in gross rent and \$625 million in gross asset value.

GLA ¹⁴ (m ²) by Estate	Currently Leased	Pre-Committed	Additional Fully Serviced Land	Potential New Estates ¹⁵
M7 Hub (NSW)	64,200	Fully developed		
Interlink Park (NSW)	192,200	Fully developed		
Oakdale Central (NSW)	245,200	Fully developed		
Oakdale East 1 (NSW)	35,900	Fully developed		
Oakdale South (NSW)	136,900	8,500	32,000	
Rochedale (QLD)	95,600	30,200	-	
Oakdale West (NSW)	53,500	182,500	144,000	
Oakdale East 2 (NSW)	-	-	-	250,000
Total GLA (m²)	823,500	221,100	176,400	250,000
<i>Gross Rental (\$m p.a.)¹⁶</i>	<i>113</i>	<i>35</i>	<i>~ 25 (est.)</i>	<i>~35 (est.)</i>
<i>Leased Asset Value (\$m)¹⁷</i>	<i>2,987</i>	<i>~ 875 (est.)</i>	<i>~ 625 (est.)</i>	<i>~875 (est.)</i>

Brickworks also retains 100% ownership of additional parcels of land that are suitable for sale into the Property Trust, subject to DA approvals.

Following the completion of development at Oakdale East stage 1, planning work has commenced to facilitate development of the balance of the Oakdale East site ("**Oakdale East Stage 2**"). This area is currently home to the Austral Bricks Plant 3 site, however this facility will not be required once the new brick plant at Horsley Park is completed. An application has been lodged with Fairfield Council for development of an industrial estate at this site, with GLA of around 250,000m². If sold into the Property Trust and developed, this site is expected to add at least \$35 million in gross rent and \$875 million in gross asset value over the next 5-6 years.

The largest additional parcel of surplus land for 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 600,000m² of GLA, if sold into the Trust, this site will extend the development pipeline well beyond the next five years.

Australian Operational Land

Over the past 12 months, the Company has been exploring opportunities to realise value from its portfolio of operational land and is in advanced discussions in relation to a potential transaction that would include the launch of a new Joint Venture Property Trust in partnership with Goodman, comprising a portfolio of properties tenanted by Building Products ("Operational Property Trust").

¹⁴ Gross Lettable Area.

¹⁵ Currently 100% owned by Brickworks. Surplus land suitable for sale into the Property Trust, subject to DA approvals.

¹⁶ Rent estimates are based on the average gross rent / GLA for currently leased and pre-committed developments (~\$140/m²).

¹⁷ Asset values assume a capitalisation rate of 4.0% for all pre-committed and future developments (vs. 3.7% for the leased portfolio).

This proposed transaction currently contemplates the Company selling a selection of manufacturing sites to the Operational Property Trust. Upon completion of the sale, Brickworks would then lease back the manufacturing sites from the Operational Property Trust.

An initial portfolio of 15 Building Products' properties, with a total gross value of around \$415 million, has been identified for inclusion in the first stage of the Operational Property Trust ("Initial Stage"). The sale and lease back of these manufacturing sites will deliver gross cash proceeds of around \$200 million and an estimated pre-tax profit of \$260-280 million following the valuation uplift on entry into the Operational Property Trust. Around \$90 million of this pre-tax profit is expected to be recognised on completion of the transaction¹⁸.

Beyond the potential upfront pre-tax profit, the proposed transaction is not forecast to have a material impact on Brickworks ongoing earnings. This takes into account any additional rent to be paid by Building Products, any rent received by Brickworks from its' share in the Operational Property Trust, and lower interest and equipment lease costs (with any cash proceeds from the proposed transaction to be used to repay a combination of debt and equipment leases).

Brickworks considers that its discussions with Goodman are progressing well and anticipates signing a definitive agreement and completing the proposed transaction for the Initial Stage during the second half of financial year 2022 ("Expected Timeframe"). Despite this good progress there can be no assurance that any binding agreement will be reached or that the proposed transaction will occur, either within the Expected Timeframe or at any other time.

After the Initial Stage, additional properties with a similar value are earmarked for inclusion in the Operational Property Trust in the coming years, following further due diligence in relation to development potential.

Over the longer term, the partnership with Goodman will support value maximisation of Brickworks operational sites, with some properties having the potential for greater utilisation.

North American Land (Operational & Surplus)

Brickworks also owns around 3,200 hectares of land in North America, comprising operational brick sites, quarries, masonry supply centres and other surplus holdings.

During the half, a review of these land holdings was undertaken to identify key sites with future development potential and any opportunities for surplus land sales. Some sites such as York (a closed brick plant) and Mid-Atlantic (an operating brick plant), both in Pennsylvania, have received significant market interest from local property developers, at attractive valuations.

Various strategies are under consideration to realise maximum value, including outright sales of some land parcels, sale and lease back of selected operational land, and joint venture property development opportunities.

Investments

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

¹⁸ In accordance with Australian Accounting Standards, the remainder of this profit will be recognised over the life of the initial lease term of the

underlying properties within the portfolio. These initial lease terms are expected to be up to 20 years.

Rounding of amounts

The amounts contained in this interim financial report have been rounded to the nearest thousand (unless otherwise stated) under the option available to the Company under *ASIC Corporations Instrument 2016/191*. The Company is an entity to which the legislative instrument applies.

Auditor's independence declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 15 for the half year ended 31 January 2022, and forms part of this report.

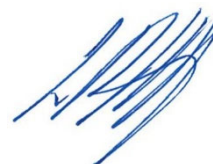
Made in accordance with a resolution of the Directors at Sydney.

Dated 24 March 2022



R.D. MILLNER

Director



L.R. PARTRIDGE AM

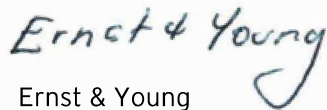
Director

Auditor's Independence Declaration to the Directors of Brickworks Limited

As lead auditor for the review of the half-year financial report of Brickworks Limited for the half-year ended 31 January 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Jodie Inglis

Jodie Inglis
Partner
24 March 2022

Half-Year

Financial Statements

Consolidated Income Statement

	Note	31 January 2022 \$'000	Restated 31 January 2021 ¹ \$'000
Continuing operations			
Revenue	2.2	534,960	431,707
Cost of sales		(375,527)	(311,477)
Gross profit		159,433	120,230
Gain on deemed disposal of associate	3.2	724,637	-
Other income	2.2	4,098	3,050
Distribution expenses		(41,778)	(31,894)
Administration expenses		(32,009)	(26,982)
Selling expenses		(67,562)	(49,347)
Business acquisition costs	2.1	(3,100)	(951)
Other expenses		(16,727)	(16,153)
Share of net profits of associates and joint ventures	2.3	185,432	112,615
Profit from continuing operations before finance cost and income tax		912,424	110,568
Finance costs	2.2	(13,807)	(11,494)
Profit from continuing operations before income tax		898,617	99,074
Income tax expense	2.4	(317,568)	(27,277)
Profit from continuing operations after tax		581,049	71,797
Discontinued operations			
Loss from discontinued operations, net of income tax benefit	2.1	-	(934)
Profit after tax		581,049	70,863
Profit after tax attributable to:			
Shareholders of Brickworks Limited		581,049	70,863
		Cents	Cents
Earnings per share attributable to the shareholders of Brickworks Limited			
Basic (cents per share)		383.0	47.3
Diluted (cents per share)		381.8	47.2
Basic (cents per share) from continuing operations		383.0	47.9
Diluted (cents per share) from continuing operations		381.8	47.8

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

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

Consolidated Statement of Other Comprehensive Income

	Note	31 January 2022 \$'000	Restated 31 January 2021 ¹ \$'000
Profit after tax		581,049	70,863
Other comprehensive income, net of tax			
<i>Items that may be subsequently reclassified to Income Statement</i>			
Share of increments/(decrements) in reserves attributable to associates and joint ventures		4,149	4,333
Foreign currency translation		1,754	(319)
Income tax expense relating to these items		(1,245)	(1,300)
Net other comprehensive profit/(loss) that may be reclassified to Income Statement		4,658	2,714
<i>Items not to be subsequently reclassified to Income Statement</i>			
Net fair value gain/(loss) on financial assets at fair value through other comprehensive income		(119)	(239)
Share of increments/(decrements) in reserves attributable to associates and joint ventures		(31,044)	(95,748)
Income tax benefit relating to these items		9,349	28,796
Net other comprehensive profit/(loss) not to be reclassified to Income Statement		(21,814)	(67,191)
Other comprehensive income/(loss), net of tax	4.4	(17,156)	(64,477)
Total comprehensive income		563,893	6,386
Total comprehensive income, attributable to:			
Shareholders of Brickworks Limited		563,893	6,386

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

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

Consolidated Balance Sheet

	Note	31 January 2022 \$'000	31 July 2021 \$'000
Cash and cash equivalents		78,250	139,825
Receivables		123,438	132,447
Inventories		335,045	285,392
Prepayments		12,775	9,524
Contract assets		4,617	3,956
Current income tax asset		3,697	8,618
Derivative financial assets	4.2	-	101
Total current assets		557,822	579,863
Inventories		6,721	5,849
Financial assets at fair value through other comprehensive income	4.2	1,195	1,314
Investments accounted for using the equity method	3.1	3,179,375	2,345,908
Property, plant and equipment		754,528	721,018
Right-of-use assets		251,075	191,073
Intangible assets		195,624	180,807
Total non-current assets		4,388,518	3,445,969
TOTAL ASSETS		4,946,340	4,025,832
Payables		116,825	124,766
Borrowings	4.1	15,250	40,891
Derivative financial liabilities	4.2	419	-
Current income tax liability		594	417
Post-employment liabilities		790	1,199
Contract liabilities		9,797	5,160
Lease liabilities		29,057	27,344
Other financial liabilities		1,426	1,355
Provisions		63,249	67,150
Total current liabilities		237,407	268,282
Borrowings	4.1	687,438	614,514
Derivative financial liabilities	4.2	3,189	6,866
Post-employment liabilities		18,864	17,569
Lease liabilities		232,168	173,551
Other financial liabilities		13,261	12,423
Provisions		11,124	11,408
Deferred income tax liability		754,024	441,472
Total non-current liability		1,720,068	1,277,803
TOTAL LIABILITIES		1,957,475	1,546,085
NET ASSETS		2,988,865	2,479,747
Issued capital	4.3	388,090	386,887
Reserves	4.4	160,084	197,917
Retained profits		2,440,691	1,894,943
TOTAL EQUITY		2,988,865	2,479,747

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

Consolidated Statement of Changes in Equity

	Note	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
For the period ended 31 January 2022					
Balance at 1 August 2021		386,887	197,917	1,894,943	2,479,747
Profit after tax		-	-	581,049	581,049
Other comprehensive income – net of tax		-	(17,156)	-	(17,156)
Net dividends paid	2.5	-	-	(50,365)	(50,365)
Share issue costs	4.3	(13)	-	-	(13)
Issue of shares through employee share plan	4.3, 4.4	1,229	(1,229)	-	-
Change in ownership interest in the associate	4.4	-	(22,862)	22,268	(594)
Shares vested to employees	4.3, 4.4	839	(839)	-	-
Shares purchased under Short-term incentive (STI) scheme	4.3, 4.4	(852)	852	-	-
Share of associates transfer to outside equity interests	4.4	-	-	(7,204)	(7,204)
Share based payments expense	4.4	-	3,401	-	3,401
Balance at 31 January 2022		388,090	160,084	2,440,691	2,988,865

For the period ended 31 January 2021¹					
Balance at 1 August 2020		356,015	293,344	1,754,652	2,404,011
Profit after tax		-	-	70,863	70,863
Other comprehensive income – net of tax		-	(64,477)	-	(64,477)
Net dividends paid	2.5	-	-	(48,477)	(48,477)
Share issue costs	4.3	(139)	-	-	(139)
Issue of shares through employee share plan	4.3, 4.4	462	(462)	-	-
Dividend Reinvestment Plan	4.3	26,466	-	-	26,466
Shares vested to employees	4.3, 4.4	62	(62)	-	-
Shares purchased under Short-term incentive (STI) scheme	4.3, 4.4	(803)	803	-	-
Share of associates transfer to outside equity interests	4.4	-	(153)	(13,697)	(13,850)
Share based payments expense	4.4	-	3,465	-	3,465
Balance at 31 January 2021		382,063	232,458	1,763,341	2,377,862

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

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

Consolidated Statement of Cash Flows

	Note	31 January 2022 \$'000	Restated 31 January 2021 ¹ \$'000
Cash flows from operating activities			
Receipts from customers		581,268	509,117
Payments to suppliers and employees		(569,425)	(474,532)
Interest received		272	244
Interest and other finance costs paid		(13,069)	(12,191)
Dividends and distributions received		51,088	49,389
Income tax refunded/(paid)		12,598	3,558
Net cash from/(used in) operating activities		62,732	75,585
Cash flows from investing activities			
Purchases of property, plant and equipment		(43,291)	(60,823)
Proceeds from sale of property, plant and equipment		3,031	3,139
Purchases of intangible assets		-	(2,727)
Purchase of investments in joint ventures		(2,175)	(8,050)
Proceeds from sale of subsidiary		-	1,493
Purchase of controlled entities, net of cash acquired	5.1	(64,188)	(327)
Net cash from/(used in) investing activities		(106,623)	(67,295)
Cash flows from financing activities			
Proceeds from borrowings		246,960	12,134
Repayments of borrowings		(191,960)	(45,000)
Payment of principal portion of lease liabilities		(16,430)	(14,043)
Proceeds from underwriter of Dividend Reinvestment Plan (DRP)		-	20,000
Share issue costs		(13)	(126)
Dividends paid net of Dividend Reinvestment Plan (DRP)		(60,710)	(52,096)
Net cash provided by/(used in) financing activities		(22,153)	(79,131)
Net decrease in cash held		(66,044)	(70,841)
Effects of exchange rate changes on cash		4,469	(1,136)
Cash at the beginning of the period		139,825	187,109
Cash at the end of the period		78,250	115,132

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

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

Notes

to the Half Year Financial Statements

This section sets out the basis upon which the half year financial report is prepared as a whole.

1. About this Report

1.1. Basis of preparation

This half year consolidated financial report for Brickworks Limited and its controlled entities (the “Group” or “Brickworks”) is a condensed general purpose financial report prepared in accordance with the accounting standard AASB 134 *Interim Financial Reporting*, the requirements of the *Corporations Act 2001* and other mandatory professional reporting requirements.

The half year report does not include all the disclosures normally included in an annual report. Accordingly, it is recommended that this report be read in conjunction with the Brickworks Annual Report for the year ended 31 July 2021 and any announcements to the market made during the financial half year in accordance with the Group’s continuous disclosure obligations under the *Corporations Act 2001*.

The accounting policies and measurement bases adopted in this report are consistent with those applied in the Brickworks Annual Report for the year ended 31 July 2021, except for the adoption of new and amended standards set out in note 5.4. New accounting standards. The Group has not early adopted any other standard, interpretation or amendments that has been issued but not yet effective.

The half year report is presented in Australian dollars, which is the Group’s functional currency¹.

1.2. Key estimates or judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities. The significant judgements made by management in applying the Group’s accounting policies are the same as those applied to the annual financial statements as at and for the year ended 31 July 2021.

1.3. Comparative information

Historical financial information has been restated to account for the impact of the change in accounting policy in relation Software as a Service (SaaS). The Group adopted this interpretation for the year ended 31 July 2021. The restatement for the comparative period resulted in additional expense of \$332,000 (after tax) recorded in the Group’s Consolidated Income Statement. The other relevant statements and disclosures have been restated accordingly.

Furthermore, certain comparative information was amended in these financial statements to conform to the current presentation.

1.4. Notes to the half year financial report

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. Investments Accounted for using the Equity Method | Provides the information that is considered relevant to understand the Group’s investments in Washington H. Soul Pattinson and Company Limited (associated company) and joint venture arrangements, including Property Trusts. |
| 4. Capital Structure and Risk Management | Provides the information about the capital and risk management practices of the Group, including its borrowings, derivative financial instruments and equity. |
| 5. Other | Provides information on items which require disclosure to comply with Australian Accounting Standards (“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. |

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.

2. Financial Performance

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

2.1. Segment reporting

Management identified the following reportable business segments:

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

31 January 2022	Building Products Australia	Building Products North America	Property	Investments	Continuing operations	Discontinued operations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Sale of goods	297,762	185,246	-	-	483,008	-	483,008
Revenue from supply and install contracts	50,344	-	-	-	50,344	-	50,344
Interest received	-	148	-	124	272	-	272
Rental revenue	15	-	23	-	38	-	38
Other operating revenue	161	1,137	-	-	1,298	-	1,298
Revenue	348,282	186,531	23	124	534,960	-	534,960
RESULT							
Segment EBITDA	54,114	12,438	358,474	72,758	497,784	-	497,784
Depreciation of right-of-use assets	(13,520)	(3,264)	-	-	(16,784)	-	(16,784)
Depreciation and amortisation	(13,511)	(8,119)	-	-	(21,630)	-	(21,630)
Segment EBIT	27,083	1,055	358,474	72,758	459,370	-	459,370
<u>Unallocated expenses</u>							
Significant items					457,745	-	457,745
Borrowing costs ¹					(9,076)	-	(9,076)
Other unallocated expenses					(9,422)	-	(9,422)
Profit/ (loss) before income tax					898,617	-	898,617
Income tax (expense)/benefit ²					(317,568)	-	(317,568)
Profit/ (loss) after income tax					581,049	-	581,049

¹Borrowing costs are net of fair value change on derivatives (\$3,157,000).

²Included in the income tax expense is a tax expense related to significant items amounting to \$207,178,000.

31 January 2021 (restated)	Building Products Australia	Building Products North America	Property	Investments	Continuing operations	Discontinued operations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Sale of goods	279,873	101,343	-	-	381,216	-	381,216
Revenue from supply and install contracts	49,479	-	-	-	49,479	-	49,479
Interest received	-	-	-	244	244	-	244
Rental revenue	84	-	37	-	121	-	121
Other operating revenue	375	247	25	-	647	-	647
Revenue	329,811	101,590	62	244	431,707	-	431,707
RESULT							
Segment EBITDA	43,129	12,536	92,099	24,599	172,363	-	172,363
Depreciation of right-of-use assets	(12,639)	(2,121)	-	-	(14,760)	-	(14,760)
Depreciation and amortisation	(14,145)	(6,872)	-	-	(21,017)	-	(21,017)
Segment EBIT	16,345	3,543	92,099	24,599	136,586	-	136,586
<u>Unallocated expenses</u>							
Significant items					(17,840)	(1,334)	(19,174)
Borrowing costs ¹					(10,011)	-	(10,011)
Other unallocated expenses					(9,661)	-	(9,661)
Profit/ (loss) before income tax					99,074	(1,334)	97,740
Income tax (expense)/benefit ²					(27,277)	400	(26,877)
Profit/ (loss) after income tax					71,797	(934)	70,863

Significant items	Note	31 January 2022 \$'000	Restated 31 January 2021 \$'000
Restructuring activities ³		(7,720)	(6,658)
COVID-19 - unabsorbed costs ⁴		(4,003)	(2,208)
Business acquisition costs ⁵		(3,276)	(1,139)
COVID-19 - incremental costs ⁶		(2,963)	(1,133)
ERP implementation costs ⁶		(1,634)	(454)
Change of accounting policy - software as service costs ⁶		-	(474)
Significant items from continuing operations before income tax (excluding associates)		(19,596)	(12,066)
Income tax benefit/(expense) on other significant items (excluding associates)		5,303	3,453
Significant items from continuing operations after income tax (excluding associates)		(14,293)	(8,613)
Gain on deemed disposal of associate ⁷	3.2	724,637	-
Income tax expense arising on deemed disposal		(271,201)	-
Gain on deemed disposal of associate after income tax		453,436	-
Significant one-off transactions of associate ⁸		(247,296)	(5,774)
Income tax benefit/(expense) arising from the carrying value of the investment in the associates (WHSP)		58,720	(3,383)
Significant items after income tax (associates)		(188,576)	(9,157)
Significant items from continuing operations after income tax (including associates)		250,567	(17,770)
Other significant items ⁹		-	(1,334)
Significant items from discontinued operations before income tax		-	(1,334)
Income tax benefit ⁹	2.4	-	400
Significant items from discontinued operations after income tax		-	(934)

¹ Borrowing costs are net of fair value change on derivatives (\$1,295,000)

² Included in the income tax expense is a tax benefit related to significant items amounting to \$470,000.

³ Disclosed in 'Other expenses' (\$6,321,000) and 'Finance costs' (\$1,399,000) lines on the Income Statement.

⁴ Disclosed in 'Cost of sales' line on the Income Statement.

⁵ Disclosed in 'Business acquisition costs' (\$3,100,000) and 'Finance costs' (\$176,000) lines on the Income Statement.

⁶ Disclosed in 'Other expenses' line on the Income Statement.

⁷ Disclosed in 'Gain on deemed disposal of associate' line on the Income Statement.

⁸ Disclosed in 'Share of net profits of associates and joint ventures' line on the Income Statement.

⁹ Disclosed in 'Losses from discontinued operations' line on the Income Statement.

2.2. Revenues and expenses

	31 January 2022	31 January 2021
	\$'000	\$'000
REVENUE		
<i>Revenue from contracts with customers</i>		
Sale of goods	483,008	381,216
Revenue from supply and install contracts	50,344	49,479
	533,352	430,695
<i>Other operating revenue</i>		
Interest received – other corporations	272	244
Rental revenue	38	121
Other	1,298	647
Total operating revenue from continuing operations	534,960	431,707
OTHER INCOME		
Net fair value change on derivatives	3,157	1,295
Net gain on disposal of property, plant and equipment	903	1,337
Property development profits	-	358
Other items	38	60
Total other income from continuing operations	4,098	3,050
FINANCE COSTS		
Interest and finance charges paid/payable	9,417	9,328
Interest on lease liabilities	4,214	1,978
Unwind of discounting deferred consideration - Redland Brick acquisition	176	188
Total finance costs from continuing operations	13,807	11,494

2.3. Share of net profits of associates and joint ventures

	Note	31 January 2022	31 January 2021
		\$'000	\$'000
Share of net (losses)/profits of associates	3.2	(174,662)	18,581
Share of net profits of joint ventures	3.3	360,094	94,034
		185,432	112,615

2.4. Income tax expense

	Note	31 January 2022 \$'000	Restated 31 January 2021 \$'000
Profit from continuing operations before income tax		898,617	99,074
Loss from discontinued operations before income tax benefit	2.1	-	(1,334)
Profit before income tax for the period		898,617	97,740
Prima facie tax expense calculated at 30%		269,585	29,322
<i>(Decrease)/increase in income tax expense due to:</i>			
Gain on deemed disposal of associate		53,810	-
Franked dividend income		(10,186)	(9,903)
Share of net profits of associates		3,866	7,712
Research and development tax incentive		(1,105)	(1,533)
Tax rate differences in overseas entities		173	51
Other non-allowable items		1,425	1,228
Income tax expense attributable to profit		317,568	26,877
Current tax income		(11,806)	(2,239)
Deferred tax expense relating to movements in deferred tax balances		329,374	29,116
Total income tax expense on profit		317,568	26,877
Income tax expense/(benefit) attributable to:			
Profit from continuing operations		317,568	27,277
Loss from discontinued operations	2.1	-	(400)
Income tax expense attributable to profit		317,568	26,877

2.5. Dividends and franking credits

	31 January 2022 \$'000	31 January 2021 \$'000
2021 Final ordinary dividend – 40.0 cents per share paid on 24/11/2021 (PY: 39.0 cents paid on 25/11/2020)	60,710	58,563
Group's share of dividend received by associated company	(10,345)	(10,086)
	50,365	48,477
2022 Proposed interim ordinary dividend 22.0 cents per share not recognised as a liability (PY: 21.0 cents paid on 28/4/2021)	33,391	31,835

All dividends paid and proposed have been or will be fully franked at the rate of 30%.

3. Investments accounted for using the Equity Method

3.1. Investments accounted for using the equity method

This section provides the information that is considered relevant to understand the Group's investments in associated company (Washington H. Soul Pattinson and Company Limited) and joint venture arrangements, including Property Trusts.

	31 January 2022 \$'000	31 July 2021 \$'000
Associated companies	1,901,491	1,416,547
Joint ventures	1,277,884	929,361
Total investments accounted for using the equity method	3,179,375	2,345,908

3.2. Associated company

	Group's interest		Contribution to Group profit before tax		Carrying value		Market value of shares	
	31 Jan 2022	31 Jul 2021	31 Jan 2022	31 Jan 2021	31 Jan 2022	31 Jul 2021	31 Jan 2022	31 Jul 2021
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Washington H. Soul Pattinson and Company Limited	26.14	39.40	(174,662)	18,581	1,901,491	1,416,547	2,575,739	3,079,380

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

Following the issue of new WHSP shares, the Group owns 26.14% of issued ordinary shares of WHSP, compared to 39.40% at 31 July 2021. The Group maintained significant influence over the associate and continued applying the equity method to account for its investment in WHSP.

On completion of the Milton/WHSP transaction, the change in ownership stake resulted in a non-cash gain on deemed disposal for the Brickworks Group. The gain was recognised during the half year ended 31 January 2022 and amounted to \$453.4 million after tax (\$724.6 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.

At 31 January 2022, WHSP owned 43.25% (2021: 43.30%) of issued ordinary shares of Brickworks Limited.

3.3. Joint ventures

Information relating to joint ventures is outlined below.

	Group's interest		Contribution to Group profit before tax		Carrying value		Principal activity
	31 Jan 2022 %	31 Jul 2021 %	31 Jan 2022 \$'000	31 Jan 2021 \$'000	31 Jan 2022 \$'000	31 Jul 2021 \$'000	
Domiciled in Australia							
BGAI CDC Trust	50.00	50.00	-	425	-	-	Property development, management and leasing
BGAI Erskine Trust	50.00	50.00	34,634	11,994	198,214	163,778	As above
BGAI Capicure Trust	50.00	50.00	4,222	2,348	20,416	16,621	As above
BGAI Heritage Trust	50.00	50.00	13,353	1,783	60,264	48,092	As above
BGAI Oakdale Trust	50.00	50.00	85,487	23,157	321,429	242,133	As above
BGAI Oakdale East Trust	50.00	50.00	13,657	-	65,777	53,050	As above
BGAI Oakdale South Trust	50.00	50.00	48,590	7,658	180,086	134,058	As above
BGAI Rochedale BT Trust	50.00	50.00	2,713	1,267	14,947	12,581	As above
BMGW Rochedale Trust	50.00	50.00	17,465	7,567	93,426	77,904	As above
BMGW Rochedale North Trust	50.00	50.00	-	-	8,100	8,112	As above
BMGW Oakdale West Trust	50.00	50.00	140,056	-	297,586	154,841	As above
Fair value adjustment on recognition as investment property			-	37,372			
Property trusts			360,177	93,571	1,260,245	911,170	
Southern Cross Cement	33.33	33.33	(520)	111	10,534	11,053	Import of cement
Domiciled in New Zealand							
NZ Brick Distributors	50.00	50.00	437	352	7,105	7,138	Import and distribution of building products
Total			360,094	94,034	1,277,884	929,361	

Contribution to Group profit before tax from Property Trusts is set out below.

	31 January 2022 \$'000	31 January 2021 \$'000
Share of fair value adjustment of properties held by joint venture	343,021	40,220
Share of joint venture property rental profits	17,156	15,979
Fair value adjustment on recognition as investment property	-	37,372
Total equity accounted profit from Property Trusts	360,177	93,571

Profits or losses on transactions with joint ventures are deferred to the extent of the Group's ownership interest where properties remain classified as inventory by the joint venture, until such time as they are either realised by the joint venture on reclassification to investment property or on sale. \$37.4 million of unrealised profits were recognised in the prior period on reclassification of Oakdale West to investment property following the change in use as evidenced by the progress made in respect of lease arrangements and lease pre-commitments becoming binding. Investment property held by the joint venture represents property held to earn rentals and/or for capital appreciation.

4. Capital Structure and Risk Management

4.1. Borrowings

This section provides the information about the capital and risk management practices of the Group, including its borrowings, derivative financial instruments and equity.

	31 January 2022	31 July 2021
	\$'000	\$'000
Current		
Interest-bearing loans	15,250	40,891
	15,250	40,891
Non-current		
Interest-bearing loans	689,467	617,450
Unamortised borrowing costs	(2,029)	(2,936)
	687,438	614,514

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

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

During the year ended 31 July 2020, the Group entered into a construction facility agreement with a facility limit of \$46.0 million to fund the construction of the Austral Masonry Oakdale East plant in New South Wales. In September 2021, the lender acquired the plant commissioned as part of the first stage of the project for \$25.6 million and leased it to the Group under a lease agreement with an initial period of 10 years. The maturity date for the remaining facility amount was extended to September 2022.

There were no other changes to the Group's loan facilities in the current period.

The maturity profile of the Group's loan facilities at 31 January 2022 is outlined below.

Facility	Currency	Limit (\$m)	Drawn (\$m)	Available (\$m)	Maturity date
Tranche A	AUD	100	100	-	August 2023
Tranche B	AUD	175	-	175	August 2024
Tranche C	AUD	104	90	14	December 2026
Syndicated loan facility	AUD	379	190	189	
Tranche A1	USD	100	100	-	August 2023
Tranche B1	USD	100	23	77	August 2024
Tranche D	USD	55	55	-	June 2028
Syndicated loan facility	USD	255	178	77	
Facility A-ITL	AUD	25	25	-	February 2028
Facility B-ITL	AUD	35	35	-	February 2026
Facility C-ITL	AUD	40	40	-	February 2026
Syndicated ITL facility	AUD	100	100	-	
Facility D-ITL	USD	60	60	-	December 2031
Syndicated ITL facility	USD	60	60	-	
Working capital facility	AUD	75	60	15	December 2023
Construction facility	AUD	20	15	5	September 2022

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).

4.2. Financial instruments

Financial instruments 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).

(a) Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income represent listed equities publicly traded on the Australian Stock Exchange. The fair value of these investments is based on quoted market prices, being the last sale price, at the reporting date. These are categorised as "Level 1" in the fair value hierarchy.

	Market value	
	31 Jan 2022	31 Jul 2021
	\$'000	\$'000
Equities - Listed	1,195	1,314
Total	1,195	1,314

(b) Derivative financial instruments

Interest rate swaps

The Group has entered into interest rate swaps contracts which allow the Group to swap floating rates into an average fixed rate of 2.49% (2021: 2.76%). The contracts require settlement of net interest receivable or payable usually around every 90 days. The settlement dates are aligned with the dates on which interest is payable on the underlying bank borrowings and are brought to account as an adjustment to borrowing costs.

The fair value of interest rate swaps is outlined below.

	Notional Principal Amount		Average Interest Rate		Fair value liability	
	31 Jan 2022	31 Jul 2021	31 Jan 2022	31 Jul 2021	31 Jan 2022	31 Jul 2021
	\$'000	\$'000	%	%	\$'000	\$'000
Less than 1 year	25,000	-	2.54	-	419	-
1 to 3 years	100,000	100,000	2.48	2.76	3,189	6,866
3 to 5 years	-	-	-	-	-	-
Total	125,000	100,000	2.49	2.76	3,608	6,866

The fair value of these derivatives is calculated using market observable inputs, including projected forward interest rates for the period of the derivative. These are categorised as "Level 2" in the fair value hierarchy.

Foreign currency forward contracts

The Group has a limited exposure to foreign currency fluctuations due to its importation of goods. The main exposure is to US dollars (USD) and Euros (EUR). It is the policy of the Group to enter into forward foreign exchange contracts to cover specific currency payments, as well as covering anticipated purchases for up to 12 months in advance.

The fair value of foreign currency forward contracts is outlined below:

	Fair value	
	31 Jan 2022	31 Jul 2021
	\$'000	\$'000
USD forward contracts	-	20
EUR forward contracts	-	81
Derivative asset	-	101

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.

There were no foreign currency forward contracts outstanding at 31 January 2022.

4.3. Contributed equity

	31 January 2022 Number of shares	31 January 2021 Number of shares	31 January 2022 \$'000	31 January 2021 \$'000
Contributed equity				
Ordinary shares, fully paid	151,775,663	151,595,152	401,090	396,956
Treasury shares	(677,110)	(883,394)	(13,000)	(14,893)
			388,090	382,063
Movement in ordinary issued capital				
Opening balance 1 August	151,596,520	149,937,589	397,060	366,455
Issue of shares through employee share plans	179,143	221,692	4,043	4,174
Dividend Reinvestment Plan (DRP) underwriting agreement	-	1,080,001	-	20,000
Dividend Reinvestment Plan (DRP)	-	355,870	-	6,466
Share issue costs	-	-	(13)	(139)
Closing balance	151,775,663	151,595,152	401,090	396,956
Movement in treasury shares				
Opening balance 1 August	(576,426)	(660,758)	(10,173)	(10,440)
Bonus shares issued to the Group's employees	(110,905)	(190,403)	(2,814)	(3,712)
Shares purchased under Short-term incentive (STI) scheme	(32,692)	(41,054)	(852)	(803)
Shares vested to employees	42,913	8,821	839	62
Closing balance	(677,110)	(883,394)	(13,000)	(14,893)

4.4. Reserves

	Capital Profits Reserve	General Reserve	Foreign Currency Reserve	Share- based Payments Reserve	Investments revaluation reserve	Associates and JVs Reserve	Equity Adjustments Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 August 2021	88,102	36,125	(211)	8,611	1,314	37,056	26,920	197,917
Other comprehensive income for the year	-	-	1,754	-	(119)	(26,896)	8,105	(17,156)
Change in ownership interest in the associate	-	-	-	-	-	(15,881)	(6,981)	(22,862)
Shares purchased under Short-term incentive (STI) scheme	-	-	-	852	-	-	-	852
Shares and performance rights vested to employees	-	-	-	(2,068)	-	-	-	(2,068)
Share based payments expense	-	-	-	3,401	-	-	-	3,401
Balance at 31 January 2022	88,102	36,125	1,543	10,796	1,195	(5,721)	28,044	160,084
Balance at 1 August 2020	88,102	36,125	(1,131)	6,482	1,792	177,258	(15,284)	293,344
Other comprehensive income for the year	-	-	(319)	-	(239)	(91,415)	27,496	(64,477)
Share of associates transfer to outside equity interests	-	-	-	-	-	(220)	67	(153)
Shares purchased under Short-term incentive (STI) scheme	-	-	-	803	-	-	-	803
Shares vested to employees	-	-	-	(524)	-	-	-	(524)
Share based payments expense	-	-	-	3,465	-	-	-	3,465
Balance at 31 January 2021	88,102	36,125	(1,450)	10,226	1,553	85,623	12,279	232,458

5. 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.

5.1. Business combinations

Acquisition of Illinois Brick Company

In the current period the Group acquired certain assets of Southfield Corporation, including Illinois Brick Company ("IBC"). IBC is the largest independently owned and operated brick distributor in the United States. The purchase consideration was fully paid in cash and has been provisionally allocated as follows:

Business acquired	IBC
Date acquired	2-Aug-2021
<u>Consideration</u>	
Cash paid (\$'000)	64,188
<u>Assets acquired</u>	
Inventories (\$'000)	20,238
Prepayments (\$'000)	1,024
Property, plant and equipment (\$'000)	34,298
Right-of-use assets (\$'000)	1,371
Deferred tax assets (\$'000)	477
<u>Liabilities assumed</u>	
Trade and other payables (\$'000)	(4,146)
Lease liabilities (\$'000)	(1,371)
Provisions (\$'000)	(964)
Fair value of net assets (\$'000)	50,927
Goodwill arising on acquisition (\$'000)	13,261
Direct costs relating to acquisition (\$'000)	2,518

From the date of the acquisition, IBC contributed \$82,937,000 of revenue and \$4,858,000 to profit before tax from continuing operations of the Group. As stated above, the combination took place at the beginning of this financial year, on 2 August 2021.

5.2. Commitments and contingencies

(a) Commitments

	31 January 2022	31 July 2021
	\$'000	\$'000
Contracted capital expenditure		
Within one year	43,556	34,021

Contracted capital expenditure relates to contracts to supply or construct buildings or various items of plant and equipment for use in the Building Products Australia and North America operating segments. These have not been provided for at balance date.

(b) Contingencies

	31 January 2022	31 July 2021
	\$'000	\$'000
Bank guarantees issued in the ordinary course of business	55,923	57,783

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.

5.3. Events occurring after balance date

On 4 February 2022, Brickworks North America acquired Capital Brick for a consideration of \$4.9 million. Capital Brick is a leading distributor of architectural brick and masonry products, with a single outlet in the Washington D.C. metropolitan area.

There have been no other events subsequent to balance date that could materially affect the financial position and performance of Brickworks Limited or any of its controlled entities.

5.4. New accounting standards

New standards, interpretations and amendments adopted by the Group

In June 2021, the International Financial Reporting Standards (IFRS) Interpretations Committee ("IFRIC") published an agenda decision in relation to the accounting treatment when determining net realisable value (NRV) of inventories, in particular what costs are necessary to sell inventories under AASB 102 *Inventories*. In the current period, the Group assessed the impact the agenda decision and concluded no adjustment to inventory is required.

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

Standards issued but not yet effective

Certain new accounting standards, amendments and interpretations have been issued that are not yet effective for the half year ended 31 January 2022. The Group intends to adopt the following new or amended standards and interpretations, if applicable, when they become effective with no significant impact being expected on the Consolidated Financial Statements of the Group:

- Amendments to AASB 101 *Classification of Liabilities as Current or Non-current*
- Amendments to AASB 3 *Reference to Conceptual Framework*

Directors'

Declaration

The Directors of the company declare that:

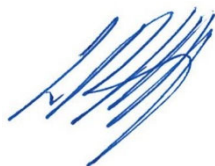
1. The financial statements and notes, as set out on pages 16 to 32, are in accordance with the Corporations Act 2001:
 - a. comply with accounting standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Group's financial position as at 31 January 2022 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dated 24 March 2022



R.D. MILLNER
Director



L.R. PARTRIDGE AM
Director

Independent Auditor's Review Report to the Members of Brickworks Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report Brickworks Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 January 2022, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 January 2022 and of its consolidated financial performance for the half year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

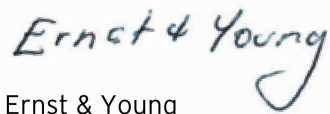
Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 January 2022 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Jodie Inglis
Partner
Sydney
24 March 2022