

## Non-cash impairment for Brickworks North America and Trading Update

### Non-cash impairment to Brickworks North America

Consistent with normal practice for the end of each financial period, Brickworks Limited (**Brickworks**) has undertaken a review of the carrying value of its assets, as at 31 January 2025, in accordance with Brickworks' accounting policies and the applicable accounting standards.

As a result, Brickworks is expected to recognise a post-tax non-cash impairment charge of approximately AUD 55 million (pre-tax AUD 74 million) to Brickworks North America<sup>1</sup> in its 1H25 results (subject to finalisation of results, audit processes and Board approval of those results).

Key drivers of the non-cash impairment are noted below:

- The Company foreshadowed at the Annual General Meeting on 26 November 2024 that market conditions in North America were declining faster than previously anticipated. These challenging conditions have continued through the balance of 1H25, driving a 13% reduction in revenue compared to the prior corresponding period. Strong competition in the retail segment has resulted in a loss of some market share at the company-owned Brickworks Supply store network.
- The reduced demand necessitated plant shutdowns during the period, to control inventory levels. This has caused reduced plant efficiency and higher unit manufacturing costs, resulting in a significant decline in earnings before interest, tax, depreciation and amortisation (**EBITDA**) margin during the half.
- The subdued building activity and scaled back production will delay the realisation of benefits expected to be delivered from plant rationalisation and upgrades that have been completed in recent years.
- In addition, uncertainty around the timing of the market recovery, factors such as labour shortages, elevated material costs, interest rate uncertainty and geopolitical volatility, has resulted in a moderation of the short to medium term outlook for sales activity.

### 1H25 Earnings Update

The following update is provided in relation to 1H25 divisional earnings:

- Property EBITDA will be higher than the prior corresponding period, due primarily to the prior period experiencing a significant expansion in industrial property capitalisation rates and a consequent devaluation of Property Trust assets. In 1H25, capitalisation rates have remained relatively stable, and as such there has been no significant change to the value of the Property Trust. In 1H25, development profit will be minimal as construction at Oakdale East is in its early stages. Net trust income will be marginally higher compared to the prior period.
- Building Products Australia is expected to deliver EBITDA broadly in line with the prior corresponding period, with the impact of lower sales volume broadly offset by portfolio rationalisation and cost reduction initiatives.
- Building Products North America EBITDA will be significantly lower, driven by the impacts outlined above, together with unusually extreme winter weather conditions in our key regions during the latter part of the half.

Until such time as Investment earnings are finalised, which are driven by the Company's 25.65% shareholding in Washington H. Soul Pattinson and Company Limited (**Soul Patts**), no guidance can be provided in relation to Brickworks' net profit after tax (**NPAT**).

Brickworks full year results remain subject to finalisation and audit and will be released on 20 March 2025.

**The Brickworks Board has authorised the release of this announcement to the market.**

<sup>1</sup> Brickworks North America Cash Generating Unit (CGU)

**For further information, please contact:**

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**About Brickworks (ASX: BKW)**

Brickworks has been building the Australian dream for over a century. Today, Brickworks is more than Australia's largest and most trusted brick manufacturer. It comprises a diversified portfolio of attractive assets, offering shareholders stability and long-term growth. The Company has a proud track record, having paid a dividend every year since listing on the ASX in 1962. Brickworks comprises four divisions – Building Products Australia, Building Products North America, Industrial Property, and Investments.

Building Products Australia includes Austral Bricks, the country's largest bricks producer, and other leading brands such as Austral Masonry and Bristle Roofing. Building Products North America is the leading brick producer in the north-east of the United States and includes the flagship brand of Glen-Gery.

On surplus land assets, Brickworks has developed extensive industrial property assets in conjunction with Joint Venture partner Goodman Group. These facilities help our customers meet the supply chain needs of the growing digital economy.

Brickworks also has a long-standing investment in Soul Patts, a diversified investment house and ASX100 company. This investment has delivered outstanding returns for the Company and provides stability and growing cash dividends.