BRICKWORKS LIMITED

20 March 2025

Half Year 2025 Report

REVIEW OF **OPERATIONS**

Authorised for release by the Board of Brickworks Limited

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Improved Underlying Earnings, Dividend Increased

	1H2024 $m	1H2025 $m	Change[1]
Revenue			
Building Products Australia	323	321	(1%)
Building Products North America	224	194	(13%)
Total revenue	**547**	**516**	**(6%)**
Underlying EBITDA			
Building Products Australia	52	50	(4%)
Building Products North America	21	(3)	(115%)
Property	(178)	38	121%
Investments	76	73	(4%)
Group expenses	(11)	(10)	7%
Total Underlying EBITDA	**(40)**	**148**	472%
Total Underlying EBIT	**(84)**	**108**	228%
Finance costs	(39)	(40)	(1%)
Income tax	87	8	(91%)
Underlying NPAT[2] - Continuing Operations	**(37)**	**76**	308%
Significant items and discontinued operations (net of tax)	**(15)**	**(55)**	(256%)
Statutory NPAT	**(52)**	**21**	141%
Per share earnings and dividends			
Underlying earnings per share (cents)	(27.2)	56.3	307%
Basic earnings per share (cents)	(38.6)	15.8	141%
Interim ordinary dividend per share (cents)	24	25	4%
Net tangible assets per share ($) (vs 31 July 2024)	19.42	19.26	(1%)

[1] All percentage changes are based on $ figures to the nearest thousand (not millions as shown in table).
[2] This is an alternative measure of earnings that excludes significant items, which are separately disclosed in the consolidated financial statements.

Financial

Overview

- **Statutory NPAT** including significant items, up 141% to $21 million
- **Underlying NPAT** before significant items up 308% to $76 million
- **Underlying EBIT from continuing operations** before significant items, up 228% to $108 million (Underlying EBITDA up 472% to $148 million)
  - **Property** EBITDA up 121% to $38 million. Rental income up 8% to $88 million for the half. Value of Property Trust assets $1.99 billion
  - **Investments** EBITDA down 4% to $73 million. Market value of listed investments $3.26 billion
  - **Building Products Australia** EBITDA down 4% to $50 million
  - **Building Products North America** EBITDA down 115% to a loss of $3 million
- **Operating cash flow** up 11% to $59 million
- **Gearing** (net debt to equity) increased to 22% (20% at 31 July 2024).
- **Interim dividend** of 25 cents fully franked, up 1 cent or 4% (Record date 9 April 2025, payment date 1 May 2025)

Earnings Analysis

Brickworks Limited (ASX: BKW) ("Brickworks" or the "Company") posted a Statutory Net Profit After Tax of $21 million for the half year ended 31 January 2025. The Underlying Net Profit After Tax was $76 million.

Group Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**)[3] was $148 million in the first half, compared to a loss of $40 million in the prior corresponding period, which was significantly impacted by property revaluations.

Underlying EBITDA ($million)	1H2024	1H2025	Change	Change %
Building Products Australia	52	50	(2)	(4%)
Building Products North America	21	(3)	(24)	(115%)
Property	(178)	38	216	121%
Investments	76	73	(3)	(4%)
Group Expenses	(11)	(10)	1	7%
Underlying EBITDA – Continuing Operations	**(40)**	**148**	**188**	**472%**

[3] All references to EBIT or EBITDA exclude discontinued operations, unless otherwise stated

On sales revenue of $321 million (down 1%), **Building Products Australia** EBITDA was $50 million, down 4% on the previous corresponding period. Margins remained consistent on softer volumes as a result of ongoing benefits from the portfolio rationalisation focussed on business unit performance, overhead cost reductions, price increases and productivity improvements across most operations.

Sales volume in **Building Products North America** was significantly lower during the period with sales revenue of $194 million (down 13%) driving an EBITDA loss of $3 million down 115%. This reflects continued challenging market conditions in core regions, the resultant impact of four plants being shut down for periods of six to eight weeks each to manage inventory levels, and disruption to available product lines in Brickworks Supply stores. Intense competition in the retail segment has resulted in some loss of market share at the company-owned Brickworks Supply store network. In addition, unusually extreme winter weather conditions in our key regions during the latter part of the half also contributed to a slower shipment rate.

Property EBITDA was $38 million, compared to a loss of $178 million in the prior period. The prior period was impacted by property revaluations as capitalisation rates expanded across the portfolio. Capitalisation rates remained stable this half with minimal impact on the valuation outcomes at 31 January 2025. Rental income continues to increase as new properties have been completed at Oakdale West, partially offset by the reduction in rent following the sale of the M7 Assets in January 2024.

At the end of the period, Brickworks' share of the net asset value within its Property Trusts was $1.99 billion (vs. $2.01 billion at 31 July 2024), which includes the impact of the sales of surplus properties within the Manufacturing Trust, including at Wetherill Park, NSW and Yatala, QLD.

Investments EBITDA was $73 million down 4%. The market value of Brickworks' 25.65% shareholding in Washington H. Soul Pattinson & Company Limited (**Soul Patts**) (ASX: SOL) was $3.23 billion at 31 January 2025, down by $119 million compared to 31 July 2024. Brickworks also holds a 14.46% stake in FBR Limited (ASX: FBR), with a market value of $34 million at the end of the period down 3%.

Net **borrowing costs** were $40 million, consistent with the prior corresponding period.

Significant items were $55 million, for the period and included:

- A non-cash impairment loss of $55 million (after tax) recognised in respect of the Brickworks North America Cash Generating Unit in line with the requirements of AASB 136 Impairment of Assets. This business has been impacted by a faster decline in market conditions than anticipated driving a 13% reduction in revenue compared to the prior corresponding period. In addition, strong competition in the retail segment has resulted in some loss of market share at the company-owned Brickworks supply store network. The resultant reduced demand has necessitated plant shutdowns during the period to control inventory levels, causing reduced plant efficiency and higher unit manufacturing costs. The subdued building activity and scaled back production will delay the realisation of further benefits expected from plant rationalisation and upgrades completed in recent years. Uncertainty around the timing of the market recovery, including 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.
- Legal costs of $13 million, associated with the proceedings filed against BGC (Australia) Pty Ltd and Midland Brick Pty Ltd seeking unspecified damages and other relief for alleged contravention of section 50 of the Competition and Consumer Act (the section 46 case has been discontinued).
- NZ Brick Distributors JV dissolution costs and acquisition costs of $3 million (net of tax). In September 2024, the joint venture with CSR ceased operating, and Brickworks established a standalone NZ business. The costs incurred were primarily related to the dissolution of

this Joint Venture, as well as foreign currency translation equity reserve recycled through the income statement giving rise to an additional expense.

- Other costs of $1 million (net of tax) including plant commissioning associated with the restart of the Rocky Ridge plant in North America, Austral Precast exit activities and advisory and IT implementation costs.
- A non-cash gain on deemed disposal of $9 million (net of tax arising from Brickworks' ownership stake in Soul Patts being diluted from 26.13% to 25.65% due to the placement of new Soul Patts shares, along with the issue of shares under the executive share scheme and dividend reinvestment plan.
- Significant items related to Soul Patts of $17 million (net of tax), including a gain on the partial disposal of their Tuas Limited investment.
- A $10 million cost arising from the net impact of the income tax expense in respect of the equity accounted Soul Patts profit, offset by the impact of fully franked Soul Patts dividend income, adjusted for the movements in the franking account and the circular dividend impact.

Significant Items ($m)	**Gross**	**Tax**	**Net**
Impairment of non-current assets	(74)	19	(55)
Legal Costs BGC/Midland proceedings	(13)	-	(13)
JV dissolution and acquisition costs	(3)	-	(3)
Other costs	-	(1)	(1)
Gain on deemed disposal of Soul Patts investment	18	(9)	9
Significant items relating to Soul Patts	17	-	17
Income tax expense from the carrying value of Soul Patts	-	(10)	(10)
Total	**(55)**	**-**	**(55)**

Statutory Earnings Per Share ('EPS') was 15.8 cents, up 141% on the previous corresponding period. Underlying EPS from continuing operations was 56.3 cents, up 307%.

Cash Flow

Total **cash flow from operating activities** was $59 million, up 11% from $54 million. Higher dividends and distributions from Investments and Property were partially offset by the impact of Building Products in North America.

Capital expenditure was $21 million during the period, down from $36 million in the previous corresponding period, with the Company having now completed its major capital expenditure program. Major projects included the finalisation of upgrade works at the Rocky Ridge (Maryland) and Adel (Iowa) plants in North America.

Balance Sheet

During the half **total shareholders' equity** was down $45 million to $3.34 billion.

Net tangible assets ('NTA') per share was $19.26 at 31 January 2025, down from $19.42 at 31 July 2024.

Total interest-bearing debt was $793 million at the end of the period. **Net debt** was $721 million, an increase of $40 million during the half. **Gearing** (net debt to equity) increased to 22% (31 July 2024 – 20%).

Net working capital was $302 million at 31 January 2025, including finished goods inventory of $300 million. The value of finished goods inventory increased during the period due to higher unit costs and the impact of foreign currency translation, despite a slight reduction in brick units on hand.

Dividends

Directors have declared a fully franked interim **dividend** of 25 cents per share for the half year ended 31 January 2025, up 4% from 24 cents. The record date for the interim dividend will be 9 April 2025, with payment on 1 May 2025.

Litigation Update

Court proceedings filed against BGC (Australia) Pty Ltd and Midland Brick Pty Ltd seeking unspecified damages and other relief for alleged contravention of section 50 of the Competition and Consumer Act are ongoing (the section 46 case has been discontinued). The case has been set down for hearing for approximately 5 weeks commencing in June 2025. There are significant upcoming milestones in the case as expert reports become due under the court ordered timetable, with the most imminent expert report being the service of Brickworks' independent economic expert's report on liability due 21 March 2025. The Board will continue to assess each significant milestone and take appropriate steps as the case proceeds.

Sustainability

Our People

Full-time equivalent employee numbers were 1,803 at 31 January 2025 (1,852 at 31 July 2024), comprising 911 based in Australia and 892 in North America.

Brickworks continues to focus on inclusion and diversity. Gender diversity has significantly improved, with 42% of the executive leadership team in Australia being female. This compares to 7% in 2015. Across the global workforce, the proportion of female employees in total and at the senior executive level are 24% and 44% respectively.

Brickworks is also active in the community and has a long-standing partnership with the Children's Cancer Institute, having made direct and indirect contributions of over $5.7 million since 2000.

Safety

The Company continues to make steady progress on improving workplace safety. The total recordable injury rate (injuries per million hours worked) for the first half was 10.1, up slightly from the record low rate of 9.7 achieved in financial year 2024.

Across our operations there were two lost time injuries during the half – one in Australia and one in North America, an improvement in North American performance versus two lost time injuries for the same period last year.

Over the longer term, a sustained decrease in injuries has been achieved through disciplined implementation of safety management systems, technology, and procedures, supported by behavioural leadership and safety training programs.

Environmental

Brickworks' sustainability strategy focuses on building safe, resilient, and sustainable cities. We are on track to achieve our 16 measurable sustainability targets under the Build for Living: Towards 2025 plan. Later this year, we will release our Towards 2030 strategy, which will build upon our extended climate objectives, including carbon reduction, energy efficiency, and product innovation.

For the second year in a row, we have been recognised by the leading Sustainability ESG rating firm, Sustainalytics, as a top-rated company based on leading ESG Risk Ratings in the construction materials sector. We plan to use this recognition to continue momentum on our sustainability journey.

The Company has made significant sustainability strides, reducing carbon emissions by 56% in Australia since 2006. To drive further progress, Brickworks introduced a carbon target in 2023 of a 15% reduction in Scope 1 and 2 greenhouse gas emissions by 2030, based on 2022 levels, across its Australian and North American operations. Greenhouse gas emissions decreased by 22% in FY2024 compared to FY2022, due to subdued market conditions allowing for increased maintenance activities and intermittent plant shutdowns. A 5% improvement in our scope 1 and 2 greenhouse gas intensity since FY2022 for brick production globally puts the Company in a good position to meet the carbon emission target when the demand resumes.

Within Property, Brickworks together with its joint venture partner Goodman (ASX: GMG), aim to be leaders in sustainable industrial property design and development.

At the latest development at Oakdale Industrial Estate, the local environment is enhanced through initiatives such as land rehabilitation, water sensitive urban design, green corridors and using native species in landscaping. The Oakdale Industrial Estate currently has 22.6 MW of solar PV installed, 92 electric vehicle charging stations, and is targeting 5-star Green Star Building ratings on all future warehouse developments.

Property

Overview of Property Result

$million	1H24	1H25	Change
Rental Income (100%)	*81*	*88*	*8%*
Borrowing & Other Costs	*(31)*	*(37)*	*(20%)*
Net Trust Income (100%)	*51*	*51*	*1%*
Net Trust Income (BKW 50%)	25	26	1%
Development Profit	48	3	(93%)
Admin / Other	(2)	(3)	(50%)
Property Trust Sales	(16)	9	152%
Brickworks Land Sales	-	3	100%
EBIT Ex Revaluations	**56**	**38**	**(32%)**
Revaluations	(233)	-	100%
Property EBIT	**(178)**	**38**	**121%**

Property delivered an EBIT (and EBITDA) of $38 million for the first half, compared to a loss of $178 million in the prior corresponding period.

Rental Income was up 8% for the period, including the benefit of new properties being completed and leased at Oakdale West, partially offset by the reduction in rent following the sale of the M7 Assets (sold in January 2024).

Borrowing and other costs were up 20%, driven by higher interest rates and average debt levels.

Net Trust income contributed $26 million in profit for the half, up slightly from the prior period.

During the first half, two new assets on the Oakdale West Estate, buildings 4C and 4D reached practical completion, providing a further 37,000m^2 of fully leased area to the JV Trust. A development profit of $3 million was recorded on completion of these buildings in the current period, with the majority of development profit recognised in the previous financial year.

In February 2025 (post period end), a significant milestone was achieved with the completion of Buildings 4A and 4B, the final two buildings at Oakdale West. These buildings will add 33,000m^2 to the Estate, with 17,500m^2 already leased and 15,500m^2 ready for immediate occupation. A small development profit will be recognised on these properties in the 2H25, with the majority of the development profit recognised in the previous financial year.

The Oakdale West Estate, which has been under construction for over 5 years, is a significant JV Asset, which will be valued at over $1.8 billion following completion in February, with ~375,000m^2 gross lettable area contributing strong rental return to the Trusts.

Development activity focus in the Industrial JV Trust has now turned to Oakdale East Stage 2, with substantial progress on the construction of the second Amazon warehouse (57,400m^2). This property is expected to be completed in early FY2026. In addition, construction is due to commence on a 42,000m^2 warehouse adjacent to this property late in the current financial year. A lease pre-commitment is currently under negotiation on this property. Oakdale East will be progressively built out over the next five years.

A total of 15 assets were externally valued during the half, including 13 properties in the Manufacturing Trust in line with the annual valuation policy. Capitalisation rates remained stable with no significant impact on the valuation outcomes. The balance of the portfolio will be subject to external valuation at 31 July 2025.

Property Trust sales for the half, contributed $9 million profit, including the sale of a surplus industrial building at Wetherill Park and vacant land at Yatala, both from the Manufacturing Trust. The sales also resulted in a cash distribution to Brickworks of $26 million. A former quarry and buffer land near the Bowral brick factory was also sold during the half and provided $3 million in profit.

Property administration expenses totalled $3 million, up 50% from the prior period. The increase occurred due to two previously operational assets becoming suitable for development. The main expenses include rent and holding costs, such as rates and taxes.

Property Trust Assets

Estate	Developed Assets				
	Asset Value ($m)	Rent ($m p.a.)	WALE[4] (yrs)	Cap. Rate[5]	GLA[6] (m^2)
Interlink Park (NSW)	659	27	2.6	5.3%	192,200
Oakdale Central (NSW)	835	34	3.1	5.3%	245,200
Oakdale East 1 (NSW)	170	7	8.9	5.1%	37,100
Oakdale South (NSW)	624	24	4.3	5.3%	177,300
Rochedale (QLD)	320	17	8.4	5.6%	126,500
Oakdale West (NSW)	1,677	71	10.1	4.9%	341,800
Industrial JV Trust Total	**4,285**	**179**	**7.1**	**5.2%**	**1,120,100**
BKW Manufacturing Trust	372	18	14.6	5.3%	-
Total	**4,657**	**198**	**7.8**	**5.2%**	**1,120,100**

As at 31 January 2025, the total value of leased assets held within the two Property Trusts was $4.66 billion. The annualised gross rent generated from these assets is $198 million and the weighted average lease expiry is 7.8 years (7.1 years for the Industrial JV Trust). The average capitalisation rate across the portfolio is 5.2%, and there was one vacancy at the end of the period, a 4,400m^2 facility at Oakdale East Estate.

Including $750 million worth of land under development, the total value of assets held within both Property Trusts was $5.41 billion at the end of the period. Borrowings of $1.42 billion are held within the Industrial JV Trust, giving a total net asset value of $3.99 billion. Brickworks' 50% share of net asset value is $1.99 billion, which is a 1% reduction versus 31 July 2024. This reduction reflects the sale of the surplus assets from the Manufacturing Trust during the period.

[4] Weighted average lease expiry (by income)
[5] Represents weighted average capitalisation rate based on assets values
[6] Gross Lettable Area

Gearing within the trusts was 26% at the end of the period, consistent with the gearing level at 31 July 2024. This comprises gearing of 33% within the stabilised Industrial JV Trust (well below the covenant of 60%), and no debt within the Brickworks Manufacturing Trust.

$million	Jul 2024	Jan 2025	Change
Leased properties	4,525	4,657	3%
Land under development	872	750	(14%)
Total Property Trust assets	**5,397**	**5,407**	**0%**
Borrowings	(1,383)	(1,418)	(3%)
Net Property Trust assets	**4,013**	**3,989**	**(1%)**
Brickworks 50% share	**2,007**	**1,995**	**(1%)**
Gearing on trust assets[7]	26%	26%	0%

[7] Borrowings / total trust assets

Investments

Investments consist of Brickworks' shareholdings in Soul Patts (ASX: SOL) and FBR (ASX: FBR), in addition to interest income on cash holdings. The EBIT from Investments was $73 million in the half year ended 31 January 2025, down 4% on the prior corresponding period.

Washington H. Soul Pattinson and Company Limited ('Soul Patts')

Brickworks hold 94.3 million shares in Soul Patts (representing a 25.65% ownership stake), with the initial investment dating back to 1968. This shareholding is an important source of earnings and cash flow diversification for the Company and has been a key contributor to Brickworks' success for more than five decades.

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

The market value of Brickworks' shareholding in Soul Patts was $3.23 billion at 31 January 2025, down $119 million from 31 July 2024.

Soul Patts has delivered strong returns to Brickworks, with 25-year total shareholder return of 13.2% per annum (to 31 January 2025), 4.7% per annum ahead of the All-Ordinaries Accumulation Index. Shareholder returns comfortably exceed the benchmark over most time periods.

The investment in Soul Patts returned an underlying earnings contribution of $73 million for the half year ended 31 January 2025, down from $76 million in the previous corresponding period.

During the period cash dividends of $52 million were received from Soul Patts, up 8% on the previous corresponding period.

FBR Limited ('FBR')

Brickworks made an initial seed investment in FBR in 2006 and at the end of the period, Brickworks held 731.7 million shares, representing a 14.46% shareholding.

FBR has developed a bricklaying robot that has the potential to build walls faster than traditional methods.

At the end of the period, the market value of Brickworks stake in FBR was $34 million.

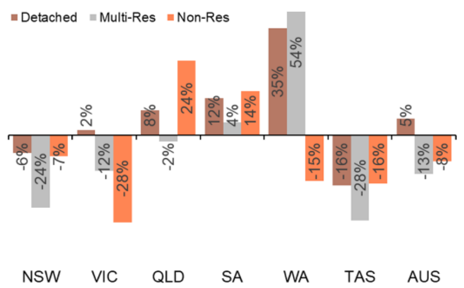
Building Products

Australia

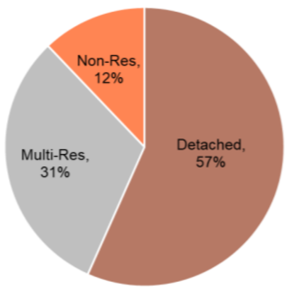
Market Conditions

Building Activity by State[8]

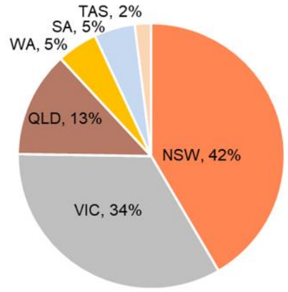
6 months to Dec 24 vs 6 months to Dec 23



Sales by Segment



Sales by Region



Residential commencements continue to be at historically low levels particularly in our key markets of New South Wales and Victoria. The multi residential segment has been particularly soft, down 24% in New South Wales and 12% in Victoria and remains at historically low levels, following several years of decline. Current activity levels in this sector remain the weakest since 2012.

Building activity continues to be subdued with extended approval timelines and higher costs. As a result, the usage of bricks, masonry, and roof tiles on-site is now typically lagging commencements by six months or more.

Non-residential building activity has varied significantly across the country. During the first half there was increased activity in Queensland (up 24%) and South Australia (up 14%) offset by declines in New South Wales (down 7%), Victoria (down 28%) and Western Australia (down 15%).

[8] Detached House and Multi-residential Commencements. Non-residential value of work done. Source: BIS Oxford Economics Australian Building Forecasts, Nov 2024. Figures shown are for the 6 months ended in December. Data shown for NSW also includes ACT, to align with Brickworks sales regions.

Overview of Result

Revenue for the half year ended 31 January 2025 was down 1% to $321 million. The result was impacted by soft building activity in key markets during the period.

EBIT from continuing operations was $22 million, broadly in line with the prior corresponding period. Excluding depreciation and amortisation, EBITDA was down by 4% to $50 million, resulting in an EBITDA margin of 16% which was in line with the prior corresponding period.

$million	1H2024	1H2025	Change
Revenue	**323**	**321**	(1%)
EBITDA	**52**	**50**	(4%)
EBIT	**23**	**22**	(2%)
EBITDA margin	**16%**	**16%**	0%

Despite the lower sales volume, margins were maintained as a result of the implementation of price increases, focus on cost control and productivity improvements across operations.

The business continues to benefit from operational efficiencies generated over the past 12 months by consolidating Austral Bricks and Austral Masonry into one operating division, restructuring of Bristile Roofing and continuing to focus on cost control across the business.

During the period, Bristile Roofing recommenced production at the Wacol facility in Queensland and added a third shift at the Dandenong facility in Victoria, responding to increased demand driven by significant rationalisation of market capacity in roof tiles. Bristile Roofing is well placed to deliver continued improved performance and earnings growth.

The business continues to focus on product innovation. In response to growing demand for thin-brick cladding systems for high-rise commercial and multi-residential segments, Advanced Cladding Systems has recently installed a new low-cost high-speed thin brick cutting line in New South Wales with commissioning well progressed.

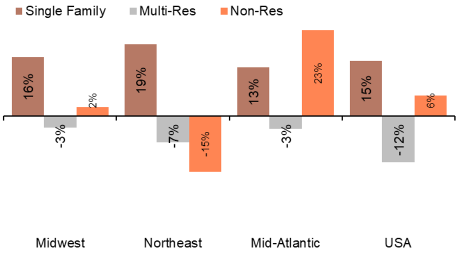
Building Products

North America

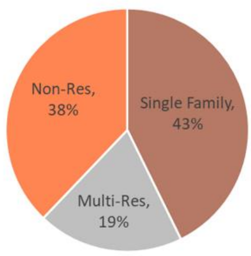
Market Conditions

Building Activity by Region[9]

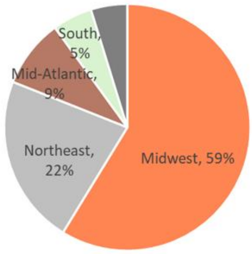
6 months to Dec 24 vs 6 months to Dec 23



Sales by Segment



Sales by Region



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

The Midwest, Northeast and Mid-Atlantic regions make up around 90% of sales. 57% of product is supplied into the non-residential and multi-residential segments, with the Northeast region being the largest market in these two segments. Both the non-residential and multi-residential segments are characterised by a higher proportion of premium products and typically attracts higher margin than the more competitive single-family segment.

In the Midwest region, which is Brickworks North America's single largest market, building activity was down 3% in the multi-residential segment and activity in the non-residential segment was slightly up 2%. Although the single-family market was up 16% in the period, this segment for Brickworks is typically dominated by lower margin sales, in a highly competitive market that is still subject to oversupply.

Similarly in the Northeast region, the key multi-residential (down 7%) and non-residential (down 15%) segments were both down compared to the prior corresponding period. While the single-family market was up 19%, typically bricks have a smaller wall share in this region.

In the Mid-Atlantic region, building activity was mixed, with commencements up in the non-residential segment was up 23% and the single-family segment was up 13%. Multi-residential construction activity was down 3%.

Although building activity in the non-residential sector showed some signs of improvement, a large pipeline of work remains in the design phase and is not yet contracted. Within the non-residential segment there are some pockets of strength, however overall activity remained subdued due to regulatory, permitting, financing, and weather delays.

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

Overview of Result[10]

$million	1H2024	1H2025	Change
Revenue ($US)	**146**	**127**	(12%)
EBITDA ($US)	**14**	**(2)**	(115%)
EBIT ($US)	**4**	**(10)**	(362%)
Revenue ($AU)	**224**	**194**	(13%)
EBITDA ($AU)	**21**	**(3)**	(115%)
EBIT ($AU)	**6**	**(15)**	(360%)
EBITDA margin	**9%**	**(2%)**	(122%)

Sales volume in Building Products North America was significantly lower during the period with sales revenue of $194 million (down 13%).

EBITDA for the half was a loss of $3 million and EBIT was a loss of $15 million.

A significant driver of the negative performance during the half was a faster than anticipated decline in market conditions in core regions, coupled with unusually extreme winter weather conditions in our key regions in the latter part of the half impacting shipments.

Strong competition in the retail segment has resulted in some loss of market share at the company owned Brickworks Supply store network. In addition, earnings contribution was lower in all regions due to project delays, and disruption to available product lines in the Brickworks Supply stores.

Brickworks Supply primarily operates in the Midwest region and supplies both Company manufactured, and third party produced bricks. In the Midwest, the consolidation from six Glen-Gery plants to three (completed in 2023) and the strategy to transition to more Company manufactured bricks, has resulted in some disruption to short-term product availability for customers. This disruption is expected to be resolved as brick production and third-party products are realigned with market demand.

As a consequence of the lower sales volumes, manufacturing plants were slowed or taken offline to manage to the lower demand levels and to control inventory. Four out of eight plants were taken offline for periods of six to eight weeks at a time during the half, compared to the previous corresponding period where no plants were taken offline. Production volume was decreased by 15% compared to the prior corresponding period causing a reduction in plant efficiency and higher unit manufacturing costs, resulting in a significant decline in EBITDA margin during the half.

The Glen-Gery six-year plant rationalisation program is now complete. During the period, the Rocky Ridge plant commissioning was finalised, and brick shipments have commenced to the local and UK markets. A new packaging line was installed at the Adel plant during the period, driving further productivity improvements at this important Midwest residential brick plant.

Brickworks' fleet of plants and supply network in North America are now well placed to take advantage of the anticipated market recovery, over the medium term.

[10] An average exchange rate of 1AUD=0.65 USD has been used to convert earnings in 1H25 (1AUD=0.65 USD in 1H24)

Outlook

Property Outlook

Property Trust

Demand for warehousing space has been exceptionally high over the last four years. This surge, driven by the growth in e-commerce and increasing inventory levels, has resulted in prime face rents in Sydney increasing an average of around 21% per annum for the last three years. Average face rents for Western Sydney are now in the range of $220m^2 to $240m^2[11]. Whilst recent trends indicate an easing in demand, rents and incentives have held stable over the final quarter of 2024.

The current passing rent within the Western Sydney estates is now around $164/m^2, and approximately 26% below the estimated market rent, providing the opportunity to increase rents as leases are renewed.

Looking forward, market rental growth is expected to slow in 2025 as occupier demand decreases. This will depend on the level of incoming supply and its impact on vacancy levels. The Brickworks Industrial JV assets, located at Eastern Creek next to existing key infrastructure, will continue to be attractive to tenants seeking prime industrial facilities in a superior location.

At Oakdale East Stage 2, construction of the 57,400m^2 Amazon facility is well progressed and forecast to be completed in early FY2026, contributing development profit in the second half of this financial year. A pre-commitment is under negotiation for the next adjacent facility, which is 42,000m^2, due to commence construction by early FY2026 and is expected to contribute to development profits in late FY2026. Resilient demand for serviced land capable of accommodating facilities over 30,000m^2 provides the opportunity to develop the remaining 151,000m^2 of gross lettable area within three to five years.

Work continues on the potential future development of sections of the Rochedale site, which could provide up to 115,000m^2 of Gross Lettable Area in the coming three to five years. The Rochedale area has limited industrial land and strong demand from tenants seeking to be close to the city and the Brisbane port area.

A feasibility assessment of the ex-manufacturing 14-hectare site in Bellevue Perth, WA (part of the Manufacturing Trust), for sub-division and sale by the Trust has commenced.

Brickworks 100% owned land

The largest additional parcel of land for potential development in Australia is at Craigieburn in Victoria, directly south of the Wollert factory site. Demand for industrial land in the northern area of Melbourne is growing, which will support rezoning the site to industrial. With an expected yield of around 600,000m^2 of Gross Lettable Area, if sold into the Industrial JV Trust, this site will extend the development pipeline well beyond the next five years.

In conjunction with Goodman Group, plans have been lodged with local authorities for a 185,000m^2 industrial estate on surplus quarry land at our Mid Atlantic property in Pennsylvania. The site, located close to the I-78 motorway linking New York to Washington D.C., is already zoned industrial. Work continues on obtaining a Preliminary Plan Approval the outcome of

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[11] Savills research report date September 2024

which is expected before mid-2025. If plan approval is secured, the feasibility of a JV development or sale will be considered.

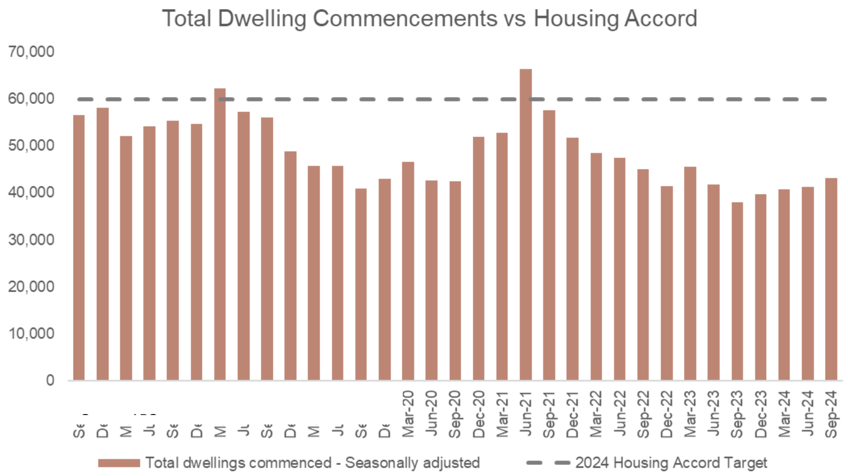
Building Products Australia

With new housing approvals remaining at a cyclical low, subdued sales activity is expected to continue for the remainder of the current calendar year.

Price increases, a general easing of cost pressures and productivity improvements are expected to support margins, despite the impact of higher delivered gas costs and reduced plant utilisation on other production costs.

Looking beyond the short-term market weakness, the broader macro-economic environment is showing signs of demand returning to the building materials sector, supported by the recent cut in the cash rate. Residential commencements are at an inflection point, with demand expected to increase in the medium term, given the chronic housing undersupply. Oxford Economics November 2024 market forecasts indicate that modest growth is forecast for 2026, and the upswing is set to accelerate in 2027.

Constraints around housing affordability and trade availability are expected to continue. The federal government's National Housing Accord target of 1.2 million new dwellings which equates to 240,000 per year, well above historical levels, is a key policy initiative. However, it is unlikely that these targets will be met, unless a range of initiatives are implemented to remove constraints within the building approval process.



Brickworks is expecting strong demand for building products in Australia in the medium term and is well placed to deliver strong returns following re-structuring, portfolio rationalisation and significant investment in the manufacturing fleet completed in prior years.

Building Products North America

In North America, market conditions across the segments and regions in which the Company operates remain mixed and competition in the single-family residential market, particularly in the key Midwest region remains strong. Challenges persist due to high mortgage interest rates and affordability issues. However, a pipeline of commercial projects is expected to underpin demand over the next 12-18 months, with the business experiencing an increase in product specifications and enquiries through design studios and architectural sales teams, totalling a 36% increase in the value of new opportunity enquiries over the prior 12 months.

The business is expecting sales to remain subdued for the remainder of the calendar year, with forecast commencements indicating a recovery in building activity across our core regions and segments from 2026 and further strengthening from 2027[12]. While positive projections exist, industry wide factors such as labour shortages, material cost increases, elevated interest rates and market uncertainties necessitate cautious optimism.

The business has made strong progress on key strategic priorities over the period, with its brick plant rationalisation program now complete. In total, eight plants have been closed over the past six years, and significant capital investment has been undertaken at the remaining eight plants. While the rationalisation program was disruptive to the North American operations, it is expected to deliver an increase in earnings over the medium term as we benefit from a more efficient set of modern plants and a retail and distributor network that is well placed to respond as market conditions improve.

Investments

Soul Patts is expected to continue to deliver a stable and growing stream of earnings and dividends over the long term.

[12] Dodge Data & Analytics Starts Forecast