Letter from the Chair & CEO

Resilience & Regeneration

We are extremely proud of what we have achieved this Year. Our teams around the world have worked hard, improving pallet availability and service levels to keep customers' goods flowing across their supply chains. At the same time, we delivered impressive financial and sustainability outcomes while investing in the future success of the business. Our ambitious transformation and regeneration agendas continue to progress, strengthening our competitive advantage and underpinning the long-term sustainability and value creation potential of our business.

In a Year marked by macroeconomic uncertainty and persistent cost pressures, we have demonstrated the quality and inherent resilience of our business. Combined with the benefits of our transformation programme, this has enabled us to deliver strong financial results and to support our customers better as we collectively navigate an ever evolving environment.

Among the most notable developments has been the improvement in pallet availability during the second half of the Year, allowing us to remove allocation protocols across our major markets and improve customer service levels in all regions. These improvements reflect a combination of the benefits of our asset productivity initiatives, investment in our asset pool and evidence of progressive inventory optimisation by retailers and manufacturers.

Although inflationary pressures persist, we have begun to see improvements in the cost and availability of some key elements to delivering pooling solutions to our customers, including lumber in all geographies and transport in North America. As a result of improved global lumber availability, the capital cost of new pallets in most regions has also begun to moderate from the record levels reported in the second half of FY22.

While uncertainty remains about the broader economic outlook, input-cost inflation and overall supply chain dynamics, we are confident that we can grow our business and successfully navigate these challenges. This will allow us to continue delivering for our customers, shareholders, employees and other stakeholders over the medium to long term.

This confidence is underpinned by a strong growth pipeline in our major markets and structural improvements already made to increase our agility in responding to rapid changes in our customers' needs, the cost environment and operating conditions more broadly. These include better alignment of commercial terms to the cost-to-serve, increased productivity across our operations and our pallet pool, as well as improvements in our customer value proposition.

These changes and our disciplined approach to capital allocation have already been integral in delivering our investor value proposition this Year, with total shareholder value creation exceeding the stated objective of above 10%, with EPS growth of 26%[2] and a dividend yield of ~3%. This was supported by double-digit revenue growth with Underlying Profit leverage and positive Free Cash Flow after dividends while generating strong return on capital for shareholders. We are particularly pleased to have delivered these outcomes while strengthening our global leadership position in sustainability and continuing to invest for the future through our transformation programme.

FY23 Financial Performance

Our sales revenue for the Year increased 14% on a constant-currency basis and reflected our pricing discipline and improved commercial terms in both current and prior-year periods to recover significant cost-to-serve increases, including record levels of inflation in pallet prices and other input-cost increases.

Our volume performance remained challenged primarily due to pallet availability constraints, particularly in the first half of the Year, slowing underlying consumer demand for our customers' products owing to macroeconomic pressures and some inventory optimisation across global supply chains.

With pallet availability improving across North America and Europe in the second half of the Year, our teams have been actively pursuing new business. Pleasingly, we have already started to see early signs of success with new business wins in both the US and Europe, supporting our confidence in the value our share and reuse solutions can unlock across customers' supply chains.

Underlying Profit for the Year increased 19% at constant currency as strong pricing more than offset input-cost inflation and incremental overhead investments to support the transformation programme.

In FY23, we saw the return to strong positive Free Cash Flow generation after a number of years of significant pallet price inflation. Despite higher cash capital expenditure this Year due to the impact of payments for pallets purchased in the prior year at elevated prices, we delivered Free Cash Flow after dividends of US$180 million. This outcome reflected increased pricing to recover the cost-to-serve and the combined benefit of asset efficiency initiatives, working capital improvements and some progressive inventory optimisation across supply chains. With Free Cash Flow after dividends positive, we are now focused on driving successive years of sustainable Free Cash Flow generation combined with

2 At constant currency.

delivery of operating leverage, in line with our investor value proposition. The ability to consistently deliver this outcome will be supported by the investments to transform our business through our Shaping Our Future transformation programme.

Accelerating Transformation Benefits

The progress of our transformation has improved the performance and resilience of our business, setting a strong foundation for us to enhance our customer value proposition and our commercial business model. This is being achieved through leveraging investments in technology and data analytics combined with automation and platform innovations to provide superior pooling solutions to support our customer and investor value propositions, while also delivering on our ambitious sustainability agenda.

Delivering an excellent customer experience and creating additional value for our customers is integral to our success. We are seeing early signs of improvements in our customer engagement and satisfaction scores as a result of better pallet availability and investments to improve our systems and deliver additional insights to our customers. In addition, we are currently trialling several innovative digital initiatives that leverage our unique position in the supply chain to remove waste from our customers' operations.

Significant progress has also been made in our asset efficiency with an additional ~10 million pallets recovered and salvaged this Year through various asset productivity improvements. There are multiple benefits to the business including reducing our demand on natural resources, improving customer pallet availability and delivering positive financial outcomes.

Importantly, these outcomes are being enabled by our digital transformation which has already started delivering business improvements by supporting commercial decision making, greater visibility and control of our assets and identifying new sources of value for our customers.

By continuing to raise our data and analytics capabilities across the organisation, we have also expanded our ability to generate, capture and analyse information, which we can convert to insights that improve the efficiency of our customers' supply chains and our own operations.

This has been further enhanced by the deployment of pallet tracking technology including through our continuous diagnostics trials in North America and the UK. We have now deployed ~450,000 autonomous tracking devices in over 30 countries that have collectively created one billion data readings and uniquely tagged approximately one million pallets in Chile with QR codes. Using enhanced data analytics, we have turned this data into information and insights to improve our operations and asset control practices.

We continue to test, learn and adapt our approach to deploying and extracting value from smart assets while assessing the potential for these technologies to be scaled in other regions based on successful pilots.

As the transformation programme progresses, we remain disciplined and flexible in how capital is deployed to optimise value. Our decision to revise downwards the number of automated repair process installations across the network from 70 to 50 by the end of FY25 reflects changes in the current operating environment and macroeconomic conditions and our disciplined approach to capital allocation. Accordingly, we have identified alternative and less capital intensive projects to generate the efficiency benefits originally attributable to the 20 automated repair process installations not being pursued.

We will apply the same rigour and transparency to all transformation investments, with trials a key part of our methodology to stage-gate investments and adapt our plans depending on trial outcomes and identification of new opportunities. Scaling of investments will be conditional on clear links to value creation and supporting the delivery of our customer and investor value propositions.

The key streams and activities during the Year have been summarised on pages 10 and 11.

We are confident the continued progress of our transformation programme will generate sustainable value over the long term for our customers, shareholders and employees as well as take us one step closer to pioneering regenerative supply chains.

Pathway to Regeneration

This Year delivered progress towards our 2025 sustainability targets, the increased recognition of the importance of integrating financial and sustainability processes and greater acknowledgement of the inherent resilience of Brambles' circular business model.

Our vision to become a regenerative and nature-positive business is evident through practical actions such as our expanding reforestation initiatives and launching more reusable plastic products made with upcycled post-consumer materials. A prime example is our FY25 Forest Positive target, which is to enable the sustainable growth of two trees for every tree we require for our timber pallets by FY25. We have started actions on large-scale projects with partners in Mexico and Zambia, while separately in CHEP South Africa, we have successfully enabled the sustainable growth of 3.85 million additional trees.

Critically, these initiatives have been co-designed with the respective local communities resulting in nature-centric economic pathways that connect the restoration of forests to their livelihoods, while in the case of Mexico, also securing future certified lumber sources for our business. It is initiatives like this that illustrate how regenerative programmes can deliver practical outcomes for people, business and the planet.

We are equally proud of our commitment to diversity, equity and inclusion, as evidenced by our increased representation of women in leadership roles, which is now 36%. Our Workplace Positive programmes also go beyond gender equity with safety being a key focus area. It is pleasing to see the Brambles Injury Frequency Rate (BIFR) decrease for the fourth year, reducing to 3.8, which represents a 24% improvement against our FY21 baseline.

Our circular business model, reinforced by our sustainability programme, has demonstrated unparalleled resilience in the face of multiple challenges this Year, including severe weather events which have increased across our network as the impact of climate change intensifies.

Brambles is approaching the dynamic challenge of climate change, and its impacts, through a complementary strategy of adaptation and mitigation. The highlights of this work are shared on pages 20-22. During this period, we initiated a comprehensive analysis of the potential climate-related physical risks to material parts of our network and sourcing supply chains. This will inform regional-specific climate adaptation plans for our service centres that will be integrated into our business continuity planning programmes. With the assistance of external expertise and climate modelling, we have initiated a programme to gain a better understanding of the potential forestry-specific impacts from climate change across our diverse materials sourcing portfolio.

Leveraging the benefits of our low-carbon business model is the foundation of Brambles' climate mitigation strategy. Introducing more customers to a circular share and reuse system results in lower environmental impacts in their supply chains. Building on this is our comprehensive decarbonisation programme which has yielded a 5.2% reduction in greenhouse gases across Scope 1, 2 and 3 emission sources and positive progress against our verified science-based 2030 targets. This is not only delivering efficiencies for our business but is educating our supply chain teams to integrate sustainability analysis into their decision making and business planning processes.

Our leadership position in sustainability was at the centre of two essential funding initiatives undertaken by Brambles during the Year. Specifically, we accessed a US$1.35 billion sustainability-linked revolving credit facility with pricing connected to performance across four key sustainability metrics linked to our published targets. We also issued a €500 million green bond with a 4.25% coupon rate that was strongly supported by sustainability focused investors.

We received numerous ESG recognitions during the Year, covering many aspects of our sustainability programme, demonstrating excellent performance against our most material ESG goals. Our results in the Dow Jones Sustainability Index, CDP Forests and CDP Climate Change and Global Top Employer certification, coupled with our internal employee engagement results, highlight the dedication of our people to making our regenerative vision a reality. We look forward to sharing more information around our sustainability progress in the 2023 Sustainability Review, due for release in September 2023.

Dividends

The strong earnings performance by Brambles during the Year, has also benefited shareholders with the Board declaring total dividends for FY23 of 26.25 US cents per share, an increase of 15% over the prior year. This represents an Australian dollar equivalent of 39.50 Australian cents per share. The Board has also increased the payout ratio for FY23 to 55% reflecting the strong balance sheet and liquidity position as well as the return to positive Free Cash Flow generation in FY23.

The non-underwritten Dividend Reinvestment Plan (DRP) remains in place for shareholders. The DRP will not attract a discount and any dilutive impacts on earnings per share will be neutralised. Shareholders wishing to participate in the DRP should confirm their election status before 5pm Sydney time on Friday 15 September 2023 with Brambles Limited's Share Registrar, Boardroom Pty Limited.

Board Renewal and CFO Succession

In line with our Board renewal plan, we appointed Priya Rajagopalan in November 2022 as a North American-based Non-Executive Director. Priya has over two decades of experience in product management, marketing and strategy, most recently in digital platforms for global supply chains. Priya brings detailed knowledge and experience of digital based supply chain product development and marketing. With Priya's appointment, we have now exceeded our FY25 target of 40% female representation on the Board.

In February this year, Nessa O'Sullivan informed the Board of her intention to step down as Chief Financial Officer (CFO) and as an Executive Director of Brambles. Following a thorough process to find a successor, with both internal and external candidates being considered, we are delighted to announce that Joaquin Gil, currently Deputy CFO of Brambles, will succeed Nessa as CFO and join Brambles' Executive Leadership Team on 13 October 2023.

Joaquin joined Brambles in 2019 as CFO of CHEP Europe and held the role of Group Vice President of Financial Planning & Analysis before being appointed Deputy CFO of Brambles in June this year. During his time at Brambles, Joaquin has played a key role in delivering the Shaping Our Future transformation, particularly the asset efficiency initiatives across the Group. Prior to joining Brambles, Joaquin held senior finance and management roles with Coca-Cola Amatil and Keurig Green Mountain, and has worked in Australia, Indonesia, Mexico and the UK. He holds a Bachelor of Commerce from the University of Canberra and is a Member of the Institute of Chartered Accountants, Australia and New Zealand.

To ensure a smooth transition, Nessa will be staying on in an advisory role until 31 January 2024. On behalf of the Board, we want to thank Nessa for her outstanding contribution over the past seven years. She has been instrumental in delivering our strategy and moving our company forward during a period of significant volatility. We wish her all the best for the future.

Full Board biographies are on pages 40 to 43. Details of our Board Skills Matrix are in the 2023 Corporate Governance Statement on brambles.com.

Outlook

Subject to there being no material change in economic and operating conditions, in FY24 we expect to deliver in constant currency, sales revenue growth between 6-8%, Underlying Profit growth between 9-12% and positive Free Cash Flow before dividends of between US$450-550 million.

These financial outcomes are dependent on a number of factors, including material unknowns. These factors include, but are not limited to, prevailing macroeconomic conditions, customer demand, the price of lumber and other key inputs, the efficiency of global supply chains, including the extent of destocking, and movements in FX rates.

Conclusion

We are proud of our achievements this Year, including the progress made across the transformation programme to improve the resilience of the business, as well as delivering another Year of strong financial performance and a strengthened leadership position in sustainability. This would not be possible without the energy and drive our people bring every day, to deliver positive outcomes for our customers in uncertain and challenging times.

On behalf of the Board, we would like to thank our ~12,000 employees for their efforts during the Year and Brambles' shareholders for their continued support.

John Mullen
Chair

Graham Chipchase
Chief Executive Officer