

Results for Announcement to the Market

Brambles Limited

ABN 89 118 896 021

Appendix 4D

Consolidated financial report for the half-year ended 31 December 2022

	First half 2023 US\$m	First half 2022 US\$m	% change (actual FX rates)	% change (constant FX rates)
Statutory Results				
Continuing operations:				
Sales revenue	2,931.5	2,746.7	7 %	14 %
Operating profit	548.8	481.5	14 %	25 %
Profit before tax ¹	486.7	439.6	11 %	22 %
Tax expense	(152.2)	(133.8)	14 %	23 %
Profit after tax	334.5	305.8	9 %	21 %
Discontinued operations - loss after tax	(3.4)	(1.3)		
Profit for the period attributable to members of the parent entity	331.1	304.5	9 %	20 %
Basic EPS (US cents) from continuing operations	24.1	21.4	13 %	25 %
Basic EPS (US cents) - includes discontinued operations	23.9	21.3	12 %	24 %
Interim dividend² (US cents)	12.25	10.75		

¹ Includes an expense of US\$12.4 million in first half 2023 (first half 2022: nil) arising from the application of AASB 129 *Financial Reporting in Hyperinflationary Economies* in second half 2022.

² The 2023 interim dividend is 35% franked and its record date is 9 March 2023. It represents a payout ratio of 49% which is broadly in line with the 2022 interim dividend payout ratio of 50%. The 2022 interim dividend was 10.75 US cents per share (refer Note 7).

Commentary on these results is set out in the Operating & Financial Review on pages 2 to 7. This report is based on the consolidated financial statements which have been reviewed by PwC.

The results in the consolidated financial statements are presented in US dollars, translated at the actual exchange rates in each period as disclosed in Note 3. The results in the Operating & Financial Review are also shown in constant currency which translates the results into US dollars at the actual exchange rates applicable to the prior comparative period. This is to show the relative performance between the two periods excluding the impact of foreign exchange movements.

Directors' Report

The Directors present the interim results of the consolidated entity consisting of Brambles Limited and the entities it controlled (Brambles or the Group) at the end of, or during, the half-year ended 31 December 2022 (1H23).

Names of Directors

The Directors of Brambles Limited in office during 1H23 and up to the date of this report are as follows:

J Mullen (Independent Non-executive Chairman)
 K Banks (Independent Non-executive Director)
 G A Chipchase (Executive Director, Chief Executive Officer)
 G El-Zoghbi (Independent Non-executive Director)
 E Fagan (Independent Non-executive Director)
 K McCall (Independent Non-executive Director)
 J Miller (Independent Non-executive Director)
 N O'Sullivan (Executive Director, Chief Financial Officer)
 S R Perkins (Independent Non-executive Director)
 P Rajagopalan (Independent Non-executive Director) – appointment effective from 1 November 2022
 N Scheinkestel (Independent Non-executive Director)

Principal Activities

The principal activities of Brambles during 1H23 were the provision of supply-chain logistics solutions, focused on the provision of reusable pallets and containers, of which Brambles is a leading global provider.

Brambles' operates primarily through the CHEP brand and operates its business within the following operating segments:

- CHEP Americas: The pallet and container pooling business in the Americas.
- CHEP Europe, Middle East, Africa and India (EMEA): The pallet and container pooling business in EMEA (including the global CHEP Automotive container business) and the CHEP branded reusable plastic crates (RPC) business in South Africa.
- CHEP Asia-Pacific: The pallet and container pooling business in Asia-Pacific and the CHEP branded RPC business in Australia and New Zealand.

There were no significant changes in the nature of Brambles' principal activities during 1H23.

Review of Operations and Results

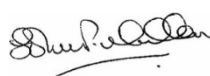
On 28 November 2022, Brambles announced that it has entered into an agreement to combine the pallet and automotive pooling operations of CHEP China with Loscam (Greater China) Holdings Limited. On completion of the transaction, Brambles will receive a 20% interest in the combined entity as consideration, which will be accounted for as an associate using the equity method. Following this announcement, the assets and liabilities of CHEP China have been classified as held for sale at 31 December 2022. The comparative balance sheet has not been restated. The results of CHEP China for first half 2023 and the comparative period are presented in discontinued operations in the consolidated statement of comprehensive income and all related note disclosures.

A review of Brambles' operations for 1H23 and the results of those operations are covered in the Operating & Financial Review on pages 2 to 7 accompanying this report.

Auditor's Independence Declaration

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 28 and forms part of this report.

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



J P Mullen
Chairman



G A Chipchase
Chief Executive Officer

24 February 2023

Consolidated Financial Report

for the half-year ended 31 December 2022

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Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2022

	Note	First half 2023 US\$m	First half 2022 US\$m
Continuing operations			
Sales revenue	4	2,931.5	2,746.7
Other income and other revenue ¹		181.5	107.1
Operating expenses	5	(2,561.8)	(2,370.3)
Share of results of associate		(2.4)	(2.0)
Operating profit		548.8	481.5
Finance revenue		7.9	5.3
Finance costs		(57.6)	(47.2)
Net finance costs		(49.7)	(41.9)
Net impact arising from hyperinflationary economies ²		(12.4)	-
Profit before tax		486.7	439.6
Tax expense		(152.2)	(133.8)
Profit from continuing operations		334.5	305.8
Loss from discontinued operations	9	(3.4)	(1.3)
Profit for the period attributable to members of the parent entity		331.1	304.5
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension plans		(24.0)	13.5
Income tax benefit/(expense) on items that will not be reclassified to profit or loss		6.0	(3.4)
		(18.0)	10.1
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries		(9.4)	(82.4)
Other comprehensive loss for the period		(27.4)	(72.3)
Total comprehensive income for the period attributable to members of the parent entity		303.7	232.2
Earnings Per Share (EPS) - US cents			
Continuing operations			
- basic	6	24.1	21.4
- diluted		24.0	21.3
Total			
- basic		23.9	21.3
- diluted		23.8	21.2

¹ Includes surcharge income in North America for fuel, transport and lumber (for repairs and maintenance timber and new pallet purchases), as well as net gains on disposal of property, plant and equipment. Other regions largely recover cost-to-serve increases, including inflation, through pricing which includes indexation and is reported as sales revenue.

² A net impact of US\$12.4 million was recognised in first half 2023 (first half 2022: nil) arising from the application of AASB 129 *Financial Reporting in Hyperinflationary Economies* in second half 2022.

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

Consolidated Balance Sheet

as at 31 December 2022

	Note	December 2022 US\$m	June 2022 US\$m
Assets			
Current assets			
Cash and cash equivalents		187.8	158.2
Trade and other receivables		1,016.6	978.5
Inventories		91.6	94.5
Other assets		73.5	90.4
Assets classified as held for sale	9	122.5	-
Total current assets		1,492.0	1,321.6
Non-current assets			
Other receivables		7.6	49.6
Property, plant and equipment		5,833.1	5,526.0
Right-of-use leased assets		594.1	617.5
Goodwill and intangible assets		240.2	243.5
Investment in associate		41.5	44.6
Deferred tax assets		145.0	128.9
Total non-current assets		6,861.5	6,610.1
Total assets		8,353.5	7,931.7
Liabilities			
Current liabilities			
Trade and other payables		1,824.5	1,860.1
Lease liabilities		108.4	140.0
Borrowings		20.2	53.7
Tax payable		60.1	61.1
Provisions		80.7	122.1
Liabilities classified as held for sale	9	63.1	-
Total current liabilities		2,157.0	2,237.0
Non-current liabilities			
Lease liabilities		581.1	573.4
Borrowings		2,377.9	2,108.4
Provisions		74.8	75.8
Retirement benefit obligations		23.8	2.2
Deferred tax liabilities		520.2	483.0
Other liabilities		-	0.8
Total non-current liabilities		3,577.8	3,243.6
Total liabilities		5,734.8	5,480.6
Net assets		2,618.7	2,451.1
Equity			
Contributed equity	8	4,520.8	4,505.8
Reserves		(7,370.2)	(7,376.6)
Retained earnings		5,468.1	5,321.9
Total equity		2,618.7	2,451.1

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

Consolidated Cash Flow Statement

for the half-year ended 31 December 2022

	Note	First half 2023 US\$m	First half 2022 US\$m
Cash flows from operating activities			
Receipts from customers		3,406.1	3,172.9
Payments to suppliers and employees		(2,386.8)	(2,289.9)
Cash generated from operations		1,019.3	883.0
Interest received		3.9	2.2
Interest paid		(53.7)	(40.5)
Income taxes paid		(116.6)	(119.8)
Net cash inflow from operating activities		852.9	724.9
Cash flows from investing activities			
Payments for property, plant and equipment		(928.5)	(785.1)
Proceeds from sale of property, plant and equipment ¹		89.2	76.3
Payments for intangible assets		(5.8)	(9.2)
Payments for disposal of businesses	9	(0.1)	(0.2)
Net cash outflow from investing activities		(845.2)	(718.2)
Cash flows from financing activities			
Proceeds from borrowings ²		4,109.3	301.8
Repayments of borrowings ²		(3,869.6)	(11.3)
Payment of principal component of lease liabilities		(61.2)	(67.2)
Net inflow/(outflow) from derivative financial instruments		8.9	(10.5)
Payments for share buy-back		-	(273.3)
Dividends paid - ordinary	7	(154.4)	(154.8)
Net cash inflow/(outflow) from financing activities		33.0	(215.3)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents, net of overdrafts, at beginning of the period		155.9	407.0
Effect of exchange rate changes		(0.3)	(7.4)
Cash and cash equivalents, net of overdrafts, at end of the period³		196.3	191.0

¹ Includes compensation for lost pooling equipment of US\$82.8 million for first half 2023 (first half 2022: US\$74.7 million).

² Includes short-term funding from the Euro Commercial Paper programme which was established during second half 2022.

³ Cash of US\$196.3 million as at 31 December 2022 includes cash and cash equivalents of US\$197.1 million, of which US\$9.3 million relates to the held for sale business, and is net of overdrafts of US\$0.8 million.

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2022

	Note	Contributed equity US\$m	Reserves US\$m	Retained earnings US\$m	Total US\$m
Half-year ended 31 December 2021					
Opening balance as at 1 July 2021		4,924.8	(7,246.4)	5,011.5	2,689.9
Profit for the period		-	-	304.5	304.5
Other comprehensive (loss)/income		-	(82.4)	10.1	(72.3)
Total comprehensive (loss)/income		-	(82.4)	314.6	232.2
Share-based payments:					
- expense recognised		-	13.0	-	13.0
- shares issued		-	(17.5)	-	(17.5)
- equity component of related tax		-	0.2	-	0.2
Transactions with owners in their capacity as owners:					
- dividends declared	7	-	-	(148.5)	(148.5)
- issues of ordinary shares, net of transaction costs		17.5	-	-	17.5
- share buy-back		(273.3)	-	-	(273.3)
Closing balance as at 31 December 2021		4,669.0	(7,333.1)	5,177.6	2,513.5
Half-year ended 31 December 2022					
Opening balance as at 1 July 2022		4,505.8	(7,376.6)	5,321.9	2,451.1
Profit for the period		-	-	331.1	331.1
Other comprehensive loss		-	(9.4)	(18.0)	(27.4)
Total comprehensive (loss)/income		-	(9.4)	313.1	303.7
Revaluation of reserves relating to hyperinflation		-	18.5	-	18.5
Share-based payments:					
- expense recognised		-	11.1	-	11.1
- shares issued		-	(15.0)	-	(15.0)
- equity component of related tax		-	1.2	-	1.2
Transactions with owners in their capacity as owners:					
- dividends declared	7	-	-	(166.9)	(166.9)
- issues of ordinary shares, net of transaction costs	8	15.0	-	-	15.0
Closing balance as at 31 December 2022		4,520.8	(7,370.2)	5,468.1	2,618.7

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

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022

Note 1. Basis of Preparation

These interim financial statements present the consolidated results of Brambles Limited (ACN 118 896 021) and its subsidiaries (Brambles or the Group) for first half 2023.

References to 2023 and 2022 are to the financial years ending on 30 June 2023 and 30 June 2022, respectively.

These consolidated financial statements are a general purpose financial report and have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* which ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

These consolidated financial statements do not include all the notes that would normally be included in an annual financial report. The consolidated financial statements should be read in conjunction with Brambles' 2022 Annual Report and public announcements made by Brambles during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The consolidated financial statements and all comparatives have been prepared using consistent accounting policies, as set out in Brambles' 2022 Annual Report.

As Brambles is a company of a kind referred to in ASIC Corporations Instrument 2016/191, relevant amounts in the consolidated financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars or, in certain cases, to the nearest thousand US dollars. Amounts in cents have been rounded to the nearest tenth of a cent.

On 28 November 2022, Brambles announced that it has entered into an agreement to combine the pallet and automotive pooling operations of CHEP China with Loscam (Greater China) Holdings Limited. On completion of the transaction, Brambles will receive a 20% interest in the combined entity as consideration, which will be accounted for as an associate using the equity method. Following this announcement, the assets and liabilities of CHEP China have been classified as held for sale at 31 December 2022. The comparative balance sheet has not been restated. The results of CHEP China for first half 2023 and the comparative period are presented in discontinued operations in the consolidated statement of comprehensive income and all related note disclosures.

Comparative information has been reclassified where appropriate to enhance comparability.

As at 31 December 2022, Brambles has net current liabilities of US\$665.0 million (30 June 2022: US\$915.4 million) of which US\$498.4 million relates to deferred revenue (30 June 2022: US\$476.8 million). Liquidity remains strong with US\$1,235.1 million of available facilities and US\$187.8 million of total cash and cash equivalents. Brambles continues to maintain solid investment-grade credit ratings of BBB+ from Standard & Poor's and Baa1 from Moody's Investors Service.

Note 2. Changes to Accounting Standards

At 31 December 2022, certain accounting standards and interpretations have been published or amended which will become mandatory in future reporting periods. These new or amended accounting standards and interpretations are either not material or not applicable to Brambles.

Note 3. Other Information

Brambles uses the US dollar as its presentation currency. All amounts disclosed in these financial statements are at actual foreign exchange rates.

The principal exchange rates affecting Brambles were:

		A\$:US\$	€:US\$	£:US\$
Average	First half 2023	0.6768	1.0177	1.1838
	First half 2022	0.7318	1.1602	1.3669
Period end	31 December 2022	0.6779	1.0672	1.2064
	30 June 2022	0.6879	1.0442	1.2124

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 4. Segment Information - Continuing Operations

Brambles' segment information is provided on the same basis as internal management reporting to the CEO.

Brambles has four reportable segments:

- CHEP North America and Latin America (CHEP Americas);
- CHEP Europe, Middle East, Africa and India, including the North American automotive business (CHEP EMEA);
- CHEP Australia, New Zealand and Asia, excluding India (CHEP Asia-Pacific); and
- Corporate centre, including Shaping Our Future and share of results of the investment in MicroStar (Corporate).

Segment performance is measured on Sales Revenue, Underlying Profit, Cash Flow from Operations and Return on Capital Invested (ROCI). Underlying Profit is the main measure of segment profit.

Segment sales revenue is measured on the same basis as the consolidated statement of comprehensive income. Brambles has one revenue stream, which is the provision of pooling equipment to customers for a period of time. Several fees are charged to customers including issue, transfer, transport and daily hire. The predominant billing structure for these fees is either a bundled upfront fee upon issue of pooling equipment to customers, or a daily hire fee based on the number of days the pooling equipment is used in the field by a customer. Other fees, such as transport and transfer fees, are billed when the activity occurs.

Segment sales revenue is allocated to segments based on product categories and physical location of the business unit that invoices the customer. Intersegment revenue during the period was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue.

Assets and liabilities are measured consistently in segment reporting and in the consolidated balance sheet. Assets and liabilities are allocated to segments based on segment use and physical location. Cash, borrowings and tax balances are managed centrally and are not allocated to segments.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 4. Segment Information - Continuing Operations – continued

	Sales revenue		Cash Flow from Operations ¹	
	First half 2023 US\$m	First half 2022 US\$m	First half 2023 US\$m	First half 2022 US\$m
By operating segment				
CHEP Americas	1,639.6	1,436.7	119.3	75.0
CHEP EMEA	1,039.2	1,059.0	27.1	130.4
CHEP Asia-Pacific	252.7	251.0	72.9	57.8
Corporate	-	-	(78.9)	(80.8)
Continuing operations	2,931.5	2,746.7	140.4	182.4
By geographic origin				
Americas	1,656.5	1,449.6		
Europe	900.8	920.5		
Australia	209.3	205.6		
Other	164.9	171.0		
Total	2,931.5	2,746.7		

¹ Cash Flow from Operations is a non-statutory measure and represents cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business and discontinued operations.

	Operating profit ²		Underlying Profit ³	
	First half 2023 US\$m	First half 2022 US\$m	First half 2023 US\$m	First half 2022 US\$m
By operating segment				
CHEP Americas	285.6	231.0	285.6	231.0
CHEP EMEA	246.0	248.4	246.0	248.4
CHEP Asia-Pacific	92.9	78.2	92.9	78.2
Corporate ⁴	(75.7)	(76.1)	(75.7)	(76.1)
Continuing operations	548.8	481.5	548.8	481.5

Underlying Profit is equal to Operating profit in first half 2023 and first half 2022 as there are no Significant Items.

² Operating profit is segment revenue less segment expense and excludes finance costs and tax.

³ Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, hyperinflation adjustments, tax and Significant Items. It is presented to assist users of the consolidated financial statements to better understand Brambles' business results.

⁴ The Corporate segment includes costs of US\$44.1 million in first half 2023 relating to the Shaping Our Future project (first half 2022: US\$51.0 million), of which US\$13.2 million relates to short-term transformation costs (first half 2022: US\$24.4 million), US\$23.1 million for digital transformation (first half 2022: US\$15.5 million) and US\$7.8 million on remaining transformation initiatives, including improving the customer experience and resources to support the delivery of the transformation programme (first half 2022: US\$11.1 million). The Corporate segment also includes the share of results of associate (MicroStar) of US\$2.4 million loss in first half 2023 (first half 2022: US\$2.0 million loss).

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 4. Segment Information - Continuing Operations – continued

	Return on Capital Invested ⁵		Average Capital Invested ⁶	
	First half 2023	First half 2022	First half 2023	First half 2022
	US\$m	US\$m	US\$m	US\$m
By operating segment				
CHEP Americas	19.2%	18.0%	2,970.7	2,561.4
CHEP EMEA	23.7%	25.3%	2,074.2	1,965.5
CHEP Asia-Pacific	35.7%	30.6%	520.3	511.5
Corporate			(18.0)	(13.7)
Continuing operations	19.8%	19.2%	5,547.2	5,024.7

⁵ Return on Capital Invested (ROCI) for first half 2023 and the comparative period is Underlying Profit multiplied by two to calculate an annualised amount, divided by Average Capital Invested. ROCI is not disclosed and measured for the Corporate segment on a stand-alone basis. Corporate costs are included in the overall ROCI from continuing operations. ROCI for continuing operations is impacted by the Shaping Our Future costs, which are included in the Corporate Segment (refer Note 4, footnote 4).

⁶ Average Capital Invested (ACI) is a monthly average of capital invested in the period. Capital invested is calculated as net assets before tax balances, cash, borrowings and lease liabilities, but after adjustments for pension plan actuarial gains and losses and net equity-settled shared-based payments.

	Capital expenditure ⁷		Depreciation and amortisation	
	First half 2023	First half 2022	First half 2023	First half 2022
	US\$m	US\$m	US\$m	US\$m
By operating segment				
CHEP Americas	443.2	467.9	192.2	176.1
CHEP EMEA	359.1	362.5	124.6	123.3
CHEP Asia-Pacific	59.9	43.4	31.9	32.8
Corporate	-	-	2.2	2.1
Continuing operations	862.2	873.8	350.9	334.3

⁷ Capital expenditure on property, plant and equipment is on an accruals basis.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 4. Segment Information - Continuing Operations – continued

	Segment assets		Segment liabilities	
	December	June	December	June
	2022	2022	2022	2022
	US\$m	US\$m	US\$m	US\$m
By operating segment				
CHEP Americas	4,228.5	4,121.4	1,629.4	1,720.9
CHEP EMEA	2,915.7	2,637.0	750.2	739.5
CHEP Asia-Pacific	662.1	741.6	259.8	267.4
Corporate	70.4	114.1	53.9	46.6
Continuing operations	7,876.7	7,614.1	2,693.3	2,774.4
Discontinued operations ⁸	122.5	-	63.1	-
Total segment assets and liabilities	7,999.2	7,614.1	2,756.4	2,774.4
Cash and borrowings ⁹	187.8	158.2	2,398.1	2,162.1
Current tax balances	21.5	30.5	60.1	61.1
Deferred tax balances	145.0	128.9	520.2	483.0
Total assets and liabilities	8,353.5	7,931.7	5,734.8	5,480.6
Non-current assets by geographic origin¹⁰				
Americas	3,629.8	3,507.6		
Europe	2,171.1	1,979.0		
Australia	518.9	507.7		
Other	396.7	486.9		
Total	6,716.5	6,481.2		

⁸ Includes the assets and liabilities of the business classified as held for sale (refer Note 9). The comparative balance sheet has not been restated.

⁹ €150.0 million of loan notes have been hedged with interest rate swaps for fair value risk. The carrying value of the notes has decreased by US\$3.9 million (June 2022: US\$0.3 million increase) in relation to changes in fair value attributable to the hedged risk.

The fair value of all financial instruments held on the balance sheet as at 31 December 2022 equals the carrying amount, with the exception of loan notes, which have a carrying amount of US\$1,570.2 million and an estimated fair value of US\$1,485.2 million. Financial assets and liabilities held at fair value are estimated using level 2 estimation techniques, whereas loan notes are estimated using both level 1 and 2 estimation techniques. Further information on the estimation methodology is included within Brambles' 2022 Annual Report.

¹⁰ Non-current assets exclude deferred tax assets of US\$145.0 million (June 2022: US\$128.9 million).

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 5. Operating Expenses - Continuing Operations

	First half 2023 US\$m	First half 2022 US\$m
Employment costs	456.8	417.0
Transport ¹	722.5	677.7
Repairs and maintenance ^{1,2}	619.0	574.4
Subcontractors and other service suppliers ³	207.6	185.0
Occupancy	24.7	25.4
Depreciation of property, plant and equipment	342.5	325.5
Irrecoverable pooling equipment provision expense	146.3	129.8
Amortisation of intangible assets	8.4	8.8
Net foreign exchange loss/(gain)	1.3	(1.6)
Other	32.7	28.3
	2,561.8	2,370.3

¹ Transport and Repairs and maintenance expenses are shown gross and do not reflect surcharge income in North America for fuel, transport and lumber (for repairs and maintenance timber and new pallet purchases) which are reported separately in other income and other revenue in the consolidated statement of comprehensive income.

² Includes the cost of raw materials used for repairs.

³ Includes consulting costs and professional fees.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 6. Earnings Per Share

	First half 2023 US cents	First half 2022 US cents
From continuing operations		
- basic	24.1	21.4
- diluted	24.0	21.3
- basic, on Underlying Profit after finance costs and tax	25.0	21.4
From discontinued operations		
- basic	(0.2)	(0.1)
- diluted	(0.2)	(0.1)
Total Earnings Per Share (EPS)		
- basic	23.9	21.3
- diluted	23.8	21.2

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans are considered to be potential ordinary shares and have been included in the determination of diluted EPS to the extent to which they are considered to be dilutive.

	First half 2023 Million	First half 2022 Million
A) Weighted Average Number of Shares During the Period		
Used in the calculation of basic EPS	1,387.1	1,431.7
Adjustment for share rights	4.8	4.5
Used in the calculation of diluted EPS	1,391.9	1,436.2

	Note	First half 2023 US\$m	First half 2022 US\$m
B) Reconciliations of Profits used in EPS Calculations			
Statutory profit			
Profit from continuing operations		334.5	305.8
Loss from discontinued operations		(3.4)	(1.3)
Profit used in calculating basic and diluted EPS		331.1	304.5
Underlying Profit after finance costs and tax			
Underlying Profit	4	548.8	481.5
Net finance costs		(49.7)	(41.9)
Underlying Profit after finance costs before tax		499.1	439.6
Tax expense on Underlying Profit		(152.2)	(133.8)
Underlying Profit after finance costs and tax		346.9	305.8
Which reconciles to statutory profit:			
Underlying Profit after finance costs and tax		346.9	305.8
Net impact arising from hyperinflationary economies		(12.4)	-
Profit from continuing operations		334.5	305.8

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 7. Dividends

A) Dividends Paid During the Period

	Final 2022
Dividend per share (US cents)	12.0
Dividends paid (US\$ million)	154.4
Payment date	13 October 2022

Brambles' dividend policy targets a payout ratio of 45-60% of Underlying Profit after finance costs and tax, subject to Brambles' cash requirements, with the dividend per share declared in US cents and converted and paid in Australian cents based on an average exchange rate five days prior to the dividend declaration.

Dividends paid during the period of US\$154.4 million (first half 2022: US\$154.8 million) per the consolidated cash flow statement differs from the amount recognised in the consolidated statement of changes in equity of US\$166.9 million (first half 2022: US\$148.5 million) due to the fluctuation in the Australian dollar between the dividend record and payment dates.

The Dividend Reinvestment Plan (DRP) was reinstated in first half 2023. The impact of the DRP for the dividend payment made in first half 2023 was neutralised by way of on-market share buy-backs.

B) Dividend Declared after 31 December 2022

	Interim 2023
Dividend per share (US cents)	12.25
Estimated cost (US\$ million)	170.0
Payment date	13 April 2023
Dividend record date	9 March 2023

As this dividend had not been declared at 31 December 2022, it is not reflected in these consolidated financial statements.

The 2023 interim dividend declared of 12.25 US cents per share represents a payout ratio of 49% which is broadly in line with the 2022 interim dividend payout ratio of 50%. The 2022 interim dividend was 10.75 US cents per share.

Note 8. Issued and Quoted Securities

	Share rights	Ordinary securities	
	Number	Number	US\$m
At 1 July 2022	8,793,004	1,386,155,249	4,505.8
Issued during the period	4,064,756	2,002,357 ¹	15.0
Exercised during the period	(1,869,090)	-	-
Lapsed	(750,276)	-	-
At 31 December 2022	10,238,394	1,388,157,606	4,520.8

¹ Includes shares issued on exercise of share rights granted under employee share plans and dividend shares issued under those plans.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 9. Discontinued Operations

On 28 November 2022, Brambles announced that it has entered into an agreement to combine the pallet and automotive pooling operations of CHEP China with Loscam (Greater China) Holdings Limited. Following this announcement, the assets and liabilities of CHEP China have been classified as held for sale at 31 December 2022. The comparative balance sheet has not been restated. The results of CHEP China for first half 2023 and the comparative period have been included in discontinued operations in the consolidated statement of comprehensive income and all related note disclosures.

The carrying amount of assets and liabilities held for sale relating to CHEP China at 31 December 2022 were:

	December 2022 US\$m
Assets	
Cash and cash equivalents	9.3
Trade and other receivables	9.7
Inventories	6.8
Property, plant and equipment	95.4
Other assets	1.3
Total assets	122.5
Liabilities	
Trade and other payables	10.8
Borrowings	50.9
Lease liabilities	0.3
Other liabilities	1.1
Total liabilities	63.1
Net assets	59.4

Segment assets and liabilities of discontinued operations, as disclosed in Note 4, includes the assets and liabilities of the business classified as held for sale as at 31 December 2022. The comparative balance sheet has not been restated.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 9. Discontinued Operations - continued

Financial information for discontinued operations is summarised below:

	First half 2023 US\$m	First half 2022 US\$m
Operating results before tax relate to:		
- CHEP China ¹	(2.0)	(0.3)
- other discontinued operations	(0.3)	(0.4)
Operating loss	(2.3)	(0.7)
Net finance costs	(1.1)	(0.7)
Tax benefit	-	0.1
Loss for the period from discontinued operations	(3.4)	(1.3)
Net cash inflow/(outflow) from operating activities ²	38.8	(1.9)
Net cash outflow from investing activities ³	(5.7)	(15.3)
Net cash inflow from financing activities ⁴	3.8	14.5
Net increase/(decrease) in cash and cash equivalents	36.9	(2.7)

¹ CHEP China's operating result for first half 2023 includes sales revenue of US\$18.5 million (first half 2022: US\$19.7 million) and US\$5.5 million of depreciation and amortisation (first half 2022: US\$6.3 million).

² Net cash inflow from operating activities in first half 2023 includes US\$41.5 million received from First Reserve as final settlement of the receivable relating to the divestment of the Hoover Ferguson Group (HFG) investment in 2018.

³ Net cash outflow from investing activities in first half 2023 includes US\$0.1 million of transaction costs paid in relation to the proposed divestment of CHEP China (first half 2022: includes US\$0.2 million of costs paid on disposal of prior period divestments and the balance pertains to CHEP China).

⁴ Net cash inflow from financing activities in first half 2023 and first half 2022 includes the net proceeds from borrowings in CHEP China.

In first half 2023, US\$0.4 million of transaction costs relating to the proposed divestment of CHEP China have been recognised as a Significant Item outside the ordinary course of business (first half 2022: nil).

Note 10. Net Assets Per Share

	December 2022 US cents	December 2021 US cents
Based on 1,388.2 million shares (first half 2022: 1,407.8 million shares):		
- Net tangible assets per share	171.3	160.1
- Net assets per share	188.6	178.5

Net tangible assets per share is calculated by dividing total equity attributable to the members of the parent entity, less goodwill and intangible assets, by the number of shares on issue at period end.

Net assets per share is calculated by dividing total equity attributable to the members of the parent entity by the number of shares on issue at period end.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2022 - continued

Note 11. Contingencies

As disclosed in the 2022 Annual Report, Brambles defended a consolidated class action raised on behalf of certain shareholders who acquired shares during the period between 18 August 2016 and 20 February 2017. The trial took place from 8 August 2022 to 8 September 2022 and on 26 and 27 October 2022, and a decision from the trial judge is pending.

There have been no material changes to contingencies as set out in the Brambles' 2022 Annual Report. As the outcomes of these matters remain uncertain, contingent liabilities exist for any potential amounts payable.

Note 12. Events After Balance Sheet Date

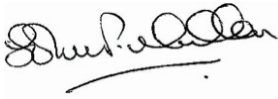
Except as outlined in the Directors' Report or elsewhere in these consolidated financial statements, there have been no other events that have occurred subsequent to 31 December 2022 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

Directors' Declaration

In the opinion of the Directors of Brambles Limited:

- (a) the financial statements and notes set out on pages 10 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated financial position of Brambles Limited as at 31 December 2022 and of its performance for the half-year ended on that date;
- (b) there are reasonable grounds to believe that Brambles Limited 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 Directors.



J P Mullen
Chairman



G A Chipchase
Chief Executive Officer

Sydney
24 February 2023



Independent auditor's review report to the members of Brambles Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Brambles Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, significant accounting policies and explanatory notes 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 accompanying half-year financial report of Brambles Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors 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.

PricewaterhouseCoopers, ABN 52 780 433 757

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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 December 2022 and of 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

D.G. Smith

Debbie Smith
Partner

Sydney
24 February 2023

Eliza Penny

Eliza Penny
Partner

Sydney
24 February 2023



Auditor's Independence Declaration

As lead auditor for the review of Brambles Limited for the half-year ended 31 December 2022, I declare that 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; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'D. G. Smith', written in a cursive style.

Debbie Smith
Partner
PricewaterhouseCoopers

Sydney
24 February 2023

PricewaterhouseCoopers, ABN 52 780 433 757

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