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Brambles

25 February 2022

The Manager - Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir / Madam

Brambles 2022 Half-Year Statutory Accounts

Attached in accordance with Listing Rule 4.2A is the consolidated financial report, directors' report and auditors' review report for Brambles Limited for the half-year ended 31 December 2021.

The release of this announcement was authorised by a Special Committee of the Board of Brambles Limited.

Yours faithfully
Brambles Limited

Robert Gerrard
Chief Legal Officer & Company Secretary

Brambles

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 2021

	First half 2022 US$m	First half 2021 US$m	% change (actual FX rates)	% change (constant FX rates)
Statutory Results				
Continuing operations:				
Sales revenue	**2,766.4**	2,560.5	8 %	8 %
Operating profit	**481.2**	466.0	3 %	4 %
Profit before tax	**438.6**	423.4	4 %	4 %
Tax expense	**(133.8)**	(127.7)	5 %	6 %
Profit after tax	**304.8**	295.7	3 %	4 %
Discontinued operations - loss after tax	**(0.3)**	(3.8)		
Profit for the period attributable to members of the parent entity	**304.5**	291.9	4 %	5 %
Basic EPS (US cents) from continuing operations	**21.3**	19.8	8 %	8 %
Basic EPS (US cents) - includes discontinued operations	**21.3**	19.6	9 %	9 %
Interim dividend[1] (US cents)	**10.75**	10.0		

[1] The 2022 interim dividend is 30% franked and its record date is 10 March 2022. It represents a payout ratio of 50% which is consistent with the payout ratio of 50% for the prior year 2021 interim dividend of 10.0 US cents.

Commentary on these results is set out in Brambles' Half-Year Results announcement dated 25 February 2022. This report is based on the consolidated financial statements which have been reviewed by PwC.

Brambles

Consolidated Financial Report

for the half-year ended 31 December 2021

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Brambles

Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2021

	Note	First half 2022 US$m	First half 2021 US$m
Continuing operations			
Sales revenue	4	**2,766.4**	2,560.5
Other income		**109.0**	80.1
Operating expenses	5	**(2,392.2)**	(2,174.6)
Share of results of associate		**(2.0)**	-
Operating profit		**481.2**	466.0
Finance revenue		**5.3**	5.1
Finance costs		**(47.9)**	(47.7)
Net finance costs		**(42.6)**	(42.6)
Profit before tax		**438.6**	423.4
Tax expense		**(133.8)**	(127.7)
Profit from continuing operations		**304.8**	295.7
Loss from discontinued operations	9	**(0.3)**	(3.8)
Profit for the period attributable to members of the parent entity		**304.5**	291.9
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension plans		**13.5**	(6.5)
Income tax (expense)/benefit on items that will not be reclassified to profit or loss		**(3.4)**	1.0
		10.1	(5.5)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries[1]		**(82.4)**	204.0
Other comprehensive (expense)/income for the period		**(72.3)**	198.5
Total comprehensive income for the period attributable to members of the parent entity		**232.2**	490.4
Earnings per share (EPS) - US cents			
Continuing operations			
- basic	6	**21.3**	19.8
- diluted		**21.2**	19.8
Total			
- basic		**21.3**	19.6
- diluted		**21.2**	19.5

[1] Exchange differences on translation of foreign subsidiaries have been impacted by the reduction in the Euro, Australian dollar and British Pound net assets when translated to US dollars. The 31 December 2021 spot rate relative to the US dollar at 30 June 2021 weakened by 4.8% for the Euro, 3.4% for the Australian dollar and 2.4% for the British Pound.

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

Brambles

Consolidated Balance Sheet

as at 31 December 2021

	Note	December 2021 US$m	June 2021 US$m
Assets			
Current assets			
Cash and cash equivalents		**194.0**	408.5
Trade and other receivables		**912.2**	887.3
Inventories		**91.9**	79.5
Other assets		**98.6**	103.0
Total current assets		**1,296.7**	1,478.3
Non-current assets			
Other receivables		**22.4**	23.6
Property, plant and equipment		**5,205.9**	4,933.2
Right-of-use leased assets		**590.2**	608.1
Goodwill and intangible assets		**259.4**	271.2
Investments		**50.1**	53.9
Deferred tax assets		**123.1**	120.7
Other assets		**5.9**	7.1
Total non-current assets		**6,257.0**	6,017.8
Total assets		**7,553.7**	7,496.1
Liabilities			
Current liabilities			
Trade and other payables		**1,717.2**	1,643.1
Lease liabilities		**138.8**	147.5
Borrowings		**53.0**	32.4
Tax payable		**46.6**	67.6
Provisions		**65.8**	116.3
Total current liabilities		**2,021.4**	2,006.9
Non-current liabilities			
Lease liabilities		**550.8**	565.1
Borrowings		**1,931.1**	1,718.1
Provisions		**77.8**	82.5
Retirement benefit obligations		**16.0**	33.3
Deferred tax liabilities		**450.2**	408.9
Other liabilities		**1.5**	-
Total non-current liabilities		**3,027.4**	2,807.9
Total liabilities		**5,048.8**	4,814.8
Net assets		**2,504.9**	2,681.3
Equity			
Contributed equity	8	**4,669.0**	4,924.8
Reserves		**(7,361.5)**	(7,274.8)
Retained earnings		**5,197.4**	5,031.3
Total equity		**2,504.9**	2,681.3

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

Consolidated Cash Flow Statement

for the half-year ended 31 December 2021

	Note	First half 2022 US$m	First half 2021 US$m
Cash flows from operating activities			
Receipts from customers		**3,172.9**	2,909.9
Payments to suppliers and employees		**(2,289.9)**	(2,067.0)
Cash generated from operations		**883.0**	842.9
Interest received		**2.2**	2.2
Interest paid		**(40.5)**	(41.0)
Income taxes paid on operating activities		**(119.8)**	(86.9)
Net cash inflow from operating activities		**724.9**	717.2
Cash flows from investing activities			
Payments for property, plant and equipment		**(785.1)**	(479.3)
Proceeds from sale of property, plant and equipment[1]		**76.3**	63.8
Payments for intangible assets		**(9.2)**	(5.4)
Payments relating to prior period business divestments	9	**(0.2)**	(6.5)
Acquisition of forestry assets		**-**	(15.5)
Net cash outflow from investing activities		**(718.2)**	(442.9)
Cash flows from financing activities			
Proceeds from borrowings		**301.8**	113.6
Repayments of borrowings		**(11.3)**	(110.8)
Payment of principal component of lease liabilities		**(67.2)**	(62.5)
Transfer to term deposits		**-**	(46.5)
Net outflow from derivative financial instruments		**(10.5)**	(9.8)
Payments for share buy-back		**(273.3)**	(286.4)
Dividends paid	7	**(154.8)**	(132.5)
Net cash outflow from financing activities		**(215.3)**	(534.9)
Net decrease in cash and cash equivalents		**(208.6)**	(260.6)
Cash and cash equivalents, net of overdrafts, at beginning of the period		**407.0**	737.3
Effect of exchange rate changes		**(7.4)**	83.1
Cash and cash equivalents, net of overdrafts, at end of the period[2]		**191.0**	559.8

[1] Includes compensation for lost pooling equipment of US$74.7 million for first half 2022 (first half 2021: US$47.7 million).

[2] Cash of US$191.0 million as at 31 December 2021 includes cash and cash equivalents of US$194.0 million and is net of overdrafts of US$3.0 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 2021

	Note	Contributed equity US$m	Reserves US$m	Retained earnings US$m	Total US$m
Half-year ended 31 December 2020					
Opening balance as at 1 July 2020 as reported		5,427.2	(7,464.3)	4,793.5	2,756.4
Opening balance adjustment	2A	-	-	(4.4)	(4.4)
Revised opening balance as at 1 July 2020		5,427.2	(7,464.3)	4,789.1	2,752.0
Profit for the period		-	-	291.9	291.9
Other comprehensive income/(expense)		-	204.0	(5.5)	198.5
Total comprehensive income		-	204.0	286.4	490.4
Share-based payments:					
- expense recognised		-	12.2	-	12.2
- shares issued		-	(13.9)	-	(13.9)
- equity component of related tax		-	0.7	-	0.7
Transactions with owners in their capacity as owners:					
- dividends declared	7	-	-	(136.7)	(136.7)
- issues of ordinary shares, net of transaction costs		13.9	-	-	13.9
- share buy-back		(286.4)	-	-	(286.4)
Closing balance as at 31 December 2020		5,154.7	(7,261.3)	4,938.8	2,832.2
Half-year ended 31 December 2021					
Opening balance as at 1 July 2021 as reported		**4,924.8**	**(7,274.8)**	**5,039.2**	**2,689.2**
Opening balance adjustment	2A	**-**	**-**	**(7.9)**	**(7.9)**
Revised opening balance as at 1 July 2021		**4,924.8**	**(7,274.8)**	**5,031.3**	**2,681.3**
Profit for the period		**-**	**-**	**304.5**	**304.5**
Other comprehensive (expense)/income		**-**	**(82.4)**	**10.1**	**(72.3)**
Total comprehensive (expense)/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	8	**17.5**	**-**	**-**	**17.5**
- share buy-back	8	**(273.3)**	**-**	**-**	**(273.3)**
Closing balance as at 31 December 2021		**4,669.0**	**(7,361.5)**	**5,197.4**	**2,504.9**

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 2021

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 2022.

References to 2022 and 2021 are to the financial years ending on 30 June 2022 and 30 June 2021 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' 2021 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' 2021 Annual Report unless otherwise stated in Changes to Accounting Standards (Note 2).

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.

In April 2021 Brambles combined its Kegstar keg rental business with MicroStar, a leading US beer keg solution provider. Consequently, the results of Kegstar for first half 2021 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 2021, Brambles has net current liabilities of US$724.7 million (30 June 2021: net current liabilities of US$528.6 million); however, liquidity remains strong with US$1,082.3 million of undrawn committed facilities and US$194.0 million of total cash and deposits. The share buy-back programme has continued in first half 2022 resulting in a payment of US$273.3 million in the current period.

Note 2. Changes to Accounting Standards

A) New accounting standards and interpretations

In April 2021, the IFRS Interpretations Committee (IFRS IC) published its final agenda decision on accounting for implementation costs in a Software as a Service (SaaS) arrangement. The decision clarified that costs of this nature can only be capitalised if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Following this decision, Brambles revised its accounting policy for SaaS arrangements and part of the implementation costs that were previously capitalised as intangible assets have now been expensed when incurred.

The change in accounting policy has been applied retrospectively with the impact outlined below:

Consolidated Statement of Comprehensive Income	**First half 2022 US$m**	**First half 2021 US$m**
Subcontractors and other service suppliers	(2.4)	(2.6)
Amortisation expense	0.7	0.3
Loss before tax	**(1.7)**	**(2.3)**
Tax benefit	0.4	0.6
Loss after tax	**(1.3)**	**(1.7)**

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2021

Note 2. Changes to Accounting Standards – continued

A) New accounting standards and interpretations – continued

Consolidated Balance Sheet	December 2021 US$m	June 2021 US$m[1]	June 2020 US$m[1]
Intangible assets	(1.7)	(4.7)	(5.9)
Deferred tax assets	0.4	1.2	1.5
Retained earnings	(1.3)	(3.5)	(4.4)

[1] The restated June 2021 consolidated balance sheet impact is the cumulative total of June 2021 and June 2020 being US$(10.6) million for intangible assets; US$2.7 million for deferred tax assets; and US$(7.9) million for retained earnings.

Consolidated Cash Flow Statement	First half 2022 US$m	First half 2021 US$m
Cash flow from operating activities	(2.4)	(2.6)
Cash flow from investing activities	2.4	2.6
Total cash flow impact	-	-

B) Impact of accounting standards issued but not yet applied

At 31 December 2021, 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.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2021 - continued

Note 3. Other Information

The principal exchange rates affecting Brambles were:

		A$:US$	€:US$	£:US$
Average	**First half 2022**	**0.7318**	**1.1602**	**1.3669**
	First half 2021	0.7260	1.1870	1.3161
Period end	**31 December 2021**	**0.7258**	**1.1328**	**1.3506**
	30 June 2021	0.7511	1.1901	1.3845

Note 4. Segment Information

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 (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 in the statement of comprehensive income. Revenue is generated from the provision of pooling equipment to customers and is recognised over the cycle time. Revenue is measured based on the amount of consideration to which Brambles expects to be entitled in exchange for transferring promised goods or services to a customer, net of consideration payable to customers or third parties, duties and taxes paid.

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 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 2021 - continued

Note 4. Segment Information – continued

	Sales revenue		Cash Flow from Operations[1]	
	First half 2022 US$m	First half 2021 US$m	First half 2022 US$m	First half 2021 US$m
By operating segment				
CHEP Americas	**1,436.7**	1,299.2	**75.0**	177.3
CHEP EMEA	**1,059.0**	1,010.0	**130.4**	238.7
CHEP Asia-Pacific	**270.7**	251.3	**42.2**	46.2
Corporate	**-**	-	**(80.8)**	(34.9)
Continuing operations	**2,766.4**	2,560.5	**166.8**	427.3
By geographic origin				
Americas	**1,449.6**	1,309.1		
Europe	**920.5**	882.6		
Australia	**205.6**	188.8		
Other	**190.7**	180.0		
Total	**2,766.4**	2,560.5		

[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.

	Operating profit[2]		Underlying Profit[3]	
	First half 2022 US$m	First half 2021 US$m	First half 2022 US$m	First half 2021 US$m
By operating segment				
CHEP Americas	**231.0**	191.9	**231.0**	191.9
CHEP EMEA	**248.4**	242.0	**248.4**	242.0
CHEP Asia-Pacific	**77.9**	67.9	**77.9**	67.9
Corporate[4]	**(76.1)**	(35.8)	**(76.1)**	(35.8)
Continuing operations	**481.2**	466.0	**481.2**	466.0

Underlying Profit is equal to Operating profit in first half 2022 and first half 2021 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, 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$51.0 million in first half 2022 relating to the Shaping Our Future project (first half 2021: US$16.5 million), of which US$24.4 million relates to short-term transformation costs (first half 2021: nil), US$10.3 million for BXB Digital (first half 2021: US$8.7 million) and US$16.3 million for other projects including investments in digital transformation.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2021 - continued

Note 4. Segment Information – continued

	Return on Capital Invested[5]		Average Capital Invested[6]	
	First half 2022 US$m	First half 2021 US$m	First half 2022 US$m	First half 2021 US$m
By operating segment				
CHEP Americas	**18.0%**	15.9%	**2,561.4**	2,411.4
CHEP EMEA	**25.4%**	25.1%	**1,956.2**	1,925.7
CHEP Asia-Pacific	**25.8%**	24.7%	**603.0**	548.9
Corporate[7]			**(14.2)**	(39.8)
Continuing operations	**18.8%**	19.2%	**5,106.4**	4,846.2

[5] Return on Capital Invested (ROCI) for first half 2022 and the comparative period is Underlying Profit multiplied by two to calculate an annualised amount, divided by Average Capital Invested. ROCI is not disclosed for the Corporate segment as it is not used by management to measure performance. ROCI for continuing operations includes the Corporate segment. The reduction in ROCI from continuing operations compared to the prior year is due to the increase in Shaping Our Future costs in first half 2022 included within 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.

[7] ACI for the Corporate segment in first half 2022 has been partly offset by the impact of the investment in MicroStar which was booked in second half 2021.

	Capital expenditure[8]		Depreciation and amortisation	
	First half 2022 US$m	First half 2021 US$m	First half 2022 US$m	First half 2021 US$m
By operating segment				
CHEP Americas	**467.9**	284.6	**176.1**	168.7
CHEP EMEA	**362.5**	177.8	**123.3**	120.2
CHEP Asia-Pacific	**54.1**	72.6	**39.1**	34.7
Corporate	**-**	-	**2.1**	2.3
Continuing operations	**884.5**	535.0	**340.6**	325.9

[8] Capital expenditure on property, plant & equipment is on an accruals basis. The first half 2022 capital expenditure includes the impact of approximately US$270.0 million of lumber inflation as well as additional pallet purchases deferred from the prior year.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2021 - continued

Note 4. Segment Information – continued

	Segment assets		Segment liabilities	
	December 2021 US$m	June 2021 US$m	December 2021 US$m	June 2021 US$m
By operating segment				
CHEP Americas	**3,735.5**	3,578.5	**1,507.1**	1,523.4
CHEP EMEA	**2,635.5**	2,548.1	**758.0**	712.6
CHEP Asia-Pacific	**751.5**	735.3	**262.1**	288.3
Corporate	**91.1**	92.4	**40.7**	63.5
Total segment assets and liabilities	**7,213.6**	6,954.3	**2,567.9**	2,587.8
Cash and borrowings[9]	**194.0**	408.5	**1,984.1**	1,750.5
Current tax balances	**23.0**	12.6	**46.6**	67.6
Deferred tax balances	**123.1**	120.7	**450.2**	408.9
Total assets and liabilities	**7,553.7**	7,496.1	**5,048.8**	4,814.8
Non-current assets by geographic origin[10]				
Americas	**3,206.7**	3,053.9		
Europe	**1,926.6**	1,830.0		
Australia	**506.1**	506.0		
Other	**488.6**	500.1		
Total	**6,128.0**	5,890.0		

[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 increased by US$7.6 million (June 2021: US$10.4 million) 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 2021 equals the carrying amount, with the exception of loan notes, which have a carrying amount of US$1,645.4 million and an estimated fair value of US$1,731.7 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' 2021 Annual Report.

[10] Non-current assets exclude financial instruments of US$5.9 million (June 2021: US$7.1 million) and deferred tax assets of US$123.1 million (June 2021: US$120.7 million).

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2021 - continued

Note 5. Operating Expenses - Continuing Operations

	First half 2022 US$m	First half 2021 US$m
Employment costs	**421.3**	387.0
Transport	**680.0**	609.6
Repairs and maintenance[1]	**578.7**	536.1
Subcontractors and other service suppliers[2]	**186.9**	156.7
Occupancy	**27.0**	26.7
Depreciation of property, plant and equipment	**331.8**	316.6
Irrecoverable pooling equipment provision expense	**129.8**	87.0
Amortisation of intangible assets	**8.8**	9.3
Net foreign exchange (gain)/loss	**(1.6)**	2.9
Other	**29.5**	42.7
	2,392.2	2,174.6

1 Includes the cost of raw materials used for repairs.
2 Includes consulting costs and professional fees.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2021 - continued

Note 6. Earnings Per Share

	First half 2022 US cents	First half 2021 US cents
From continuing operations		
- basic	**21.3**	19.8
- diluted	**21.2**	19.8
- basic, on Underlying Profit after finance costs and tax	**21.3**	19.8
From discontinued operations		
- basic	**-**	(0.3)
- diluted	**-**	(0.3)
Total Earnings per Share (EPS)		
- basic	**21.3**	19.6
- diluted	**21.2**	19.5

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 2022 Million	First half 2021 Million
A) Weighted Average Number of Shares During the Period		
Used in the calculation of basic EPS	**1,431.7**	1,493.0
Adjustment for share rights	**4.5**	4.1
Used in the calculation of diluted EPS	**1,436.2**	1,497.1

	First half 2022 US$m	First half 2021 US$m
B) Reconciliations of Profits used in EPS Calculations		
Statutory profit		
Profit from continuing operations	**304.8**	295.7
Loss from discontinued operations	**(0.3)**	(3.8)
Profit used in calculating basic and diluted EPS	**304.5**	291.9
Underlying Profit after finance costs and tax		
Underlying Profit (Note 4)	**481.2**	466.0
Net finance costs	**(42.6)**	(42.6)
Underlying Profit after finance costs before tax	**438.6**	423.4
Tax expense on Underlying Profit	**(133.8)**	(127.7)
Underlying Profit after finance costs and tax	**304.8**	295.7
which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	**304.8**	295.7
Significant Items after tax	**-**	-
Profit from continuing operations	**304.8**	295.7

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2021 - continued

Note 7. Dividends

A) Dividends Paid During the Period

	Final 2021
Dividend per share (US cents)	**10.5**
Cost (in US$ million)	**154.8**
Payment date	**14 October 2021**

Dividends paid during the period of US$154.8 million (first half 2021: US$132.5 million) per the consolidated cash flow statement differ from the amount recognised in the consolidated statement of changes in equity of US$148.5 million (first half 2021: US$136.7 million) due to the fluctuation in the Australian dollar between the dividend record and payment dates.

Brambles has a payout ratio based dividend policy, targeting 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.

The Dividend Reinvestment Plan (DRP) remained suspended during first half 2022.

B) Dividend Declared after 31 December 2021

	Interim 2022
Dividend per share (in US cents)	**10.75**
Estimated cost (in US$ million)	**151.3**
Payment date	**14 April 2022**
Dividend record date	**10 March 2022**

As this dividend had not been declared at 31 December 2021, it is not reflected in these consolidated financial statements.

The 2022 interim dividend of 10.75 US cents represents a payout ratio of 50% which is consistent with the payout ratio of 50% for the prior year 2021 interim dividend of 10.0 US cents.

Note 8. Issued and Quoted Securities

	Share rights	Ordinary securities	
	Number	Number	US$m
At 1 July 2021	**8,142,946**	**1,441,169,689**	**4,924.8**
Issued during the period[1]	**3,998,391**	**2,214,502**	**17.5**
Exercised during the period	**(2,082,808)**	**-**	**-**
Lapsed	**(487,878)**	**-**	**-**
Share buy-back[2]	**-**	**(35,610,518)**	**(273.3)**
At 31 December 2021	**9,570,651**	**1,407,773,673**	**4,669.0**

1 Includes shares issued on exercise of share plans and shares issued as part of the MyShare Dividend Reinvestment Plan.

2 As announced on 25 February 2019, Brambles will perform an on-market share buy-back up to US$1.65 billion using the proceeds from the IFCO divestment. The cumulative total of shares repurchased and cancelled to 31 December 2021 is US$1.49 billion, representing 12.2% of issued share capital at the commencement of the programme in June 2019. Of this, $273.3 million related to first half 2022.

Note 9. Discontinued Operations

On 10 February 2021, Brambles entered into an agreement to combine its Kegstar keg rental business with MicroStar. The completion of the merger occurred on 16 April 2021. As a consequence, the first half 2021 results of Kegstar have been presented in discontinued operations in the consolidated statement of comprehensive income and all related note disclosures.

Financial information for discontinued operations is summarised below:

	First half 2022 US$m	First half 2021 US$m
Operating results before tax relate to:		
- Kegstar[1]	-	(3.3)
- other discontinued operations	**(0.4)**	(2.5)
Loss before tax	**(0.4)**	(5.8)
Tax benefit	**0.1**	2.0
Loss for the period from discontinued operations	**(0.3)**	(3.8)
Net cash outflow from operating activities	**(0.9)**	(2.8)
Net cash outflow from investing activities[2]	**(0.2)**	(7.9)
Net decrease in cash and cash equivalents	**(1.1)**	(10.7)

1 Kegstar operating result for first half 2021 included sales revenue of US$5.0 million and US$1.8 million of depreciation and amortisation.

2 Net cash outflow from investing activities in first half 2022 include US$0.2 million of costs paid on disposal of Kegstar and prior period divestments (first half 2021: includes US$6.5 million of costs paid on disposal of prior period divestments and US$1.4 million of Kegstar capital expenditure).

In first half 2022 there are no Significant Items outside the ordinary course of business relating to discontinued operations (first half 2021: nil).

Note 10. Net Assets Per Share

	December 2021 US cents	December 2020 US cents
Based on 1,407.8 million shares (first half 2021: 1,470.2 million shares):		
- Net tangible assets per share[1]	**159.5**	174.3
- Net assets per share[1]	**177.9**	192.6

1 The movement from December 2020 primarily reflects higher net debt used to fund the share buy-back programme.

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 2021 - continued

Note 11. Contingencies

As disclosed in the 2021 Annual Report, Brambles continues to defend a consolidated class action raised on behalf of certain shareholders who acquired shares during the period between 18 August 2016 and 20 February 2017. Brambles has filed its defence in the consolidated action. It is not possible to determine the ultimate impact, if any, of the action upon Brambles, and it continues to vigorously defend the proceedings.

There have been no material changes to contingencies as set out in the Brambles' 2021 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 2021 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 consolidated financial statements and notes set out on pages 3 to 17 are in accordance with the Australian 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 2021 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
25 February 2022

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 2021, 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 2021 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.

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 2021 and of its performance for the

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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

D.G. Smith

Debbie Smith
Partner

Brisbane
25 February 2022

EPenny

Eliza Penny
Partner

Sydney
25 February 2022

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 2021 (1H22).

Names of Directors

The Directors of Brambles Limited in office during 1H22 and up to the date of this report are as follows:

J Mullen (Independent Non-executive Chairman)

G A Chipchase (Executive Director, Chief Executive Officer)

G El-Zoghbi (Independent Non-executive Director)

E Fagan (Independent Non-executive Director)

A G Froggatt (Independent Non-executive Director) (retired 19 October 2021)

T Hassan (Independent Non-executive Director) (retired 19 October 2021)

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)

N Scheinkestel (Independent Non-executive Director)

Review of Operations and Results

The principal activities of Brambles during 1H22 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 1H22.

On 16 April 2021 Brambles combined its Kegstar keg rental business with MicroStar, a leading US beer keg solution provider. As consideration Brambles received a 16% interest in MicroStar. Consequently, Kegstar's results for the six-month period ending 31 December 2020 (1H21) have been recognised in discontinued operations.

Some of the results referred to in this report are expressed on a "constant currency" basis. This means that they are presented by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations. All other figures are presented on an "actual foreign exchange (FX)" basis, which means the results are translated into US dollars at the applicable actual monthly exchange rates for each period. In this report, prior-year comparisons are to 1H21 unless otherwise stated.

Brambles' sales revenue from continuing operations for 1H22 was US$2,766.4 million, an increase of 8% at actual FX and constant currency driven by price growth, reflecting contractual price increases (including indexation) and other pricing initiatives to recover record levels of input-cost inflation and other cost-to-serve increases in all regions. Overall volumes were broadly in line with prior year as net new business growth offset lower like-for-like volumes. Net new business growth of 2% reflected new customer contract wins in the Central, Eastern and Southern European pallet businesses and contributions from a large Australian RPC contract which commenced in the prior year. Like-for-like volumes decreased 2% as the business cycled strong COVID-19 related demand in the prior corresponding period. Growth in the current period was also impacted by pallet availability constraints, most noticeable in the US and Australian businesses.

Brambles' Operating profit and Underlying Profit from continuing operations for 1H22 was US$481.2 million, an increase of 3% at actual FX and 4% at constant currency, and included US$24.4 million of short-term transformation costs associated with the Group's Shaping Our Future transformation programme. Excluding these short-term transformation costs, Operating profit and Underlying Profit increased 9% at constant currency. Contributions from pricing initiatives, incremental surcharge income and supply chain efficiencies, more than offset higher cost-to-serve and increased investments in the Shaping Our Future transformation programme initiatives, including digital transformation.

Directors' Report – continued

At a Group level, the sales revenue contribution to profit[1] of US$211 million and incremental lumber, transport and fuel surcharges in North America of US$32 million were partly offset by:

- Plant cost increases of US$61 million, which included US$85 million of input cost inflation (primarily lumber), most evident in North America and Europe. These inflationary cost pressures and pallet heat-treatment costs in Europe were partly offset by service centre automation benefits, damage rate improvements in the US and Europe and US$25 million of repair timing benefits due to lower pallet returns in the half;
- Transport cost increases of US$71 million, which included fuel and transport inflation across the Group of US$93 million and increased payments to supply chain participants to incentivise pallet returns in the US. These increases were partly offset by network efficiencies in the Americas region and lower transport costs in the Automotive business;
- The irrecoverable pooling equipment provision[2] (IPEP) expense increases of US$43 million, reflecting additional losses of US$35 million largely due to higher losses in the US business where ongoing supply chain disruptions and pallet scarcity resulted in lower pallet recovery rates. As outlined at the FY21 results presentation, Brambles continues to implement a range of asset productivity initiatives with a view to improve return rates and asset efficiency from the second half of FY22. The US$8 million balance of the IPEP expense increase related to higher written-down values of pallets;
- Depreciation expense increases of US$10 million, in line with prior-year investments to support volume growth and the impact of lumber inflation on recent pallet purchases;
- Shaping Our Future cost increases of US$34 million reflecting short-term transformation costs of US$24.4 million, and US$10 million of additional costs to accelerate transformation initiatives; and
- Other cost increases of US$6 million, which included the year-on-year impact of the US$8 million one-off compensation benefit recognised in the Asia-Pacific region in the first half of the prior year. In 1H22, increased asset compensations were partly offset by Brambles' share of MicroStar's post-tax results and overhead cost increases.

Brambles' profit after tax from continuing operations for 1H22 was US$304.8 million, an increase of 3% at actual FX and 4% at constant currency in line with Underlying Profit growth. The effective tax rate on Underlying Profit in the first half of 30.5% was broadly in line with the prior corresponding period.

Brambles' Cash Flow from Operations for 1H22 of US$166.8 million, decreased US$260.5 million and included an US$80 million partial reversal of the US$180 million prior-year cash flow timing benefit relating to delayed pallet purchases. The balance of this timing benefit is expected to reverse across the second half of FY22 and the first half of FY23, subject to pallet availability and the return rates of pallets on issue. Excluding the timing benefit reversal in the first half, Cash Flow from Operations decreased US$180.5 million as higher earnings and additional pallet compensations were more than offset by increased capital expenditure. On an accruals basis, capital expenditure increased US$356 million at constant currency, reflecting lumber inflation of US$270 million and US$80 million of additional pallet purchases which were deferred from the prior year. Although issue volumes were broadly in line with the prior year, additional pallets were required to support lower opening plant stock levels, longer pallet cycle times and lower pallet return rates in the period.

Brambles' Free Cash Flow[3] after dividends was an outflow of US$147.9 million, reflecting a decrease of US$311.7 million compared to the first half of the prior year and included a US$115 million reversal of FY21 timing benefits comprising the US$80 million of pallet purchases deferred from the prior year and US$35 million relating to the timing of FY21 tax payments.

The CHEP operating business segments' results for 1H22 were as follows:

CHEP Americas pallets sales revenue of US$1,418.2 million increased 10% at constant currency primarily driven by pricing actions to recover cost-to-serve increases across the region and rollover benefits of new contracts won in the prior year. CHEP Americas containers sales revenue of US$18.5 million increased 2% at constant currency, reflecting pricing actions in the North American Intermediate Bulk Container (IBC) business. CHEP Americas Underlying Profit of US$231.0 million increased 19% at constant currency as pricing and surcharge mechanisms offset significant operational headwinds and cost inflation in the period. Margin expansion in the region was driven by the Canadian and Latin American businesses, while margins in the US business remained flat in the first half.

[1] The sales revenue contribution to profit represents sales growth net of volume-related costs (excluding depreciation).

[2] The irrecoverable pooling equipment provision is a provision held by Brambles to account for pooling equipment that cannot be economically recovered and for which there is no reasonable expectation of receiving compensation.

[3] Cash Flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.

Directors' Report – continued

CHEP EMEA pallets sales revenue of US$917.9 million increased 6% at constant currency reflecting price realisation to recover cost-to-serve increases in the region and net new business growth in the European pallets business. The EMEA RPC and Containers businesses generated sales revenue of US$141.1 million, up 5% at constant currency driven by growth in the Automotive and IBC businesses. CHEP EMEA Underlying Profit of US$248.4 million increased 4% at constant currency reflecting revenue contributions to profit of US$46 million and gains of US$9 million, which included higher pallet compensations and a reduction in scrapped assets.

CHEP Asia Pacific pallets sales revenue of US$200.2 million, increased 3% at constant currency driven by price realisation and volume increases in Australia and continued volume growth in China. These increases were partly offset by lower customer transport revenue in line with lower customer pallet issues and returns in Australia. CHEP Asia Pacific RPC and Containers sales revenue of US$70.5 million increased 18% at constant currency reflecting rollover contributions from a large Australian RPC contract, which commenced part way through the first half of the prior year. CHEP Asia Pacific Underlying Profit of US$77.9 million, increased 15% at constant currency and included approximately a US$7 million benefit related to the delayed timing of pallet repair and inspection costs due to lower pallet returns in the current period. This benefit largely offset the year-on-year growth impact of an US$8 million one-off compensation benefit recognised in the first half of the prior year related to the compulsory relocation of a service centre in Australia. Excluding these items, the sales contribution to profit and lower transport costs due to lower pallet returns offset supply chain cost inflation.

Shaping Our Future transformation costs, included within the Corporate segment, of US$51.0 million increased US$34.4 million at constant currency and included short-term transformation costs of US$24.4 million primarily relating to consulting fees and internal cost of resources to support the implementation of the transformation programme. Ongoing transformation costs included Digital transformation costs of US$15.4 million, an increase of US$5.1 million at constant currency. The balance of the year-on-year increase primarily relates to IT spend to support transformation initiatives, including migration to the Cloud.

Corporate costs of US$25.1 million, increased US$3.6 million at constant currency primarily reflecting Brambles' share of MicroStar's post-tax loss.

Auditor's Independence Declaration

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 24 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

25 February 2022

Auditor's Independence Declaration

As lead auditor for the review of Brambles Limited for the half-year ended 31 December 2021, 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.

Debbie Smith
Partner
PricewaterhouseCoopers

Brisbane
25 February 2022

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