

Appendix 4D Rule 4.2A.3

Half Year Report

ORORA LIMITED ABN 55 004 275 165

1. Details of the reporting period and the previous corresponding period

Reporting Period: Half-Year Ended 31 December 2022
Previous Corresponding Period: Half-Year Ended 31 December 2021

2. Results for announcement to the market

Key information	31 Dec 2022			31 Dec 2021		
	A\$ million			A\$ million		
Statutory results						
2.1 Revenue from ordinary activities						
• From Continuing Operations	2,264.5	Up	13.9%	from	1,988.6	
• From Discontinued Operations	-				-	
2.2 Net profit/(loss) from ordinary activities after tax but before significant items, attributable to members						
• From Continuing Operations	108.1	up	5.3%	from	102.7	
• From Discontinued Operations	-				-	
2.3 Net profit/(loss) for the period, after significant items, attributable to members						
• From Continuing Operations	108.1	up	5.3%	from	102.7	
• From Discontinued Operations	-	down	100.0%	from	(2.4)	

Dividends	Amount per security	Franked amount per security
<i>Current period</i>		
2.4 Interim dividend payable 12 April 2023	8.5 cents	Unfranked
2.4 Final dividend (in respect of prior year) paid 10 October 2022	8.5 cents	Unfranked
<i>Previous corresponding period</i>		
2.4 Interim dividend paid 30 March 2022	8.0 cents	Unfranked

2.5 Record date for determining entitlements to the dividend	Interim dividend – 2 March 2023
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2.6 Brief explanation of figures in 2.1 to 2.4 –:

- The interim dividend in the current period is unfranked, the prior period interim and final dividends were also unfranked.
- 100.0% of the current period dividend is sourced from the Conduit Foreign Income Account. Dividends to foreign holders are not subject to withholding tax.
- Refer to attached Interim Financial Report and the Investor Results Release for further details relating to 2.1 to 2.4.

3. Net tangible assets

	31 December 2022	30 June 2022	31 December 2021
Net tangible asset backing per ordinary security ⁽¹⁾	\$0.39	\$0.33	\$0.40

⁽¹⁾The net tangible asset backing per ordinary share of \$0.39 (June 2022: \$0.33, December 2021: \$0.40) presented above is inclusive of right-of-use assets and liabilities. The net tangible asset backing per ordinary share, as at 31 December 2022, would reduce to \$0.19 (June 2022: \$0.13, December 2021: \$0.18) if right-of-use assets were excluded, and right-of-use liabilities were included, in the calculation.

4. Control gained or lost over entities having a material effect

Not applicable.

5. Details of individual dividends and payment dates

Refer the attached Interim Financial Report, Note 4 - Dividends.

6. Details of dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) is in operation. No discount is available under the DRP in respect of the FY23 interim dividend. The issue price for the FY23 interim dividend will be calculated based on the arithmetic average of the weighted average market price for the ten ASX trading days from 14 March to 27 March 2023, inclusive. The last date for receipt of election notices for the DRP is 3 March 2023. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Orora Limited.

7. Details of associates and joint venture entities

Not applicable

8. For foreign entities, which set of accounting standards is used in compiling the report

International Financial Reporting Standards

9. The attached Interim Financial Report includes a copy of the review report. The review report is not subject to a modified opinion, emphasis of matter or other matter paragraph.



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Ann Stubbings
Company Secretary

Dated: 16 February 2023

ORORA LIMITED
ABN: 55 004 275 165

INTERIM FINANCIAL REPORT

31 DECEMBER 2022

16 February 2023

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Directors' Report

The Directors present their report on the Group consisting of Orora Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2022.

Directors

The following persons were Directors of Orora Limited during, or since the end of, the half year:

Non-executive

A R H (Rob) Sindel - Chairman
A P (Abi) Cleland
M A (Michael) Fraser
T J (Tom) Gorman
S L (Sam) Lewis
J L (Jeremy) Sutcliffe - retired 31 August 2022

Executive

B P (Brian) Lowe

Review and Results of Operations

The Group's consolidated statutory profit, after tax, for the half year ended 31 December 2022 was \$108.1 million, compared with \$100.3 million in the comparative period. The Group's continuing statutory profit, after tax, increased to \$108.1 million from \$102.7 million, an increase of 5.3%.

Earnings before significant items, interest and tax of the Group increased to \$165.8 million from \$154.5 million attributable to continued strong, double-digit earnings growth in the North America segment offset by softer Australian earnings resulting from the timing of inflation adjustment mechanisms within the beverage business.

Australasia Segment

Earnings before significant items, interest and tax of the Australasia segment decreased to \$81.1 million from \$84.0 million reflecting the timing of inflation impacts primarily relating to freight, energy and materials and a change in glass product sales mix.

North America Segment

Earnings before interest and tax of the North America segment increased to \$84.7 million from \$70.5 million. In local currency, earnings for the North America segment increased by 10.3% to US\$56.8 million from US\$51.5 million, primarily driven by an improved operating performance in the distribution business, where disciplined price management, a focus on managing inflationary inputs and account profitability execution continues to drive improvements in operating efficiency and cost to serve.

Refinancing

During the six months to 31 December 2022, the Group increased the committed facility limit of the Global Syndicated Multi-currency facility, maturing in November 2024, by \$110.0 million to \$460.0 million.

Subsequent to 31 December 2022, the Group entered into two new bilateral debt facility agreements:

- a A\$50.0 million bilateral revolving cash advance debt facility maturing January 2026; and
- a US\$100.0 million bilateral term debt facility maturing January 2028.

Additional analysis of the operations of the Group for the half year ended 31 December 2022 is contained in Orora Limited's Statement to the Australian Securities Exchange and Investor Results Release dated 16 February 2023.

Dividend

Since 31 December 2022 the Directors have declared an interim dividend on ordinary shares, expected to be paid on 12 April 2023, of approximately \$71.9 million. This represents a dividend of 8.5 cents per share unfranked, of which 100.0% will be sourced from the Conduit Foreign Income Account.

The exact amount of the dividend is subject to the number of shares on issue up to Record Date. The financial effect of this dividend has not been brought into account in the consolidated interim financial report for the half year ended 31 December 2022 and will be recognised in subsequent financial reports.

Directors' Report

Change of auditors

On 18 August 2022, Orora announced that it had appointed KPMG as its statutory auditor. The appointment was approved at Orora's 2022 Annual General Meeting held on 20 October 2022.

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under Section 307C of the *Corporations Act 2001*, is set out on page 3.

Rounding Off

The Group is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Instrument, amounts in the consolidated interim financial report and Directors' Report have been rounded off to the nearest \$100,000 or, where the amount is \$50,000 or less, zero, unless specifically otherwise stated.

Signed in accordance with a resolution of the Directors.



A R H Sindel
Chair

16 February 2023



B P Lowe
Managing Director and Chief Executive Officer

16 February 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Orora Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Orora Limited for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.


KPMG


Penny Stragalinos

Partner

Melbourne

16 February 2023

Condensed Consolidated Income Statement

For the six months ended 31 December 2022

\$ million	Note	Dec 2022	Dec 2021
Continuing Operations			
Sales revenue	1	2,264.5	1,988.6
Cost of sales		(1,839.0)	(1,608.0)
Gross profit		425.5	380.6
Other income		2.9	3.0
Sales and marketing expenses		(131.9)	(109.1)
General and administration expenses		(130.7)	(120.0)
Profit from operations		165.8	154.5
Finance income	1	0.6	0.2
Finance expenses		(21.7)	(13.3)
Net finance costs		(21.1)	(13.1)
Profit before related income tax expense	1	144.7	141.4
Income tax expense		(36.6)	(38.7)
Profit from continuing operations		108.1	102.7
Discontinued Operations			
Loss from discontinued operations, net of tax	2	-	(2.4)
Profit for the financial period attributable to the owners of Orora Limited		108.1	100.3
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share		12.8	11.8
Diluted earnings per share		12.7	11.7
Earnings per share for profit attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share		12.8	11.5
Diluted earnings per share		12.7	11.4

The above condensed consolidated income statement should be read in conjunction with the accompanying condensed notes to the interim financial report.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2022

\$ million	Note	Dec 2022	Dec 2021
Profit for the financial period		108.1	100.3
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
<i>Cash flow hedge reserve</i>			
Unrealised gain on cash flow hedges		6.9	3.1
Realised gain transferred to profit or loss		[2.1]	[1.8]
Realised gains transferred to non-financial assets		-	[0.1]
Income tax relating to these items		[1.4]	[0.3]
<i>Exchange fluctuation reserve</i>			
Exchange differences on translation of foreign operations		9.9	16.4
Net investment hedge of foreign operations		-	[3.7]
Other comprehensive income for the financial period, net of tax		13.3	13.6
Total comprehensive income for the financial period attributable to the owners of Orora Limited		121.4	113.9
Total comprehensive income for the financial period attributable to the owners of Orora Limited arises from:			
Continuing operations		121.4	116.3
Discontinued operations	2	-	[2.4]
		121.4	113.9

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying condensed notes to the interim financial report.

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

\$ million	Note	Dec 2022	June 2022
Current assets			
Cash and cash equivalents		85.3	52.6
Trade and other receivables		532.6	561.8
Inventories		662.3	650.8
Derivatives	5	5.6	15.8
Other current assets		36.5	26.7
Total current assets		1,322.3	1,307.7
Non-current assets			
Property, plant and equipment		733.3	685.2
Right-of-use assets		168.0	173.7
Deferred tax assets		17.7	16.1
Goodwill and intangible assets		436.9	433.2
Derivatives	5	9.5	1.1
Other non-current assets		90.2	91.8
Total non-current assets		1,455.6	1,401.1
Total assets		2,777.9	2,708.8
Current liabilities			
Trade and other payables		876.4	931.2
Borrowings		146.8	35.0
Lease liabilities		50.8	49.7
Derivatives	5	5.8	1.9
Current tax liabilities		13.0	17.6
Provisions		73.3	86.9
Total current liabilities		1,166.1	1,122.3
Non-current liabilities			
Other payables		8.9	5.0
Borrowings		609.3	646.6
Lease liabilities		166.0	174.8
Derivatives	5	0.1	-
Deferred tax liabilities		29.6	13.7
Provisions		13.3	14.7
Total non-current liabilities		827.2	854.8
Total liabilities		1,993.3	1,977.1
NET ASSETS		784.6	731.7
Equity			
Contributed equity and treasury shares	3	(34.3)	(37.3)
Reserves		152.2	138.9
Retained earnings		666.7	630.1
TOTAL EQUITY		784.6	731.7

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

\$ million	Note	Attributable to owners of Orora Limited			Total equity
		Contributed equity and treasury shares	Reserves	Retained earnings	
Balance at 1 July 2022		(37.3)	138.9	630.1	731.7
Net profit for the financial period		-	-	108.1	108.1
<i>Other comprehensive income/(expense):</i>					
Unrealised gain on cash flow hedges		-	6.9	-	6.9
Realised gains transferred to profit or loss		-	(2.1)	-	(2.1)
Exchange differences on translation of foreign operations		-	9.9	-	9.9
Deferred tax		-	(1.4)	-	(1.4)
Total other comprehensive income		-	13.3	-	13.3
Transactions with owners in their capacity as owners:					
Settlement of options and performance rights	3	3.0	(3.0)	-	-
Share-based payment expense		-	3.0	-	3.0
Dividends paid	4	-	-	(71.5)	(71.5)
Balance at 31 December 2022		(34.3)	152.2	666.7	784.6
Balance at 1 July 2021		80.8	107.6	580.2	768.6
Net profit for the financial period		-	-	100.3	100.3
<i>Other comprehensive income/(expense):</i>					
Unrealised gain on cash flow hedges		-	3.1	-	3.1
Realised gains transferred to profit or loss		-	(1.8)	-	(1.8)
Realised gains transferred to non-financial assets		-	(0.1)	-	(0.1)
Exchange differences on translation of foreign operations		-	12.7	-	12.7
Deferred tax		-	(0.3)	-	(0.3)
Total other comprehensive income		-	13.6	-	13.6
Transactions with owners in their capacity as owners:					
Share buyback		(31.5)	-	-	(31.5)
Purchase of treasury shares		(1.7)	-	-	(1.7)
Settlement of options and performance rights		3.6	(3.6)	-	-
Share-based payment expense		-	2.6	-	2.6
Dividends paid	4	-	-	(65.7)	(65.7)
Balance at 31 December 2021		51.2	120.2	614.8	786.2

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 31 December 2022

\$ million	Note	Dec 2022	Dec 2021
Cash flows from/(used in) operating activities			
Profit for the financial period from continuing operations		108.1	102.7
Depreciation		31.4	31.9
Amortisation of right-of-use assets		23.7	22.2
Amortisation of intangible assets		5.0	4.3
Net finance costs		21.1	13.1
Net loss on disposal of non-current assets		-	0.5
Net gain on disposal of leases		-	(1.6)
Fair value gain on financial instruments at fair value through income statement		0.1	(0.1)
Share-based payment expense		3.0	2.6
Net impairment losses and other sundry items		23.4	9.6
Income tax expense		36.6	38.7
Operating cash inflow before changes in working capital and provisions		252.4	223.9
- (Increase)/decrease in trade and other receivables		25.3	(54.2)
- (Increase)/decrease in inventories		(16.6)	(86.0)
- (Increase)/decrease in prepayments and other operating assets		(13.4)	(9.1)
- Increase/(decrease) in trade and other payables		(39.3)	110.1
- Increase/(decrease) in provisions		(15.4)	(3.9)
		193.0	180.8
Interest received		0.6	-
Interest and finance costs paid		(21.4)	(13.9)
Income tax paid		(28.3)	(45.5)
Net cash inflow from continuing operating activities		143.9	121.4
Net cash used in discontinued operating activities		-	-
Net cash inflow from operating activities		143.9	121.4
Cash flows from/(used in) investing activities			
Granting of amounts to associated companies and other persons		(0.2)	(3.8)
Government grant received		3.0	2.0
Payments for property, plant and equipment and intangible assets		(87.8)	(42.9)
Proceeds on disposal of non-current assets		0.1	0.3
Net cash flows used in continuing investing activities		(84.9)	(44.4)
Net cash flows from discontinued investing activities ⁽¹⁾		(1.8)	(3.1)
Net cash flows used in investing activities		(86.7)	(47.5)
Cash flows from/(used in) financing activities			
Share buyback		-	(30.4)
Payments for treasury shares		-	(2.8)
Proceeds from borrowings ⁽²⁾		72.4	20.0
Principal lease repayments		(26.3)	(24.6)
Dividends paid and other equity distributions	4	(71.5)	(65.7)
Net cash flows used in continuing financing activities		(25.4)	(103.5)
Net cash flows from discontinued financing activities		-	-
Net cash flows used in financing activities		(25.4)	(103.5)
Net increase/(decrease) in cash held			
Cash and cash equivalents at the beginning of the financial period		52.6	50.6
Effects of exchange rate changes on cash and cash equivalents		0.9	0.9
Cash and cash equivalents at the end of the financial period⁽³⁾		85.3	21.9

⁽¹⁾ Net cash flows from discontinued investing activities represent payments for the settlement of amounts already provided for relating to the sale of the Australasian Fibre business. Further details regarding the sale can be found in the 2022, 2021 and 2020 Annual Reports.

⁽²⁾ Short-term draw downs and repayments of facilities are presented net within the financing activities of the condensed consolidated cash flow statement.

⁽³⁾ For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and at bank and short-term money market investments, net of outstanding bank overdrafts.

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Condensed Notes to the Interim Financial Report

For the six months ended 31 December 2022

About this report

Orora Limited (the Company) is a for-profit entity for the purposes of preparing this interim financial report and is domiciled in Australia. These condensed interim financial statements ('interim financial report') as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the manufacture and supply of packaging products and services to the grocery, fast moving consumer goods and industrial markets.

These interim financial statements for the Group for the six months ended 31 December 2022 were approved by the Company's Board of Directors on 16 February 2023. The Directors have the power to amend and reissue the interim financial report.

The Annual Report of the Group as at and for the year ended 30 June 2022 is available upon request from the Company's registered office at 109 Burwood Road, Hawthorn 3122, Victoria, Australia or at www.ororagroup.com.

This interim financial report:

- has been prepared in accordance with the requirements of Accounting Standard AASB 134 *Interim Financial Reporting* (AASB 134) and the *Corporations Act 2001*;
- does not include all of the information required for a full financial report, and should be read in conjunction with the Annual Report of the Group as at and for the year ended 30 June 2022 and any public announcements made by Orora Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*;
- has been prepared under historical cost basis except for financial instruments which have been measured at fair value. Non-derivative financial instruments are measured at fair value through the income statement;
- is presented in Australian dollars with values rounded to the nearest \$100,000 unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with the current period presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2022;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective; and
- has applied the Group accounting policies consistently to all periods presented.

Current period significant events

During the six months to 31 December 2022, the Group increased the committed facility limit of the Global Syndicated Multi-currency facility, maturing in November 2024, by \$110.0 million to \$460.0 million.



Judgements and estimates

The preparation of the interim financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The judgement, estimates and assumptions applied in the interim financial statements, including key sources of estimation uncertainty and the assessment of hedge effectiveness, are the same as those applied in the Group's last Annual Report for the year ended 30 June 2022.

Asset restoration and decommissioning liability

Asset decommissioning

The decommissioning of the Petrie site is a significant and complex exercise involving multiple government agencies. At the date of this consolidated interim financial report, decommissioning work continues on site with the estimated costs to complete the decommissioning contingent on final remediation requirements which require significant judgement in respect of determining a reliable estimate.

The provision recognised as at 31 December 2022 represents management's best estimate using all currently available information and considering applicable legislative and environmental regulations.

Condensed Notes to the Interim Financial Report

For the six months ended 31 December 2022

1. Segment information

Understanding the segment results

The Group's operating segments are organised and managed according to their geographical location. Each segment represents a strategic business that offers different products and operates in different industries and markets.

The Corporate Executive Team, the chief operating decision-makers (CODM), monitor the operating results of the business separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on earnings before significant items, interest and related income tax expense (EBIT). This measure excludes discontinued operations and the effects of individually significant non-recurring gains/losses which may have an impact on the quality of earnings, whilst including items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Interest income and expenditure and other finance costs, excluding interest expense related to lease liabilities, are not allocated to the segments, as this type of activity is managed on a Group basis. Transfer prices between segments are priced on an 'arms-length' basis, in a manner similar to transactions with third parties, and are eliminated on consolidation.

The following summary describes the operations of each reportable segment.

Orora Australasia

This segment focuses on the manufacture of beverage packaging products within Australia and New Zealand. The products manufactured by this segment include glass bottles, beverage cans and wine closures.

Orora North America

This segment, predominately located in North America, purchases, warehouses, sells and delivers a wide range of packaging and other related materials. The business also includes integrated corrugated sheet and box manufacturing and equipment sales capabilities and point of purchase retail display solutions and other visual communication services.

The following segment information was provided to the CODM for the reportable segments for the half year ended 31 December 2022.

\$ million	Australasia		North America		Total Reported	
	2022	2021	2022	2021	2022	2021
Reportable segment revenue⁽¹⁾	534.2	443.2	1,730.3	1,545.4	2,264.5	1,988.6
Reportable segment earnings						
Earnings before interest, tax, depreciation and amortisation	104.0	106.0	121.9	106.9	225.9	212.9
Depreciation and amortisation	(22.9)	(22.0)	(37.2)	(36.4)	(60.1)	(58.4)
Earnings before interest and tax	81.1	84.0	84.7	70.5	165.8	154.5
Allocated finance expense - lease liabilities interest	(0.3)	(0.3)	(4.6)	(4.7)	(4.9)	(5.0)
Earnings before unallocated interest and tax	80.8	83.7	80.1	65.8	160.9	149.5
<i>Reconciliation to profit before tax from continuing operations</i>						
Unallocated finance income					0.6	0.2
Unallocated finance expense					(16.8)	(8.3)
Consolidated profit before income tax expense from continuing operations					144.7	141.4
Operating free cash flow⁽²⁾	47.2	71.7	93.4	61.6	140.6	133.3
<i>Reconciliation to cash flow from operating activities</i>						
Add back capital expenditure activities included in segment operating free cash flow					21.2	17.9
Add back principal lease repayments included in segment operating free cash flow					26.3	24.6
Less interest and tax paid excluded from operating free cash flow					(44.2)	(54.4)
Net cash flow from continuing operating activities					143.9	121.4

⁽¹⁾ Represents total revenue from external customers. Across all segments, in accordance with AASB 15 *Revenue from Contracts with Customers*, the timing of revenue recognition materially occurs at a point in time.

⁽²⁾ Operating free cash flow represents the cash flow generated from the Group's operating and non-growth capital expenditure activities, including lease payments but before interest, tax and dividends.

Condensed Notes to the Interim Financial Report

For the six months ended 31 December 2022

2. Significant items

Significant items are typically gains or losses arising from events that are not considered part of the core operations of the business.

31 December 2022

There were no significant items recognised for the six months to 31 December 2022.

31 December 2021

In the comparative period, a tax expense of \$2.4 million was recognised upon finalisation of the tax position of the Australasian Fibre business and the filing of associated tax returns with tax authorities. Further details regarding the sale of the Australasian Fibre business can be found in the 2022, 2021 and 2020 Annual Reports.

3. Contributed equity and treasury shares

\$ million	Dec 2022	June 2022
Issued and fully paid ordinary shares		
845,351,790 ordinary shares with no part value (June 2022: 845,351,790)	(28.2)	(26.4)
Treasury shares		
1,698,766 ordinary shares with no par value (June 2022: 3,023,673)	(6.1)	(10.9)
Total contributed equity and treasury shares	(34.3)	(37.3)

Ordinary shares issued and fully paid

All issued shares are fully paid, all shares rank equally with regards to the Company's residual assets. Ordinary shares entitle the holder to participate in dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share buyback reserve

Due to the share buybacks occurring in prior periods being undertaken at higher prices than the original subscription price, the balance for ordinary share contributed equity has been reduced to nil, and a reserve created to reflect the excess value of shares brought over the original amount of the subscribed equity.

Treasury shares

Treasury shares are shares in the Company that are held by the Orora Employee Share Trust for the purpose of issuing shares to employees under the Group's Employee Share Plans.

Reconciliation of fully paid ordinary shares and treasury shares

	Contributed equity		Treasury shares	
	No. '000	\$ million	No. '000	\$ million
At 1 July 2021	890,240	127.4	(14,440)	(46.6)
Share buyback	(30,674)	(109.0)	-	-
Acquisition of shares by the Orora Employee Share Trust	-	-	(3,587)	(12.8)
Acquisition of shares under share buyback program ⁽¹⁾	(14,214)	(46.1)	14,214	46.1
Restriction lifted on shares issued under the RSU Grant	-	0.2	-	-
Treasury shares used to satisfy issue of RSU Grant	-	(1.5)	433	1.5
Exercise of vested grants under Employee Share Plans	357	3.5	-	-
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	(357)	(0.9)	357	0.9
At 30 June 2022	845,352	(26.4)	(3,023)	(10.9)
Restriction lifted on shares issued under the RSU Grant	-	0.1	-	-
Treasury shares used to satisfy issue of RSU Grant	-	-	7	-
Exercise of vested grants under Employee Share Plans	1,318	2.9	-	-
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	(1,318)	(4.8)	1,318	4.8
At 31 December 2022	845,352	(28.2)	(1,698)	(6.1)

⁽¹⁾ As at 30 June 2021, 14,214,228 ordinary shares purchased on-market under the share buyback program announced by the Group, had not been cancelled, these shares were presented as Treasury Shares. In the twelve month period to 30 June 2022 these shares were cancelled.

Condensed Notes to the Interim Financial Report

For the six months ended 31 December 2022

3. Contributed equity and treasury shares (continued)

Orora Employee Share Trust

The Group holds shares in itself as a result of shares purchased by the Orora Employee Share Trust (the 'Trust'). The Trust was established to manage and administer the Company's responsibilities under the Group's Employee Share Plans through acquiring, holding and transferring of shares in the Company to participating employees. In respect of these transactions, at any point in time the Trust may hold 'allocated' and 'unallocated' shares.

Allocated shares

Allocated shares represent those shares that have been purchased and awarded to employees under the Restricted Share Unit (RSU) Grant, options that have vested under Orora's Long Term Incentive Plan but have not yet been exercised, and grants under Orora's Long Term Incentive Plan that contain a one-year holding lock before vesting.

Shares granted to an employee under the RSU Grant are restricted in that the employee is unable to dispose of the shares during the restriction period which can be up to five years (or as otherwise determined by the Board). The Trust holds these shares on behalf of the employee until the restriction period is lifted at which time the Trust releases the shares to the employee. Allocated shares are not identified or accounted for as treasury shares.

Unallocated shares

Unallocated shares represent those shares that have been purchased by the Trust on-market to satisfy the potential future allocation or vesting of awards granted under the Group's Employee Share Plans. As the shares are unallocated, they are identified and accounted for as treasury shares.

4. Dividends

	Cents per share	Total \$ million
Declared and paid during the period		
<i>For the period ended 31 December 2022</i>		
2022 Final dividend (unfranked)	8.5	71.5
<i>For the period ended 31 December 2021</i>		
2021 Final dividend (unfranked)	7.5	65.7
Proposed and unrecognised at period end⁽¹⁾		
<i>For the period ended 31 December 2022</i>		
2023 Interim dividend (unfranked)	8.5	71.9
<i>For the period ended 31 December 2021</i>		
2022 Interim dividend (unfranked)	8.0	69.3

⁽¹⁾ Estimated interim dividend payable, subject to variations in the number of shares up to record date.

Dividend Reinvestment Plan

The Group operates a dividend reinvestment plan which allows eligible shareholders to elect to invest dividends in ordinary shares. All holders of Orora Limited ordinary shares with Australian or New Zealand addresses registered with the share registry are eligible to participate in the plan.

The allocation price for shares is based on the average of the daily volume weighted average share price of Orora Limited ordinary shares sold on the Australian Securities Exchange, calculated with reference to a period of not less than ten consecutive trading days as determined by the Directors.

Franking Account

Franking credits available to shareholders of the Company at 31 December 2022 are nil (June 2022: nil). The declared 2023 interim dividend will be 100% unfranked (2022: interim and final dividend 100% unfranked).

Conduit Foreign Income (CFI) Account

For Australian tax purposes, dividends paid to non-resident shareholders are not subject to Australian withholding tax to the extent that they are franked or sourced from the parent entity's conduit foreign income (CFI) account. For the 2023 interim dividend, 100% of the dividend is sourced from the CFI account (2022: interim and final dividend 100% CFI). As a result, 100% of the 2023 interim dividend paid to non-residents will not be subject to Australian withholding tax.

5. Financial instruments

Carrying amounts versus fair values

The carrying amounts and fair values of the Group's financial assets and financial liabilities recognised in the financial statements are materially the same, except for the following:

\$ million	Dec 2022	June 2022
<i>US Private Placement Notes</i>		
Carrying value	356.7	352.1
Fair value	348.2	351.7

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Trade and other receivables/payables

Due to the short-term nature of these financial rights and obligations, their carrying amounts are considered reasonable approximations of their fair values.

Interest-bearing liabilities

For interest bearing liabilities fair value is based on discounting expected future cash flows at market rates.

Condensed Notes to the Interim Financial Report

For the six months ended 31 December 2022

5. Financial instruments (continued)

Carrying amounts versus fair values (continued)

Other financial assets/liabilities

The fair value of loan receivables are calculated using market interest rates.

The fair value of derivative financial instruments are recognised and measured at fair value in the financial statements. The specific valuation techniques used to value the derivative financial instruments include:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows - ie the amounts that the Group would receive or pay to terminate the swap at reporting date, based on observable yield curves;
- The fair value of forward foreign exchange contracts and currency options is determined using the difference between the contract exchange rate and the quoted exchange rate at the balance sheet date;
- The fair value of the aluminium commodity forward contracts is determined using the difference between the contract commodity price and the quoted market price at the balance sheet date; and
- The fair value of electricity commodity forward contracts is calculated as the present value of the estimated future cash flows using market observable quoted prices and risk adjusted forecast prices at the balance sheet date.

Valuation of financial instruments

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into three levels as prescribed under the accounting standards, with each of these levels indicating the reliability of the inputs used in determining fair value. The levels in the hierarchy are:

Level 1: Financial instruments traded in an active market (such as publicly traded derivatives and traded securities). Fair value is from a quoted price, for an identical asset or liability at the end of the reporting period, traded in an active market. The quoted market price used for assets is the last bid price;

Level 2: Financial instruments that are not traded in an active market (for example over-the-counter derivatives). Fair value is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs used in the valuation method are observable;

Level 3: Financial instruments for which no market exists in which the instrument can be traded. Where one or more of the significant inputs in determining fair value for the asset or liability is not based on observable market data (unobservable input), the instrument is included in level 3.

The following table sets out the fair value of derivative financial instruments utilised by the Group, analysed by type of contract. The Group does not carry any level 1 financial instruments. There were no transfers between level 1 and 2 for recurring fair value measurements during the period.

\$ million	Level 2		Level 3		TOTAL	
	Asset	Liability	Asset	Liability	Asset	Liability
31 December 2022						
<i>Cash flow hedges</i>						
Interest rate swap contracts	2.3	-	-	-	2.3	-
Foreign exchange derivative contracts	5.8	(5.0)	-	-	5.8	(5.0)
Electricity and commodity derivatives	-	(0.1)	6.5	-	6.5	(0.1)
<i>Fair value hedge</i>						
Foreign exchange derivative	0.5	(0.3)	-	-	0.5	(0.3)
Commodity derivatives	-	(0.5)	-	-	-	(0.5)
Total derivatives in an asset/(liability) position	8.6	(5.9)	6.5	-	15.1	(5.9)
Current asset/(liability)	5.6	(5.8)	-	-	5.6	(5.8)
Non-current asset/(liability)	3.0	(0.1)	6.5	-	9.5	(0.1)
30 June 2022						
<i>Cash flow hedges</i>						
Foreign exchange derivative contracts	7.8	(0.6)	-	-	7.8	(0.6)
Electricity and commodity derivatives	0.2	(0.7)	-	-	0.2	(0.7)
<i>Fair value hedge</i>						
Foreign exchange derivative	8.9	-	-	-	8.9	-
Commodity derivatives	-	(0.6)	-	-	-	(0.6)
Total derivatives in an asset/(liability) position	16.9	(1.9)	-	-	16.9	(1.9)
Current asset/(liability)	15.8	(1.9)	-	-	15.8	(1.9)
Non-current asset/(liability)	1.1	-	-	-	1.1	-

Condensed Notes to the Interim Financial Report

For the six months ended 31 December 2022

6. Commitments and contingent liabilities

Capital expenditure commitments

At 31 December 2022, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of \$131.5 million [June 2022: \$61.8 million].

Other expenditure commitments

At 31 December 2022, the Group has other expenditure commitments of \$84.3 million [June 2022: \$51.7 million] in respect of other supplies and services yet to be provided.

Contingent liabilities

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

Legal proceedings

The outcome of currently pending and future legal, judicial, regulatory and other proceedings of a litigious nature cannot be predicted with certainty. Legal proceedings can raise difficult and complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each proceeding is brought and differences in applicable law.

An adverse decision in a legal proceeding could result in additional costs that are not covered, either wholly or partially, under insurance policies, which could significantly impact the business and results of the operations of the Group.

Each legal proceeding is evaluated on a case-by-case basis considering all available information, including that from legal counsel, to assess potential outcomes. Where it is considered probable that a future obligation will result in an outflow of resources, a provision is recognised in the amount of the present value of the expected cash outflows, if these are deemed reliably measurable.

7. Subsequent events

During January 2023, the Group entered into two new bilateral debt facility agreements:


- a A\$50.0 million bilateral revolving cash advance debt facility maturing in January 2026; and
- a US\$100.0 million bilateral term debt facility maturing in January 2028.

Directors' Declaration

For the half year ended 31 December 2022, in the opinion of the Directors of Orora Limited (the 'Company'):

1. the condensed consolidated financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - a. complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half year ended on that date; and
2. there are reasonable grounds to believe that Orora Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



A R H Sindel
Chair

16 February 2023



B P Lowe
Managing Director and Chief Executive Officer

16 February 2023



Independent Auditor's Review Report

To the members of Orora Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Orora Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Orora Limited does not comply 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 *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2022
- Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated cash flow statement for the half-year ended on that date
- Notes 1 to 7 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Orora Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

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*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the 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 and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim 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 Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim 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.

KPMG

Penny Stragalinos

Partner

Melbourne

16 February 2023