CSL

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ASX Announcement

For immediate release 14 February 2023

Results Announcement for the Half-year ended 31 December 2022

Melbourne, Australia – CSL (ASX:CSL; USOTC:CSLLY)

In accordance with ASX Listing Rule 4.2A, please find attached the following documents for the half year ended 31 December 2022:

- Appendix 4D;
- Directors' Report; and
- Financial Report.

These documents should be read in conjunction with the CSL Limited 2022 Annual Report (accessible in the "Investor" section of CSL's website (www.CSL.com) under the tab "Financial Results and Information").

Authorised for lodgement by:

Fiona Mead
Company Secretary

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CSL Limited

ABN: 99 051 588 348

Appendix 4D
Half Year Ended 31 December 2022

(Previous corresponding period: Half Year Ended 31 December 2021)

Results for Announcement to the Market

	December 2022 US$m	December 2021 US$m	Percentage change
Sales and service revenue	6,942.8	5,807.8	20%
Total other revenue	240.7	233.4	3%
Total revenue	**7,183.5**	**6,041.2**	**19%**
Profit before income tax expense	1,963.3	2,144.4	(8)%
Income tax expense	(323.1)	(384.1)	16%
Net profit for the period (NPAT)	**1,640.2**	**1,760.3**	**(7)%**
Reported net profit from ordinary activities after tax attributable to members of the parent entity	**1,623.2**	**1,760.3**	**(8)%**
Reported net profit after tax attributable to members of the parent entity	**1,623.2**	**1,760.3**	**(8)%**

Results at Reported Currency

- Total revenue for the half year up 19% to US$7.184 billion, US$889 million of which is attributable to CSL Vifor
- NPAT for the half year attributable to members of the parent entity down 8% to US$1.623 billion
- NPATA[1] for the half year attributable to members of the parent entity up 2% to US$1.818 billion

Results at Constant Currency[2]

- Total revenue for the half year at constant currency up 25% to US$7.575 billion, US$923 million of which is attributable to CSL Vifor
- NPAT for the half year attributable to members of the parent entity at constant currency is steady at US$1.753 billion
- NPATA[1] for the half year attributable to members of the parent entity at constant currency up 10% to US$1.957 billion

Basic Earnings per Share, NPATA[1] per Share and NPATA[1] per share at Constant Currency[2]

Basic earnings per share (based on net profit attributable to members of the parent entity)	December 2022	December 2021	Percentage change
Basic earnings per share	US$3.37	US$3.85	(12)%
NPATA[1] per share	US$3.77	US$3.89	(3)%
NPATA[1] per share at constant currency[2]	US$4.06	US$3.89	4%

1 NPATA is defined as the statutory net profit after tax before impairment and amortisation of acquired intellectual property, business acquisition and integration costs and acquisition accounting related adjustments.

2 Excludes the impact of foreign exchange movements in the period under review.

Dividends

	Amount per security	Franked amount per security
Interim dividend (determined subsequent to balance date[#])	US$1.07	Unfranked*
Interim dividend (paid on 6 April 2022)	US$1.04	unfranked
Final dividend (prior year, paid on 5 October 2022)	US$1.18	10% franked at 30% tax rate

Record date for determining entitlements to the Interim dividend: 10 March 2023

* Under Australian law non-resident withholding tax is not payable on the unfranked component of this dividend as that portion will be declared to be wholly conduit foreign income.

Explanation of results

For further explanation of the results please refer to the accompanying press release and "Operating and Financial Review" in the Directors' report that is within the half year report.

Other information required by Listing Rule 4.2A

The remainder of the information requiring disclosure to comply with Listing Rule 4.2A is contained in the attached Additional Information, Directors' Report, Financial Report and media release.

Summary Revenue	US$m
Reported Revenue	7,183.5
Currency Effect	391.6
Constant Currency Revenue[3]	**7,575.1**

Summary NPAT attributable to members of the parent entity	US$m
Reported NPAT attributable to members of the parent entity	1,623.2
Currency effect attributable to members of the parent entity	130.2
Constant Currency[3] NPAT attributable to members of the parent entity	**1,753.4**

Summary NPATA[1] attributable to members of the parent entity	US$m
Reported NPAT attributable to members of the parent entity	1,623.2
Amortisation of acquired intellectual property	63.7
Acquisition accounting adjustments	76.1
Acquisition and integration costs	84.1
Income tax credit on above adjustments	(28.8)
NPATA[1] attributable to members of the parent entity	**1,818.3**
Currency effect attributable to members of the parent entity	138.4
Constant Currency[3] NPATA[1] attributable to members of the parent entity	1,956.7

Net Tangible Assets Backing

	31 December 2022[4]	30 June 2022[5]
Net tangible assets backing per ordinary security[6]	$3.37	$24.79

3 Constant currency amounts have not been audited or reviewed in accordance with Australian Auditing Standards. Constant currency removes the impact of exchange rate movements to facilitate comparability of operational performance. Amounts have been restated at the exchange rates applicable to the prior period. Average exchange rates for major currencies for the half year ended 31 December 2022/31 December 2021 include: USD/EUR (0.99/0.86), USD/AUD (1.49/1.36), USD/CHF (0.97/0.92), USD/CNY (6.97/6.44) and USD/GBP (0.85/0.73).

4 Net tangible assets backing per ordinary security as of 31 December 2022 has primarily reduced as a result of the acquisition of CSL Vifor (along with related debt and equity financing activities) in which the primary net assets acquired were intangible assets.

5 Excluding the effects of equity proceeds raised during the prior year for the acquisition of Vifor Pharma AG completed on 9 August 2022, the net tangible assets backing per ordinary security at 30 June 2022 is $14.45.

6 Net tangible assets include the right-of-use assets recognised under AASB 16 Leases.

Changes in controlled entities

During the half year ended 31 December 2022, the Group completed the acquisition of Vifor Pharma AG (CSL Vifor). The Group paid $11,665.1m for 100% of CSL Vifor shares (includes shares acquired as at 30 June 2022). The Group has delisted Vifor Pharma AG from the Swiss Stock Exchange effective 23 December 2022.

Auditor's review report

The auditor's review report is contained in the attached Financial Report.

F Mead
Company Secretary

13 February 2023

CSL Limited

ABN: 99 051 588 348

Directors' Report
31 December 2022

Lodged with the ASX under Listing Rule 4.2A

Contents

This interim Financial Report does not include all of the notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by CSL Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

Directors' Report

The Board of Directors of CSL Limited is pleased to present their report on the consolidated entity for the half-year ended 31 December 2022.

Directors

The following persons were Directors of CSL Limited during the whole of the half-year and up to the date of this report:

- Dr Brian McNamee AO (Chair)
- Mr Paul Perreault (Managing Director and Chief Executive Officer)
- Mr Bruce Brook
- Dr Megan Clark AC
- Professor Andrew Cuthbertson AO
- Ms Carolyn Hewson AO
- Professor Duncan Maskell
- Ms Marie McDonald
- Ms Alison Watkins AM

Dr Paul McKenzie was appointed to the Board as an Executive Director on 13 December 2022.

Review of Operations

For the half-year ended 31 December 2022, total revenue for the Group was US$7.184 billion, up 19% (25% at constant currency[1]) when compared to the prior comparable period. Reported net profit after tax attributable to CSL shareholders was US$1.623 billion, down 8% (steady at constant currency[1]) when compared to the prior comparative period. This includes one-off costs associated with the acquisition of Vifor Pharma AG (CSL Vifor). Underlying profit (NPATA[2]) attributable to CSL shareholders was US$1.818 billion, up 10% at constant currency[1].

CSL Behring

Total revenue of US$4.556 billion was up 11% at constant currency[1] when compared to the prior comparable period.

Immunoglobulin (Ig) product sales of US$2.227 billion increased 19% at constant currency[1] driven by the significant increase in plasma supply and strong growth across all geographies especially in Europe and emerging markets.

PRIVIGEN®, the Company's intravenous Ig product, increased 22% and HIZENTRA®, the Company's subcutaneous Ig product, increased by 17%.

Albumin sales of $585 million were up 11% at constant currency[1] compared to the prior comparable period. Strong growth was recorded in the United States and Europe driven by improved supply. Albumin growth in China was constrained by COVID.

[1] Constant currency removes the impact of exchange rate movements to facilitate comparability of operational performance. Amounts have been restated at the exchange rates applicable to the prior period.

[2] NPATA is defined as the statutory net profit after tax before impairment and amortisation of acquired intellectual property, business acquisition and integration costs and acquisition accounting related adjustments

Haemophilia product sales of US$611 million increased 12% at constant currency[1].

Recombinant haemophilia products grew 21% at constant currency[1] driven by IDELVION®, CSL Behring's novel long-acting recombinant factor IX products for the treatment of haemophilia B. Sales of IDELVION® increased by 22% due to higher patient demand as social mobility increases and increased utilisation in Japan.

Plasma derived haemophilia products declined 3% at constant currency[1] due to competitive pressures offset to some extent by an increase in HUMATE®, which is a leading product in the United States for the treatment of vWF (von Willebrand disease).

Specialty product sales of US$915 million grew 5% at constant currency[1] compared to the prior comparable period with strong growth in KCENTRA® (4 factor pro-thrombin complex concentrate) which increased by 8% at constant currency[1] as hospital demand returned to pre-pandemic levels.

Plasma Collections

Plasma collections continued to grow strongly and were up 36% for the period.

This was the result of targeted marketing efforts and enhanced digital initiatives to attract donors.

CSL Seqirus

Total revenue of $US1.738 billion grew strongly, up 9% at constant currency[1] driven by increased sales of seasonal influenza vaccines against a backdrop of reduced immunization rates. Seqirus continued to benefit from its differentiated and high value product portfolio – FLUAD® (adjuvanted influenza vaccine) and FLUCELVAX® (cell-based influenza vaccine).

CSL Vifor

The acquisition of Vifor Pharma was successfully completed on 9 August 2022 and CSL Vifor contributed approximately 5 months of financial results during the period with revenue of US$889 million.

Outlook

The strong growth in plasma collections and in the immunoglobulins franchise is expected to continue.

HEMGENIX® will be launched in the US, a new gene therapy product approved for the treatment of Haemophilia B patients.

Seqirus is expected to deliver another profitable year. Consistent with the seasonal nature of the business, however, it is anticipated that Seqirus will make a loss in the second half of the year.

The integration of CSL Vifor is well advanced and the delivery of the synergies are on track.

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 the next page.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest hundred thousand dollars (where rounding is applicable) unless specifically stated otherwise under the relief available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Corporations Instrument applies.

Subsequent events

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

This report has been made in accordance with a resolution of the directors.

Dr Brian McNamee AO
Chair

Paul Perreault
Managing Director and Chief Executive Officer

13 February 2023

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Auditor's Independence Declaration to the Directors of CSL Limited

As lead auditor for the audit of the half-year financial report of CSL Limited for the half-year ended 31 December 2022, I declare 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

K Bodenham

Kylie Bodenham
Partner
13 February 2023

Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2022

	Notes	Consolidated Entity December 2022 US$m	Consolidated Entity December 2021 US$m
Sales and service revenue		**6,942.8**	5,807.8
Influenza pandemic facility reservation fees		**75.7**	82.2
Royalties and license revenue		**133.5**	120.6
Other income		**31.5**	30.6
Total operating revenue		**7,183.5**	**6,041.2**
Cost of sales		**(3,320.3)**	(2,592.7)
Gross profit		**3,863.2**	**3,448.5**
Research and development expenses	6	**(576.5)**	(485.8)
Selling and marketing expenses		**(668.6)**	(431.5)
General and administration expenses		**(483.8)**	(316.5)
Total expenses		**(1,728.9)**	**(1,233.8)**
Operating profit		**2,134.3**	**2,214.7**
Finance costs	3	**(205.7)**	(71.2)
Finance income		**34.7**	0.9
Profit before income tax expense		**1,963.3**	**2,144.4**
Income tax expense	4	**(323.1)**	(384.1)
Net profit for the period		**1,640.2**	**1,760.3**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Hedging transactions - realised in profit or loss	3	**(6.7)**	–
Exchange differences on translation of foreign operations, net of hedges on foreign investments		**(36.0)**	(102.3)
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value on equity securities measured through other comprehensive income, net of tax		**6.5**	–
Actuarial gains on defined benefit plans, net of tax		**0.5**	19.8
Total other comprehensive losses		**(35.7)**	**(82.5)**
Total comprehensive income for the period		**1,604.5**	**1,677.8**
Net profit for the period attributable to:		**1,640.2**	**1,760.3**
- Shareholders of CSL Limited		**1,623.2**	1,760.3
- Non-controlling interests		**17.0**	–
Total comprehensive income for the period attributable to:		**1,604.5**	**1,677.8**
- Shareholders of CSL Limited		**1,585.2**	1,677.8
- Non-controlling interests		**19.3**	–
Earnings per share (based on net profit attributable to CSL Limited shareholders for the period)		**US$**	**US$**
Basic earnings per share	9	**3.37**	3.85
Diluted earnings per share	9	**3.36**	3.84

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

Consolidated Balance Sheet

As at 31 December 2022

		Consolidated Entity	
		December 2022	June 2022
	Notes	US$m	US$m
CURRENT ASSETS			
Cash and cash equivalents	12	**1,507.9**	10,436.4
Receivables and contract assets		**2,996.4**	1,657.2
Inventories	5	**5,057.3**	4,333.0
Current tax assets		**35.9**	29.9
Other financial assets		**4.1**	4.2
Total Current Assets		**9,601.6**	16,460.7
NON-CURRENT ASSETS			
Property, plant and equipment	8	**7,424.4**	7,016.6
Right-of-use assets	8	**1,315.8**	1,292.0
Intangible assets	7	**16,257.2**	2,638.1
Deferred tax assets		**527.5**	517.5
Retirement benefit assets		**3.1**	5.4
Other receivables		**83.3**	12.8
Other financial assets		**234.7**	402.9
Total Non-Current Assets		**25,846.0**	11,885.3
TOTAL ASSETS		**35,447.6**	28,346.0
CURRENT LIABILITIES			
Trade and other payables		**2,559.0**	2,301.2
Interest-bearing liabilities and borrowings	10	**1,216.4**	4,494.0
Current tax liabilities		**359.3**	131.5
Provisions		**195.1**	181.5
Total Current Liabilities		**4,329.8**	7,108.2
NON-CURRENT LIABILITIES			
Interest-bearing liabilities and borrowings	10	**10,902.2**	5,163.8
Retirement benefit liabilities		**201.8**	189.0
Deferred tax liabilities		**1,266.1**	670.1
Provisions		**353.7**	101.7
Other non-current liabilities		**512.9**	535.7
Total Non-Current Liabilities		**13,236.7**	6,660.3
TOTAL LIABILITIES		**17,566.5**	13,768.5
NET ASSETS		**17,881.1**	14,577.5
EQUITY			
Contributed equity	9	**497.3**	483.8
Reserves		**612.4**	590.3
Retained earnings		**14,566.1**	13,503.4
Equity attributable to shareholders of CSL Limited		**15,675.8**	14,577.5
Non-controlling interests	2	**2,205.3**	–
TOTAL EQUITY		**17,881.1**	14,577.5

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

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2022

	Equity attributable to shareholders of CSL Limited											
	Contributed Equity US$m		Other reserves US$m		Retained earnings US$m		Total shareholders' equity US$m		Non-controlling interests US$m		Total equity US$m	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
As at the beginning of the period	**483.8**	(4,504.6)	**590.3**	633.2	**13,503.4**	12,252.7	**14,577.5**	8,381.3	**–**	–	**14,577.5**	8,381.3
Profit for the period	**–**	–	**–**	–	**1,623.2**	1,760.3	**1,623.2**	1,760.3	**17.0**	–	**1,640.2**	1,760.3
Other comprehensive (losses)/income	**–**	–	**(38.5)**	(102.3)	**0.5**	19.8	**(38.0)**	(82.5)	**2.3**	–	**(35.7)**	(82.5)
Total comprehensive (loss)/income for the period	**–**	–	**(38.5)**	(102.3)	**1,623.7**	1,780.1	**1,585.2**	1,677.8	**19.3**	–	**1,604.5**	1,677.8
Transfer of gain on disposal of equity investments at fair value through OCI to retained earnings	**–**	–	**(8.0)**	–	**8.0**	–	**–**	–	**–**	–	**–**	–
Transactions with owners in their capacity as owners							**–**					
Share-based payments	**–**	–	**68.6**	53.7	**–**	–	**68.6**	53.7	**–**	–	**68.6**	53.7
Dividends	**–**	–	**–**	–	**(569.0)**	(537.7)	**(569.0)**	(537.7)	**–**	–	**(569.0)**	(537.7)
Share issues	**13.5**	4,458.1	**–**	–	**–**	–	**13.5**	4,458.1	**–**	–	**13.5**	4,458.1
Acquisition of CSL Vifor (Note 2)	**–**	–	**–**	–	**–**	–	**–**	–	**2,186.0**	–	**2,186.0**	–
As at the end of the period	**497.3**	(46.5)	**612.4**	584.6	**14,566.1**	13,495.1	**15,675.8**	14,033.2	**2,205.3**	–	**17,881.1**	14,033.2

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

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2022

	Notes	Consolidated Entity December 2022 US$m	Consolidated Entity December 2021 US$m
Cash Flows from Operating Activities			
Profit before income tax expense		**1,963.3**	2,144.4
Adjustments for:			
Depreciation and amortisation		**381.5**	264.2
Inventory provisions		**88.7**	180.9
Share-based payment expense		**65.4**	51.9
Provision for expected credit losses		**(3.5)**	1.0
Finance costs, net		**171.0**	71.2
Loss on disposal of property, plant and equipment		**–**	3.1
Unrealised foreign exchange losses/(gains)		**38.0**	(32.0)
Changes in operating assets and liabilities:			
Increase in receivables and contract assets		**(778.4)**	(544.6)
Increase in inventories		**(347.8)**	(246.3)
Decrease in trade and other payables		**(121.4)**	(109.9)
Decrease in provisions and other liabilities		**(23.5)**	(45.7)
Income tax paid		**(290.9)**	(228.7)
Finance costs, net paid		**(161.9)**	(82.6)
Net cash inflow from operating activities		**980.5**	1,426.9
Cash flows from Investing Activities			
Payments for property, plant and equipment		**(569.9)**	(525.0)
Payments for intangible assets		**(293.2)**	(24.8)
Payments for business acquisition, net of cash acquired	2	**(10,533.7)**	–
Proceeds from sale of financial assets	2	**271.4**	–
Other investing activities		**1.0**	(3.6)
Net cash outflow from investing activities		**(11,124.4)**	(553.4)
Cash flows from Financing Activities			
Proceeds from issue of shares		**13.5**	4,458.1
Dividends paid	9	**(569.0)**	(537.7)
Proceeds from borrowings	10	**2,525.3**	79.8
Repayment of borrowings	10	**(646.8)**	(297.4)
Principal payments of lease liabilities	10	**(38.2)**	(35.6)
Other financing activities		**0.9**	(1.7)
Net cash inflow from financing activities		**1,285.7**	3,665.5
Net (decrease)/increase in cash and cash equivalents		**(8,858.2)**	4,539.0
Cash and cash equivalents at the beginning of the period		**10,334.4**	1,730.1
Exchange rate variations on foreign cash and cash equivalent balances		**(18.5)**	(19.7)
Cash and cash equivalents at the end of the period		**1,457.7**	6,249.4
Reconciliation of cash and cash equivalents in the statement of cash flows:			
Cash and cash equivalents		**1,507.9**	6,334.3
Bank overdrafts		**(50.2)**	(84.9)
Cash and cash equivalents at the end of the period		**1,457.7**	6,249.4

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

Notes to the Financial Statements

For the Half Year Ended 31 December 2022

Contents

About this Report

Notes to the financial statements:

Corporate information

CSL Limited ("CSL") is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of directors on 13 February 2023.

A description of the nature of the Group's operations and its principal activities is included in the directors' report.

a. Basis of preparation

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half year financial report should be read in conjunction with the annual financial report of CSL Limited as at 30 June 2022.

It is also recommended that the half year financial report be considered together with any public announcements made by CSL Limited and its controlled entities during the half year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under ASX listing rules.

This half year financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, International Financial Reporting Standards (IFRS) and the Corporations Act 2001. The interim financial statements were prepared in accordance with AASB 134. It presents information on a historical cost basis, except for certain financial instruments, which have been measured at fair value. Amounts have been rounded off to the nearest hundred thousand dollars.

The report is presented in US Dollars, because this currency is the pharmaceutical industry standard currency for reporting purposes. It is the predominant currency of the Group's worldwide sales and operating expenses.

b. Principles of consolidation

The consolidated financial statements comprise the financial statements of CSL and its subsidiaries as at 31 December 2022. CSL has control of its subsidiaries when it is exposed to, and has the rights to, variable returns from its involvement with those entities and when it has the ability to affect those returns.

Non-controlling interests in the financial results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The financial results of the subsidiaries are prepared using consistent accounting policies and for the same reporting period as the parent company.

b. Principles of consolidation (continued)

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full. The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated as it is controlled by the Group.

c. Foreign currency

While the presentation currency of the Group is US dollars, entities in the Group may have other functional currencies, reflecting the currency of the primary economic environment in which the relevant entity operates. The parent entity, CSL Limited, has a functional currency of US dollars. Any exchange differences arising from the translation of a foreign operation previously recognised in other comprehensive income are not reclassified from equity to profit or loss until the disposal of the operation.

If an entity in the Group has undertaken transactions in foreign currency, these transactions are translated into that entity's functional currency using the exchange rates prevailing at the dates of the transactions. Where the functional currency of a subsidiary is not US dollars, the subsidiary's assets and liabilities are translated on consolidation to US dollars using the exchange rates prevailing at the reporting date, and its profit and loss is translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity.

d. Significant changes in current reporting period

During the half year ended 31 December 2022, the Group completed the acquisition of Vifor Pharma AG ("CSL Vifor"). Refer to Note 2 for details of this acquisition.

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2022.

There were no changes in accounting policies during the half year ended 31 December 2022, nor did the introduction of new accounting standards lead to any change in measurement or disclosure in these financial statements.

The Group has not adopted any accounting standards that are issued but not yet effective. Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided in the annual financial report.

Note 1: Segment Information

The Group's segments represent strategic business units that offer different products and operate in different industries and markets. They are consistent with the way the CEO who is the chief operating decision-maker ("CODM") monitors and assesses business performance in order to make decisions about resource allocation.

The acquisition of CSL Vifor in August 2022 (Note 2) has resulted in a new operating segment during the current period. The global transformation of the Group's research and development ("R&D") and enabling functions has resulted in the centralisation of management of each of these functions at a global level. To enable a comparison of prior period performance, "Segment revenue and expenses" has been restated using the new segments for the half year 31 December 2021 reporting period.

Performance assessment is based on the segment operating result being the revenues and costs directly under the control of the business unit. The Group's centrally managed administrative and corporate functional costs (General and Administration costs) required to support the Group are not allocated to each of the business units and do not constitute a separate operating business. These include global functions being executive office, communications, finance, human resources, legal, information & technology as well as any other non business unit related costs including depreciation and amortisation of unallocated assets.

The Group's centralised R&D function builds on its capabilities across the R&D value chain, from discovery research to pharmacovigilance to its currently marketed therapies. The Group continues to make balanced investments in life cycle management and market development of existing and new products.

The Group's operating segments are:

CSL Behring – manufactures, markets and distributes plasma therapies (plasma products and recombinants).

CSL Seqirus – manufactures, markets and distributes predominantly influenza related products and provides pandemic services to governments.

CSL Vifor – manufactures, markets and distributes products in the therapeutic areas of iron deficiency, dialysis and nephrology and rare diseases.

Segment information is presented as reviewed by the CODM on a regular basis, being the underlying performance of the businesses. A reconciliation of the segment results to the IFRS financials is provided within this note.

Note 1: Segment Information (continued)

US$m	CSL Behring		CSL Seqirus		CSL Vifor[1]		Consolidated Entity	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
Sales and service revenue	**4,414.0**	4,216.1	**1,653.2**	1,591.7	**875.6**	–	**6,942.8**	5,807.8
Influenza pandemic facility reservation fees	–	–	**75.7**	82.2	–	–	**75.7**	82.2
Royalty and license revenue	**122.8**	120.6	–	–	**10.7**	–	**133.5**	120.6
Other income	**19.7**	19.5	**9.1**	11.1	**2.7**	–	**31.5**	30.6
Total segment revenue	**4,556.5**	4,356.2	**1,738.0**	1,685.0	**889.0**	–	**7,183.5**	6,041.2
Segment gross profit[2]	**2,238.5**	2,352.5	**1,197.8**	1,096.0	**615.5**	–	**4,051.8**	3,448.5
Segment gross profit %[2]	**49.1%**	54.0%	**68.9%**	65.0%	**69.2%**	–	**56.4%**	57.1%
Sales and marketing expenses	**(363.3)**	(352.1)	**(90.0)**	(79.4)	**(215.3)**	–	**(668.6)**	(431.5)
Segment operating result[2]	**1,875.2**	2,000.4	**1,107.8**	1,016.6	**400.2**	–	**3,383.2**	3,017.0
Segment operating result %	**41.2%**	45.9%	**63.7%**	60.3%	**45.0%**	–	**47.1%**	49.9%
Research and development expenses							**(576.5)**	(485.8)
General and administrative expenses[2]							**(399.7)**	(299.8)
Operating profit (EBIT)[2]							**2,407.0**	2,231.4
Finance costs							**(205.7)**	(71.2)
Finance income							**34.7**	0.9
Profit before tax[2]							**2,236.0**	2,161.1
Income tax expense[2]							**(358.5)**	(384.1)
NPATA[3]							**1,877.5**	1,777.0
Amortisation of acquired intellectual property (IP)[4]							**(88.3)**	–
Acquisition accounting adjustments[5]							**(100.3)**	–
Acquisition and integration costs[6]							**(84.1)**	(16.7)
Income tax credit on above adjustments							**35.4**	–
Statutory net profit after tax							**1,640.2**	1,760.3
Amortisation of intangibles (excluding IP)	**2.1**	1.5	**7.9**	8.7	**5.3**	–	**53.3**	47.2
Depreciation	**137.1**	146.4	**29.6**	27.5	**11.3**	–	**239.9**	217.0
EBITDA[7]	**2,014.4**	2,148.3	**1,145.3**	1,052.8	**416.8**	–	**2,515.8**	2,478.9
NPATA[3]							**1,877.5**	1,777.0
- Attributable to equity holders of CSL							**1,818.3**	1,777.0
- Attributable to non-controlling interests							**59.2**	–
Statutory net profit after tax (NPAT)							**1,640.2**	1,760.3
- Attributable to equity holders of CSL							**1,623.2**	1,760.3
- Attributable to non-controlling interests							**17.0**	–

The CSL Seqirus business is subject to seasonality resulting from sales for the northern hemisphere influenza vaccine season. CSL Seqirus therefore has higher revenue and segment operating result in the first half of the financial year.

[1] CSL acquired CSL Vifor in August 2022 (Note 2) and as a result the results represent the profit contribution from that date onward, therefore not for a full six-month period as with other segments.
[2] Underlying results are adjusted to exclude impairment and amortisation of acquired IP, business acquisition and integration costs and acquisition accounting related adjustments. The reconciliation between the underlying and statutory results is presented below.
[3] NPATA is defined as the statutory net profit after tax before impairment and amortisation of acquired intellectual property, business acquisition and integration costs and acquisition accounting related adjustments. The reconciliation between NPATA to the statutory NPAT is presented below.
[4] The amortisation of acquired IP in 1H23 is attributable to CSL Vifor ($86.6m) and CSL Behring ($1.7m). Amortisation of IP is reported within cost of sales within the statutory consolidated statement of comprehensive income and is excluded from underlying results.
[5] The acquisition accounting adjustments represent the unwind of the inventory fair value uplift recognised upon the acquisition of CSL Vifor. The unwind is reported within cost of sales within the statutory consolidated statement of comprehensive income and is excluded from underlying results. The inventory fair value uplift recognised on the date of acquisition ($222.4m) is expected to be expensed over approximately the first 12 months post-acquisition, in line with the sale of products.
[6] The acquisition and integration costs are associated with the acquisition of CSL Vifor (Note 2).
[7] EBITDA is defined as statutory net profit for the period before interest, tax, depreciation, amortisation and impairment for the respective operating segment where activities, assets and liabilities can be directly attributed to the segment. Results related to the groups centrally managed functions, impairment and amortisation of acquired IP, business acquisition related costs, tax and net finance costs are not allocated to segments. The total unallocated costs at an EBITDA level were $1,060.7m for the half year ended 31 December 2022 (2021: $722.2m). The unallocated depreciation and amoritsation expenses (including acquired IP amortisation) were $188.2m for the half year ended 31 December 2022 (2021: $80.1m).

Note 1: Segment Information (continued)

Half year ended 31 December (US$m)	Statutory results		Adjustments		Underlying results[2, 3]		Nature of adjustments
	2022	2021	2022	2021	2022	2021	
Gross profit	3,863.2	3,448.5	188.6	–	4,051.8	3,448.5	• IP amortisation[4] • Acquisition accounting adjustments[5]
Operating profit	2,134.3	2,214.7	272.7	16.7	2,407.0	2,231.4	• Acquisition and integration costs[6]
Profit before tax	1,963.3	2,144.4	272.7	16.7	2,236.0	2,161.1	• Consistent with adjustments made to operating results
NPAT / NPATA[3]	1,640.2	1,760.3	237.3	16.7	1,877.5	1,777.0	• Consistent with adjustments made to profit before tax, net of tax impact
NPAT / NPATA[3] attributable to CSL shareholders	1,623.2	1,760.3	195.1	16.7	1,818.3	1,777.0	• Share of NPATA[3] adjustments attributable to CSL's shareholders (after non-controlling interests)
Basic earnings / NPATA[3] per share (US$)	3.37	3.85	0.40	0.04	3.77	3.89	• Calculated based on NPATA[3] attributable to CSL's shareholders divided by the weighted average number of shares during the period (2022: 482,038,107; 2021: 456,751,255).

US$m	CSL Behring		CSL Seqirus		CSL Vifor		Intersegment Elimination		Consolidated Entity	
	December 2022	June 2022	December 2022	June 2022	December 2022	June 2022	December 2022	June 2022	December 2022	June 2022
Segment assets	35,635.3[8]	25,881.6	5,735.9	3,041.3	9,144.7	–	(15,068.3)	(576.9)	35,447.6	28,346.0
Segment liabilities	15,457.5	12,665.1	3,544.8	1,618.1	1,906.5	–	(3,342.3)	(514.7)	17,566.5	13,768.5

Inter-segment sales

Inter-segment sales are carried out on an arm's length basis and reflect current market prices.

Geographical areas of operation

The Group operates predominantly in Australia, the USA, Germany, the United Kingdom, Switzerland and China. The rest of the Group's operations are spread across many countries and are collectively disclosed as 'Rest of World'.

Half year ended 31 December	Australia US$m		United States US$m		Germany US$m		UK US$m		Switzerland US$m		China US$m		Rest of World US$m		Total US$m	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External operating revenue	455.5	525.0	3,791.7	3,032.5	396.4	412.0	514.4	430.4	210.8	131.0	410.4	405.2	1,404.3	1,105.1	7,183.5	6,041.2

Note 2: Business Combination

The Group received all necessary regulatory clearances and completed the acquisition of CSL Vifor on 9 August 2022. The Group paid $11,665.1m for 100% of CSL Vifor shares (includes shares acquired as at 30 June 2022). The Group has delisted Vifor Pharma AG from the Swiss Stock Exchange effective 23 December 2022.

The acquisition of CSL Vifor adds near-term value along with a clear path to long-term sustainable growth. It also adds a strong management team, along with a high-value and complementary portfolio of products and market leading position in the nephrology and iron deficiency spaces.

The acquisition has been accounted for as a business combination using the acquisition method of accounting in accordance with AASB 3 'Business Combinations' and consequently the CSL Vifor assets acquired, and liabilities assumed, have been recorded at fair value, with any excess of the purchase price over the fair value of the identifiable assets and liabilities being recognised as goodwill. The acquisition accounting remains provisional at 31 December 2022 and subsequent adjustments may arise within 12 months of the acquisition date to finalise the acquisition accounting to consider all facts and circumstances that existed at the date of acquisition.

[8] The acquisition of CSL Vifor resulted in the recognition of goodwill provisionally valued on acquisition date of $6,687.1m (Note 2). Goodwill is reported within the CSL Behring segment for the half year ended 31 December 2022 as management is evaluating the goodwill allocation across the Group's cash generating units. It is expected that the allocation process will be finalised by the end of this financial year and reported in the 2023 annual financial statements at which time the Goodwill will be allocated to the segments which are expected to realise the synergies from the acquisition.

Note 2: Business Combination (continued)

The purchase consideration, and provisional fair values of the net assets acquired and goodwill at the date of acquisition are:

Provisional fair value as at the date of acquisition	US$m
Cash and cash equivalents	743.7
Receivables and contract assets (note a)	526.9
Inventories (note b)	515.8
Current tax assets	6.9
Property, plant and equipment (note c)	182.4
Right-of-use assets (note c)	39.8
Intangible assets excluding goodwill (note e)	6,776.8
Deferred tax assets (note i)	120.7
Other financial assets (note d)	524.1
Trade and other payables	(480.1)
Interest bearing liabilities and borrowings	(630.2)
Current tax liabilities	(58.9)
Provisions (note f)	(280.7)
Deferred tax liabilities (note i)	(814.0)
Other non-current liabilities	(9.2)
Net identifiable assets acquired	**7,164.0**
Less: Non-controlling interests (NCI) (note g)	(2,186.0)
Add: Goodwill (note h)	6,687.1
Provisional fair value of net assets acquired	**11,665.1**
Consideration paid in the year ended 30 June 2022	387.7
Consideration paid in the half year ended 31 December 2022	11,277.4
Total purchase consideration	**11,665.1**

Key Judgements and Estimates

As part of the CSL Vifor acquisition in the half year ended 31 December 2022, the Group identified the assets (comprising principally launched products and post pre-clinical stage) and liabilities acquired. Attributing fair values to assets acquired and liabilities assumed as part of business combinations is considered to be a key judgement. The purchase price allocation was performed with assistance from an independent valuer to advise on the valuation techniques and key assumptions in the valuation, in particular in respect of the valuation of the intangible assets and inventory.

(a) Acquired trade receivables

The fair value of acquired trade receivables is $422.2m, which approximates the gross contractual amount for trade receivables due.

(b) Inventories

The fair value of inventories, which includes raw materials, work in progress and finished goods related to the launched products was estimated at $515.8m. Acquired inventories includes a fair value adjustment related to work in progress and finished goods and was calculated as the estimated selling price less costs to complete and sell the inventory, associated margins on these activities and holding costs. The fair value adjustment is expected to be expensed over approximately the first 12 months post-acquisition, in line with the sale of products.

(c) Property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets principally comprises manufacturing facilities and office space and was fair valued using a market approach.

(d) Other financial assets

Other financial assets principally comprises securities (strategic investments and venture funds). Subsequent to acquisition date and prior to the half year ended 31 December 2022, the Group sold certain securities within the Group's portfolio for $271.4m. There was no impact on the profit or loss for the period from this sale.

Note 2: Business Combination (continued)

(e) Intangible assets (excluding goodwill)

The estimated fair value and useful lives of intangible assets at the date of acquisition were as follows:

Fair value as at the date of acquisition	US$m	Useful lives (years)
Launched products	6,201.2	19 - 40
Products in development	495.5	Not amortised
Other intangibles	80.1	5 - 10
Total	**6,776.8**	

The fair value attributed to intangible assets was $6,776.8m and primarily represents intellectual property rights over launched products $6,201.2m and products under development $495.5m. These were fair valued using the multi-period excess earnings method, which uses a number of estimates regarding the amount and timing of future cash flows. The key assumptions in the cash flows are sales forecast, peak year sales, revenue erosion curves and probability of success. Future milestones have been included in the valuation of the intangible assets (as a deduction of cash flows). Products in development are amortised from the date of commercialisation with the useful life being determined at that date.

(f) Provisions

Provisions assumed include provisions for employee benefits, asset retirement obligations and onerous contracts. Provisions also include the estimated fair value of contingencies recognised on acquisition date relating to various claims and disputes with third parties in each case where there is a possible, but not probable, future financial exposure, and involve an assessment of the likelihood of several scenarios in relation to those matters.

(g) Non-controlling interests

In connection with the acquisition of CSL Vifor, during the half year ended 31 December 2022, the Group acquired 55% of the share capital and voting rights of Vifor Fresenius Medical Care Renal Pharma ("VFMCRP"). Fresenius Medical Care ("FMC") holds the remaining 45% of share capital and voting rights. VFMCRP is the only company the Group has a significant non-controlling interest in. The company is registered in St. Gallen, Switzerland. The minority shareholder has extensive protection rights. In the event of disagreement, the Group has the casting vote within a defined escalation process.

For the non-controlling interests in Vifor Fresenius Medical Care Renal Pharma (subsidiary of CSL Vifor), the Group elected to recognise the non-controlling interests at its fair value. The fair value was estimated by applying an income approach. The fair value estimates are based on an assumed discount rate, long-term sustainable growth rate and a control premium discount.

(h) Goodwill

Where the fair value of the consideration paid for a business acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is treated as goodwill. The goodwill is attributable to future business growth opportunities, an assembled workforce and synergies expected to be realised from the Group's acquisition of CSL Vifor. Management is evaluating the allocation of goodwill across CSL's group of cash generating units, this will be finalised in the second half of the financial year and be reported in the 2023 annual financial statements. The value of goodwill is provisional and subsequent adjustments may arise within 12 months of the acquisition date to finalise the acquisition accounting to take into account all facts and circumstances that existed at the date of acquisition.

(i) Deferred tax

The net deferred tax position reflected an adjustment of $693.3m primarily related to the deferred tax impact of the fair value uplifts on intangible assets, inventories, property, plant and equipment ("PPE"), and contingent liabilities as described above.

(j) Revenue and profit contribution

CSL Vifor contributed revenues of $889.0m and segment contribution of $400.2m to the Group for the period from 9 August 2022 to 31 December 2022.

If the acquisition had occurred on 1 July 2022, consolidated pro-forma revenue and segment contribution for the half year ended 31 December 2022 would have been $1,026.4m and $446.7m respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- Differences in accounting policies between the Group and the subsidiary, and
- Additional depreciation and amortisation that would have been charged assuming the fair value adjustments to PPE and intangible assets had applied from 1 July 2022, together with the consequential tax effects.

(k) Acquisition and integration costs

During the half year ended 31 December 2022, the Group has incurred $84.1m of acquisition and integration planning costs (pre-tax) in connection with the transaction that are recognised as general and administrative expenses.

Note 3: Expenses

	December 2022 US$m	December 2021 US$m
Finance costs	**174.8**	52.0
Lease related interest expense	**19.4**	15.8
Unrealised foreign currency losses on debt	**11.5**	3.4
Total finance costs	**205.7**	71.2
Depreciation of PPE and right-of-use assets	**239.9**	217.0
Amortisation of intangibles	**141.6**	47.2
Total depreciation and amortisation	**381.5**	264.2
Write-down of inventory	**88.7**	180.9
Employee benefits expense	**1,666.7**	1,354.7

Recognition and measurement of expenses

Total finance costs: Includes interest expense and borrowing costs, including lease related interest expense. Lease related interest expense and borrowing costs are recognised as an expense when incurred, except where finance costs are directly attributable to the acquisition or construction of a qualifying asset where they are capitalised as part of the cost of the asset. Capitalised interest for qualifying assets during the half year ended 31 December 2022 was $13.0m (2021: $11.9m). Interest-bearing liabilities and borrowings are stated at amortised cost. Any difference between borrowing proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the borrowing period using the effective interest method. Unrealised foreign currency (gains)/losses on debt is primarily related to EUR350m and CHF400m of senior unsecured notes in the US Private Placement market. The foreign currency risk related to this debt was partially hedged as a cash flow hedge.

Finance costs recognised for the half year ended 31 December 2022, are net of a $6.7m gain reclassified to the profit and loss in connection with the 144A senior unsecured notes and the settlement of a treasury lock ("T-lock") arrangement (2021: Nil). The gain from the T-lock arrangement is reclassified into finance costs in the same period as the associated interest expense from the notes impacts earnings.

Goods and Services Tax (GST) and other foreign equivalents: Revenues, expenses and assets are recognised net of GST, except where GST is not recoverable from a taxation authority, in which case it is recognised as part of an asset's cost of acquisition or as part of the expense.

Note 4: Tax

	December 2022 US$m	December 2021 US$m
Reconciliation between tax expense and pre-tax net profit		
The reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax	**1,963.3**	2,144.4
Income tax calculated at 30% (2021: 30%)	**589.0**	643.3
Effects of different rates of tax on overseas income	**(190.6)**	(199.8)
Research and development incentives	**(41.9)**	(38.4)
Over provision in prior year	**(17.8)**	(35.9)
Revaluation of deferred tax balances	**1.1**	3.7
Other (non-assessable income)/non-deductible expenses	**(16.7)**	11.2
Income tax expense	**323.1**	384.1

Note 5: Inventories

	December 2022 US$m	June 2022 US$m
Raw materials	**1,754.1**	1,515.2
Work in progress	**1,708.9**	1,599.5
Finished goods	**1,594.3**	1,218.3
Total inventories	**5,057.3**	4,333.0

Note 6: Research and Development

The Group conducts research and development activities to support future development of products to serve our patient communities, to enhance our existing products and to develop new therapies.

All costs associated with our research and development activities are expensed as incurred as uncertainty exists up until the point of regulatory approval as to whether a research and development project will be successful. At the point of approval, the total cost of development has largely been incurred. Development costs incurred after regulatory approval are expensed unless they meet the criteria to be recognised as intangible assets.

The Group also gains control of intellectual property ("IP") through acquisitions or license arrangements. In certain circumstances the acquired IP will be capitalised, dependent on the phase of development.

For the half year ended 31 December 2022, the research and development costs, net of recoveries, were $576.5m (2021: $485.8m).

Note 7: Intangible Assets

During the half year ended 31 December 2022, the Group acquired intangible assets of $13,755.7m (2021: $100.4m) These assets include $13,463.9m acquired on 9 August 2022 through the acquisition of CSL Vifor (Note 2).

In November 2022, the Group entered into a collaboration and license agreement with Arcturus Therapeutics Holdings Inc ("Arcturus Therapeutics") to access their late stage self-amplifying mRNA (sa-mRNA) vaccine platform technology. The transaction closed in December 2022 and an upfront payment of $200m was paid to Arcturus, which has been recognised as an intangible asset in line with the group's accounting policies as disclosed in the June 2022 annual report. The arrangement requires the Group to make payments on achievement of certain regulatory and commercial milestones, as well as royalties and future profit share arrangements (Note 11).

Note 8: Property, Plant and Equipment

During the half year ended 31 December 2022, the Group acquired property, plant and equipment and right-of-use assets of $670.1m (2021: $494.8m). These assets include $222.2m acquired on 9 August 2022 through the acquisition of CSL Vifor (Note 2).

Note 9: Shareholder Returns

(a) Dividends

Dividend Paid	December 2022 US$m	December 2021 US$m
Final ordinary dividend of US$1.18 per share, 10% franked at 30% tax rate, paid on 5 October 2022 for FY22 (prior year: US$1.18 per share, 10% franked at 30% tax rate, paid on 30 September 2021 for FY21)	**569.0**	537.7
Dividend determined, but not paid at the end of the half year:		
Interim ordinary dividend of US$1.07 per share, unfranked, expected to be paid on 5 April 2023 for HY23, based on shares on issue at reporting date. The actual amount will depend on the number of shares on issue at dividend record date (prior year: US$1.04 per share, unfranked, paid on 6 April 2022 for FY22)	**516.0**	501.0

(b) Earnings per Share attributable to CSL Limited shareholders

CSL's basic and diluted EPS are calculated using the Group's net profit attributable to CSL Limited shareholders for the period of $1,623.2m (2021: $1,760.3m). Diluted EPS differs from Basic EPS as the calculation takes into account potential ordinary shares arising from employee share plans operated by the Group.

	December 2022	December 2021
Basic EPS	**US$3.37**	US$3.85
Weighted average number of ordinary shares	**482,038,107**	456,751,255
Diluted EPS	**US$3.36**	US$3.84
Adjusted weighted average number of ordinary shares, represented by:	**483,627,675**	458,113,319
Weighted average number of ordinary shares	**482,038,107**	456,751,255
Plus:		
Employee performance rights	**2,552**	2,398
Global Employee Share Plan	**25,531**	21,938
Performance and restricted share units	**1,561,485**	1,337,728

Note 9: Shareholder Returns (continued)

(c) Contributed Equity

The following table illustrates the movement in the Group's contributed equity.

	Number of shares	US$m
Opening balance	481,706,266	483.8
Shares issued to employees:		
Retain and Grow Plan (for nil consideration)	351,828	–
Executive Performance & Alignment Plan (for nil consideration)	68,052	–
Global Employee Share Plan (GESP)	90,047	13.5
Closing balance as at 31 December 2022	**482,216,193**	**497.3**

The Group's contributed equity consists of the following balances:

	December 2022 US$m	June 2022 US$m
Ordinary shares issued and fully paid	5,001.9	4,988.4
Share buy-back reserve	(4,504.6)	(4,504.6)
Total contributed equity	**497.3**	483.8

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. No gain or loss is recognised in the profit or loss and the consideration paid to acquire the shares, including any directly attributable transaction costs net of income taxes is recognised directly as a reduction in equity.

Ordinary shares receive dividends as declared and, in the event of winding up the company, participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the company.

Share buy-backs were undertaken at higher prices than the original subscription prices which had reduced the historical balance for ordinary share contributed equity to nil. The share buy-back reserve was created to reflect the excess value of shares bought over the original amount of subscribed capital.

Note 10: Financial Instruments

For the half year ended 31 December 2022, the Group received gross proceeds from the Group's borrowings of $2,525.3m. These proceeds included $2,500.0m associated with the bilateral credit facilities entered into in the prior year which were drawn down in the current period in connection with the acquisition of CSL Vifor (Note 2).

The Group also made repayments in borrowings and principal payments of lease liabilities totalling $685.0m which included the repayment of senior unsecured notes assumed as part of the acquisition of CSL Vifor (Note 2) of $477.6m. The remainder of repayments made during the period, were under the Group's private placement and banking facilities. The difference between the cash flow statement movement and the movement in interest bearing liabilities in the consolidated balance sheet is attributable to exchange rate variations, amortisation of borrowing costs and lease liability movements.

Note 10: Financial Instruments (continued)

The following table analyses the Group's financial liabilities:

Interest-bearing liabilities and borrowings	December 2022 US$m	June 2022 US$m
Current		
Bank overdraft – unsecured	**50.2**	102.0
Bank borrowings – unsecured	**61.2**	202.7
Senior notes – unsecured	**1,012.4**	150.0
Senior 144A notes – unsecured[9]	**–**	3,959.2
Lease liabilities	**92.2**	73.5
Other borrowings – secured	**0.4**	6.6
	1,216.4	4,494.0
Non-current		
Bank borrowings – unsecured[10]	**2,767.7**	179.2
Senior notes – unsecured	**2,832.6**	3,675.3
Senior 144A notes – unsecured[9]	**3,958.1**	–
Lease liabilities	**1,330.1**	1,301.3
Other borrowings – secured	**13.7**	8.0
	10,902.2	5,163.8

As at balance date, the Group had $1,547.8m (June 2022: $4,042.8m) in undrawn liquidity available under its bank debt facilities and $750.0m (June 2022: $750.0m) under the commercial paper program.

Note 11: Commitments and Contingencies

(a) Capital Commitments

Commitments in relation to capital expenditure contracted but not provided for in the financial statements are payable as follows:

	December 2022 US$m	June 2022 US$m
Not later than one year	**501.6**	403.2
Later than one year but not later than five years	**92.5**	83.3
Total	**594.1**	486.5

The Company has also entered into a lease for a building, currently under construction in Melbourne, as the new global headquarters. The lease is expected to commence prior to the year ending 30 June 2023 with an initial term of 20 years and annual lease costs of approximately $14.0m.

(b) Contingent assets and liabilities

Litigation

In the ordinary course of business, the Group is exposed to contingent liabilities related to litigation for breach of contract and other claims. Contingent liabilities occur when the possibility of a future settlement of economic benefits is considered to be less than probable but more likely than remote. If the expected settlement of the liability becomes probable, a provision is recognised. Where appropriate, contingent liabilities are recognised on acquisition date in connection with a business combination (Note 2).

Other contingent assets and liabilities

The Group has entered into collaboration arrangements, including in-licensing arrangements with various companies. Such collaboration agreements may require the Group to make payments on achievement of stages of development, launch or revenue milestones and may include variable payments that are based on unit sales or profit (e.g. royalty and profit share payments). The amount of variable payments under the arrangements are inherently uncertain and difficult to predict, given the direct link to future sales, profit levels and the range of outcomes.

The maximum potential future milestone payments could amount to $8,989.6m in the event each related product reached its full commercial potential (June 2022: $2,050.0m). The increase in potential milestone payments during the half year includes commitments assumed from the acquisition of CSL Vifor (Note 2) and the collaboration and license agreement with Arcturus Therapeutics (Note 7). These amounts are undiscounted and are not risk-adjusted, assuming all products currently in development are successful and all possible performance objectives are met.

[9] The 144A senior unsecured notes were issued in FY22 in connection with the CSL Vifor acquisition. These notes were reclassified to non-current during the half year ended 31 December 2022 as a result of the removal of a mandatory redemption feature following the close of the acquisition (Note 2).
[10] Non-current unsecured bank borrowings includes $2,500m in bilateral credit facilities secured in FY22 and drawn down during the half year ended 31 December 2022 following the close of the acquisition (Note 2).

Note 11: Commitments and Contingencies (continued)

The Group also has certain take or pay arrangements with contract manufacturers or service providers which serve as commercial manufacturers and suppliers for certain products. To the extent a commitment is determined to be onerous, these are provided for within provisions in the consolidated balance sheet.

Note 12: Cash and Cash Equivalents

	December 2022 US$m	June 2022 US$m
Reconciliation of cash and cash equivalents		
Cash at bank and on hand	**1,248.6**	1,531.0
Cash deposits	**259.3**	8,905.4
Total cash and cash equivalents	**1,507.9**	10,436.4

Note 13: Subsequent Events

Other than as disclosed elsewhere in these statements, there are no matters or circumstances which have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

In the opinion of the Directors:

a) the financial statements and notes of the Company and of the Group are in accordance with the Corporations Act 2001 (Cth), including:

   i. giving a true and fair view of the Company's and Group's financial position as at 31 December 2022 and of their performance for the half year ended on that date of the consolidated entity; and

   ii. complying with Australian Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

b) there are reasonable grounds to believe that the Company 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.

Dr Brian McNamee
Chair

Paul Perreault
Managing Director and Chief Executive Officer

13 February 2023

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Independent Auditor's Review Report to the Members of CSL Limited

Conclusion

We have reviewed the accompanying half-year financial report of CSL Limited (the Company) and its subsidiaries (collectively the Group), which comprises the Consolidated Balance Sheet as at 31 December 2022, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. 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 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 the Code.

Directors' responsibilities 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Building a better working world

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.

Ernst & Young

Ernst & Young

K Bodenham

Kylie Bodenham
Partner
Melbourne
13 February 2023