Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the Month of May 2023

1-15240
(Commission File Number)

JAMES HARDIE INDUSTRIES plc
(Translation of registrant's name into English)

Europa House, Second Floor
Harcourt Centre
Harcourt Street, Dublin 2, D02, WR20, Ireland
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F..X.... Form 40-F.........

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): Not Applicable

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): Not Applicable

TABLE OF CONTENTS

Forward-Looking Statements

This Form 6-K contains forward-looking statements. James Hardie Industries plc (the “company”) may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the company’s officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the company’s future performance;
- projections of the company’s results of operations or financial condition;
- statements regarding the company’s plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension or closure of operations at any of the company’s plants and future plans with respect to any such plants;
- expectations concerning the costs associated with the significant capital expenditure projects at any of the company’s plants and future plans with respect to any such projects;
- expectations regarding the extension or renewal of the company’s credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the company’s corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to AICF, a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning the adequacy of the company’s warranty provisions and estimates for future warranty-related costs;
- statements regarding the company’s ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic or housing market conditions in the regions in which we operate, including but not limited to, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “aim,” “will,” “should,” “likely,” “continue,” “may,” “objective,” “outlook” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the Company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the Company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 16 May 2023, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former Company subsidiaries; required contributions to AICF, any shortfall in AICF funding and the effect of currency exchange rate movements on the amount recorded in the Company's financial statements as an asbestos liability; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the Company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the Company's products; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; currency exchange risks; dependence on customer preference and the concentration of the Company's customer base; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; use of accounting estimates; and all other risks identified in the Company's reports filed with Australian, Irish and US securities regulatory agencies and exchanges (as appropriate). The Company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the Company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the Company's current expectations concerning future results, events and conditions. The Company assumes no obligation to update any forward-looking statements or information except as required by law.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Results for Announcement to the Market
99.2	ASX Cover 31 March 2023
99.3	Media Release
99.4	Management's Analysis of Results
99.5	Management Presentation
99.6	Consolidated Financial Statements
99.7	KPMG Actuarial Report

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	James Hardie Industries plc
Date: 16 May 2023	By: /s/ Aoife Rockett
	Aoife Rockett Company Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Results for Announcement to the Market
99.2	ASX Cover 31 March 2023
99.3	Media Release
99.4	Management's Analysis of Results
99.5	Management Presentation
99.6	Consolidated Financial Statements
99.7	KPMG Actuarial Report

Exhibit 99.1

James Hardie Industries plc
Europa House 2nd Floor,
Harcourt Centre
Harcourt Street, Dublin 2,
D02 WR20, Ireland

T: +353 (0) 1 411 6924
F: +353 (0) 1 479 1128

16 May 2023

The Manager
Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Results for Announcement to the Market

James Hardie announced today its results for the 4th quarter and year ended 31 March 2023 and has filed the following documents with the ASX:

- Appendix 4E: Preliminary Final Report for the year ended 31 March 2023
- Media Release
- Management's Analysis of Results for the year ended 31 March 2023
- Management Presentation
- Consolidated Financial Statements for the year ended 31 March 2023
- KPMG Actuarial Report for the year ended 31 March 2023

Copies of these documents are available on James Hardie's investor relations website at

https://ir.jameshardie.com.au/financial-information/financial-results.

Yours faithfully

James Brennan-Chong
Director of Investor Relations and Market Intelligence

This announcement has been authorized for release by the Board of Directors of James Hardie Industries plc.

Exhibit 99.2

Results for Announcement to the Market

James Hardie Industries plc

ARBN 097 829 895

Appendix 4E - Preliminary Final Report Year Ended 31 March 2023				
Key Information	Year Ended 31 March			
	FY 2023 US$M	FY 2022 US$M	Movement	
Net Sales From Ordinary Activities	3,777.1	3,614.7	Up	4%
Profit From Ordinary Activities After Tax Attributable to Shareholders	512.0	459.1	Up	12%
Net Profit Attributable to Shareholders	512.0	459.1	Up	12%
Net Tangible Assets per Ordinary Share	US$2.85	US$2.18	Up	31%

Dividend Information

- On 8 November 2022, the Company announced the replacement of ordinary dividends with a share buyback program
- The FY2022 second half ordinary dividend (**"FY2022 second half dividend"**) of US30.0 cents per security was paid to CUFS holders on 29 July 2022.

Movements in Controlled Entities during the full year Ended 31 March 2023

The following entity was created: James Hardie Fiber Cement Europe GmbH (29 June 2022).

The following entity was renamed: Fermacell B.V. to James Hardie Netherlands B.V. (16 March 2023).

The following entities were dissolved: SNC Parc 3 (30 June 2022) and James Hardie France SAS (1 July 2022).

Associates and Joint Venture Entities

FELS Recycling GmbH (51%); Aplicaciones Minerales S.A. (28%)

Audit

The results and information included within this Preliminary Final Report have been prepared using US GAAP and have been subject to an independent audit by external auditors.

Results for the Fourth Quarter and Year Ended 31 March 2023

Contents

James Hardie Industries plc is incorporated under the laws of Ireland with its corporate seat in Dublin, Ireland. The liability of members is limited. The information contained in the above documents should be read in conjunction with the James Hardie 2023 Annual Report which can be found on the company website at https://ir.jameshardie.com.au/financial-information/financial-results.

Exhibit 99.3

James Hardie Industries Announces Fourth Quarter And Fiscal Year 2023 Results

Record Global Net Sales of US$3.8 Billion for the Fiscal Year

Global Adjusted Net Income of US$605.5 Million for the Fiscal Year

Fourth Quarter Adjusted Net Income of US$146.2 Million, up 13% sequentially from the Third Quarter

James Hardie Industries plc (ASX: JHX; NYSE: JHX), today announced results for its fourth quarter and full year ending 31 March 2023.

Full Year Fiscal Year 2023 Highlights, Compared to Full Year Fiscal Year 2022, as applicable:

- Global Net Sales increased 4% to a record US$3,777.1 million
- North America Fiber Cement Segment: Net Sales increased 9% to a record US$2,787.6 million, and EBIT increased 4% to a record US$767.5 million, at an EBIT margin of 27.5%
- Asia Pacific Fiber Cement Segment: Net Sales increased 1% to a record A$787.0 million at an EBIT margin of 26.5%
- Europe Building Products Segment: Net Sales increased 3% to a record €431.8 million at an EBIT margin of 5.8%

Fourth Quarter Fiscal Year 2023 Highlights, Compared to Fourth Quarter Fiscal Year 2022, as applicable:

- Global Net Sales decreased 5% to US$917.8 million with Price/Mix growth of +8% as all three regions delivered value added solutions to our customers
- Global Adjusted Net Income of US$146.2 million, with an Adjusted EBITDA margin of 25.4%
- North America Fiber Cement Segment: Net Sales of US$651.5 million with Price/Mix growth of +8%, at an EBIT margin of 29.0%
- Asia Pacific Fiber Cement Segment: Net Sales increased 2% to A$204.6 million and EBIT increased 12% to A$59.1 million at an EBIT margin of 28.9%
- Europe Building Products Segment: Net Sales increased 2% to €117.8 million with Price/Mix growth of +14% at an EBIT margin of 6.7%

Speaking to the results, James Hardie CEO Aaron Erter said, "Our team executed successfully and closed out fiscal year 2023, delivering record net sales globally and in all three regions in local currency for the full year. In addition, we delivered full year Adjusted Net Income and Operating Cash Flows of US$605.5 million and US$607.6 million, respectively. I am pleased with how the team adjusted during the year to prepare the company to thrive through this cycle. This is reflected in our strong fourth quarter results, including all three regions delivering significant EBIT margin improvement sequentially in the fourth quarter."

Speaking to managing through dynamic market conditions, Mr. Erter stated, “We are controlling what we can control, this is about being agile and adaptive to respond to significant changes in market conditions while remaining thoughtful and focused on where we can accelerate our competitive advantages. We remain focused on continued strong execution of our strategy to drive profitable share gain. I believe our fourth quarter results are a proof point that we are effectively managing through this cycle. We have a superior value proposition with the right products and solutions that our customers are seeking, which allows us to continue to deliver differentiated results. We are homeowner focused, customer and contractor driven, providing the entire value chain with world class products and services.”

Fourth Quarter Fiscal Year 2023 Results Compared to Fourth Quarter Fiscal Year 2022 Results

Global: Global Net Sales declined 5% to US$917.8 million, while Global Adjusted EBIT decreased 17% to US$187.5 million. Global Adjusted Net Income decreased 18% to US$146.2 million. Global Adjusted EBIT margin of 20.4% was achieved through strong operational performance and continued achievement of strong Price/Mix offset by high input costs and reduced volumes.

North America Fiber Cement Segment: Net Sales declined 6% to US$651.5 million. Volumes declined 14%, adversely impacted by the slowdown in the housing market, which was partially offset by Price/Mix growth of +8%. Lower volumes and higher input costs led to an 8% decline in EBIT to US$188.8 million. The EBIT margin contracted 70 basis points to 29.0%.

Asia Pacific Fiber Cement Segment: Net sales increased 2% to A$204.6 million. Price/Mix growth of +12%, was partially offset by a 10% decline in volumes due to the slowdown in the Australia and New Zealand housing markets. EBIT increased 12% to A$59.1 million driven by higher net sales, and EBIT margin expanded by 260 basis points to 28.9%.

Europe Building Products Segment: Net Sales increased +2% to €117.8 million. Price/Mix growth of +14% was partially offset by a 12% decline in volumes driven by the slowdown in the housing markets we participate in. EBIT decreased to €7.9 million at an EBIT margin of 6.7%, primarily due to the impact of inflation on key input costs and higher SG&A expenses.

Capital Resources

Operating cash flow generation of US$607.6 million in fiscal year 2023 was driven by profitable organic sales growth, partially offset by an increase in working capital. Working capital increased by US$101.9 million primarily due to increased inventory levels globally and lower accounts payable balances, partially offset by lower accounts receivable.

James Hardie Chief Financial Officer, Jason Miele, stated, “We continue to maintain a strong liquidity position, with our leverage ratio at 0.99x and US$475.8 million of liquidity. We expect our continued robust operating cash flows will ensure we maintain this strong liquidity position. Our capital allocation framework remains unchanged and matches who we are, a growth company. The number one and primary focus of our capital allocation framework is to invest in organic growth."

Commenting on capital expenditures, Mr. Miele stated “Our capacity expansion program is guided by our expectation for sustainable long term profitable share gain. In FY23, total capital expenditures were US$591.3 million. Despite the changing market conditions, we remain committed to investing in capacity expansion, but we will continuously adjust, such that we remain flexible and agile to respond as demand increases coming out of this cycle.”

In December, we commenced our share buyback program, and during the fiscal year we bought back 3.8 million shares for total consideration of US$78.4 million.

Sustainability

At James Hardie, we are all committed to Building Sustainable Communities and we recognize that keeping environmental and social considerations at the core of everything we do is fundamental to our success.

Commenting on sustainability, Mr. Erter said: “We have continued to make good progress in integrating ESG into how we operate, and we continue to make progress against the goals and targets we set out in our prior Sustainability Reports. We are currently in the process of setting new ESG goals and targets which you will see in our third annual Sustainability Report which will be published in July 2023."

For more on our commitment to Sustainability including our goals, see our FY22 Sustainability Report at https://www.jameshardie.com/why-hardie/sustainability.

Outlook and Earnings Guidance

The outlook for the housing markets we participate in, globally, is still very uncertain. In our largest market, North America, we expect our addressable market to decrease between 14% and 19% in fiscal year 2024 versus fiscal year 2023.

Guidance for the first quarter of fiscal year 2024; we expect:

- Adjusted Net Income to be in the range of US$145 million to US$165 million
- North American volumes to be in the range of 680 million to 710 million standard feet
- North American EBIT margin to be in the range of 28% to 30%

For the full year FY24, we expect to spend a total of approximately US$550 million in capital expenditures.

James Hardie’s guidance is based on current estimates and assumptions and is subject to several known and unknown uncertainties and risks.

Key Financial Information

	Q4 FY23	Q4 FY22	Change	FY23	FY22	Change
Group (US$ millions)						
Net Sales	917.8	968.2	(5)%	3,777.1	3,614.7	4%
Adjusted EBIT	187.5	225.3	(17%)	779.8	815.6	(4%)
Adjusted EBIT Margin (%)	20.4	23.3	-2.9 pts	20.6	22.6	-2.0 pts
Adjusted Net Income	146.2	177.5	(18%)	605.5	620.7	(2%)
Operating Cash Flow				607.6	757.2	(20%)
North America Fiber Cement (US$ millions)						
Net Sales	651.5	694.0	(6%)	2,787.6	2,551.3	9%
EBIT	188.8	206.1	(8%)	767.5	741.2	4%
EBIT Margin (%)	29.0	29.7	-0.7 pts	27.5	29.1	-1.6 pts
Asia Pacific Fiber Cement (A$ millions)						
Net Sales	204.6	200.5	2%	787.0	777.7	1%
EBIT	59.1	52.8	12%	208.8	217.4	(4%)
EBIT Margin (%)	28.9	26.3	2.6 pts	26.5	28.0	-1.5 pts
Europe Building Products (€ millions)						
Net Sales	117.8	115.0	2%	431.8	420.5	3%
EBIT	7.9	16.1	(51%)	25.2	54.2	(54%)
EBIT Margin (%)	6.7	14.0	-7.3 pts	5.8	12.9	-7.1 pts

Further Information

Readers are referred to the Company's Consolidated Financial Statements and Management's Analysis of Results for the full year ended 31 March 2023 for additional information regarding the Company's results, including information regarding income taxes, the asbestos liability and contingent liabilities.

Management Briefing for Analysts, Investors and Media

James Hardie will conduct a teleconference and audio webcast for analysts, investors, and media on Tuesday, 16 May 2023, 8:30am Sydney, Australia time (Monday, 15 May 2023, 6:30pm New York City, USA time). Analysts, investors, and media can access the management briefing via the following:

All participants wishing to join the webcast, please use the following link:

https://edge.media-server.com/mmc/p/nm5i6ki9

All participants wishing to join the teleconference will need to pre-register by navigating to:

https://s1.c-conf.com/diamondpass/10030023-po43jl.html

Once registered, you will receive a calendar invite with dial-in numbers and a unique PIN which will be required to join the call.

Webcast Replay: Will be available after the Live Webcast concludes at https://ir.jameshardie.com.au/financial-information/financial-results.

Use of Non-GAAP Financial Information; Australian Equivalent Terminology

This Media Release includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (GAAP), such as Adjusted net income and Adjusted EBIT. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measure. Management has included such measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. The Company is unable to forecast the comparable US GAAP financial measure for future periods due to, amongst other factors, uncertainty regarding the impact of actuarial estimates on asbestos-related assets and liabilities in future periods. For additional information regarding the non-GAAP financial measures presented in this Media Release, including a reconciliation of each non-GAAP financial measure to the equivalent GAAP measure, see the section titled "Non-GAAP Financial Measures" included in the Company's Management's Analysis of Results for the full year ended 31 March 2023.

In addition, this Media Release includes financial measures and descriptions that are considered to not be in accordance with GAAP, but which are consistent with financial measures reported by Australian companies, such as EBIT and EBIT margin. Since the Company prepares its Consolidated Financial Statements in accordance with GAAP, the Company provides investors with definitions and a cross- reference from the non-GAAP financial measure used in this Media Release to the equivalent GAAP financial measure used in the Company's Consolidated Financial Statements. See the section titled "Non- GAAP Financial Measures" included in the Company's Management's Analysis of Results for the full year ended 31 March 2023.

Forward-Looking Statements

This Media Release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of James Hardie to be materially different from those expressed or implied in this release, including, among others, the risks and uncertainties set forth in Section 3 “Risk Factors” in James Hardie’s Annual Report on Form 20-F for the fiscal year ended 31 March 2023; changes in general economic, political, governmental and business conditions globally and in the countries in which James Hardie does business; changes in interest rates; changes in inflation rates; changes in exchange rates; the level of construction generally; changes in cement demand and prices; changes in raw material and energy prices; changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. James Hardie assumes no obligation to update or correct the information contained in this Media Release except as required by law.

This media release has been authorized by the James Hardie Board of Directors.

END

Investor/Media/Analyst Enquiries:

James Brennan-Chong
Director of Investor Relations and Market Intelligence

Telephone: +1 312 756 9919
Email: media@jameshardie.com.au

James Hardie Industries plc is a limited liability company incorporated in Ireland with its registered office at Europa House, 2nd Floor, Harcourt Centre, Harcourt Street, Dublin 2, D02 WR20, Ireland

Exhibit 99.4

Management’s Analysis of Results

This Management’s Analysis of Results forms part of a package of information about James Hardie Industries plc’s results. It should be read in conjunction with the other parts of this package, including the Media Release, the Management Presentation and the Consolidated Financial Statements. Except as otherwise indicated in this Management’s Analysis of Results, James Hardie Industries plc is referred to as “JHI plc.” JHI plc, together with its direct and indirect wholly-owned subsidiaries, are collectively referred to as “James Hardie,” the “Company,” “we,” “our,” or “us.” Definitions for certain capitalized terms used in this Management’s Analysis of Results can be found in the section titled “Non-GAAP Financial Measures.”

This Management’s Analysis of Results includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (“GAAP”). These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measures. Management has included such measures to provide investors with an alternative method for assessing its financial condition and operating results in a manner that is focused on the performance of its ongoing operations. These measures exclude the impact of certain legacy items, such as asbestos adjustments, or significant non-recurring items, such as asset impairments, restructuring expenses, as well as adjustments to tax expense. In addition, management provides an adjusted effective tax rate, which excludes the tax impact of the special pre-tax items (items listed above) and special tax items. Management believes that this non-GAAP tax measure provides an ongoing effective rate which investors may find useful for historical comparisons and for forecasting and is an alternative method of assessing the economic impact of taxes on the Company, as it more closely approximates payments to taxing authorities. Management uses such non-GAAP financial measures for the same purposes. These non-GAAP measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures are not prepared in accordance with GAAP, may not be reported by all of the Company’s competitors and may not be directly comparable to similarly titled measures of the Company’s competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Management’s Analysis of Results, including a reconciliation of each non-GAAP financial measure to the equivalent GAAP measure, see the section titled “Non-GAAP Financial Measures.” In addition, this Management’s Analysis of Results includes financial measures and descriptions that are considered to not be in accordance with GAAP, but which are consistent with financial measures reported by Australian companies. Since James Hardie prepares its consolidated financial statements in accordance with GAAP, the Company provides investors with definitions and a cross-reference from the non-GAAP financial measure used in this Management’s Analysis of Results to the equivalent GAAP financial measure used in the Company's Consolidated Financial Statements. See the section titled “Non-GAAP Financial Measures.”

These documents, along with an audio webcast of the Management Presentation on 16 May 2023, are available from the Investor Relations area of our website at https://ir.jameshardie.com.au/financial-information/financial-results.

Investor/Media/Analyst Inquiries:
James Brennan-Chong
Director of Investor Relations and Market Intelligence

Telephone: +1 312 756 9919

Email: media@jameshardie.com.au

Overview

James Hardie Industries plc is a world leader in the manufacturing of fiber cement building solutions, and a market leader in fiber gypsum and cement-bonded boards in Europe. Our fiber cement building materials include a wide-range of products for both external and internal use across a broad range of applications. We have four reportable segments: North America Fiber Cement, Asia Pacific Fiber Cement, Europe Building Products and Research and Development.

Full Year Financial Highlights

US$ Millions (except per share data)	Full Year Ended 31 March		
	FY23	FY22	Change
Net sales	$ 3,777.1	$ 3,614.7	4%
Gross margin (%)	34.7	36.3	(1.6 pts)
EBIT	741.4	682.6	9%
EBIT margin (%)	19.6	18.9	0.7 pts
Adjusted EBIT[1]	779.8	815.6	(4%)
Adjusted EBIT margin (%)[1]	20.6	22.6	(2.0 pts)
Net income	512.0	459.1	12%
Adjusted Net income[1]	605.5	620.7	(2%)
Earnings per share - diluted	$ 1.15	$ 1.03	12%
Adjusted earnings per share - diluted[1]	$ 1.36	$ 1.39	(2%)

[1] See section titled “Non-GAAP Financial Measures" for a reconciliation to the equivalent GAAP measure

- **Net sales** increased 4% to US$3,777.1 million driven by Price/Mix growth of 9% as all three regions delivered value added solutions to our customers. This growth was partially offset by a volume decrease of 5% resulting from weaker global housing markets.
- **Adjusted EBIT** decreased 4% to US$779.8 million with an adjusted EBIT margin of 20.6% due to lower gross margin of 1.6 percentage points. The challenging global macro environment conditions and high input costs that included significant inflationary pressures, impacted all of our segment results for the year.

Overall, the Company finished fiscal year 2023 strong by delivering record net sales globally and for all three regions in local currency for the full year. In Q4 FY2023, all three regions achieved sequential EBIT margin improvement by continuing to execute our strategy to drive profitable share gain. While the outlook for the housing markets we participate in is still uncertain, management is remaining thoughtful and focused on where we can accelerate our competitive advantages moving into FY2024.

We have a superior value proposition with the right products and solutions that our customers are seeking, which allows us to continue to deliver differentiated results. We are homeowner focused, customer and contractor driven, providing the entire value chain with world class products and services.

North America Fiber Cement Segment

Operating results for the North America Fiber Cement segment were as follows:

US$ Millions	Full Year Ended 31 March		
	FY23	FY22	Change
Volume (mmsf)	3,038.5	3,112.2	(2%)
Fiber cement net sales	2,787.6	2,551.3	9%
Gross profit			5%
Gross margin (%)			(1.5 pts)
EBIT	767.5	741.2	4%
EBIT margin (%)	27.5	29.1	(1.6 pts)

FY23 vs FY22

Net sales increased 9% on the strength of our Price/Mix growth of 11%. Price/Mix growth resulted from the execution of our strategy to drive profitable share gain by providing the right solutions our customers are seeking, combined with our strategic price increases.

Gross margin decreased as a result of the following components:

Higher average net sales price	6.6 pts
Higher production and distribution costs	(8.1 pts)
Total percentage point change in gross margin	(1.5 pts)

Higher production and distribution costs resulted from significant inflationary pressures across almost all categories, with the largest impacts being increased costs of pulp, labor, cement and energy.

SG&A expenses increased 10% primarily driven by a higher investment in marketing, with the first half up 27% and the second half down 6% versus the prior corresponding periods. The first half was reflective of our strategy to increase our investment in marketing, talent and other SG&A initiatives which began in FY22, and then later in the year we reallocated and prioritized our SG&A expenditures to adapt to the market conditions. As a percentage of sales, SG&A expenses were flat.

EBIT margin decreased 1.6 percentage points to 27.5%, driven by lower gross margin.

Asia Pacific Fiber Cement Segment

The Asia Pacific Fiber Cement segment is comprised of the following regions: (i) Australia; (ii) New Zealand; and (iii) the Philippines.

Operating results for the Asia Pacific Fiber Cement segment in US dollars were as follows:

US$ Millions	Full Year Ended 31 March		
	FY23	FY22	Change
Volume (mmsf)	577.2	633.3	(9%)
Fiber cement net sales	539.2	574.9	(6%)
Gross profit			(8%)
Gross margin (%)			(0.6 pts)
EBIT	142.8	160.8	(11%)
EBIT margin (%)	26.5	28.0	(1.5 pts)

Operating results for the Asia Pacific Fiber Cement segment in Australian dollars were as follows:

A$ Millions	Full Year Ended 31 March		
	FY23	FY22	Change
Volume (mmsf)	577.2	633.3	(9%)
Fiber cement net sales	787.0	777.7	1%
Gross profit			(1%)
Gross margin (%)			(0.6 pts)
EBIT	208.8	217.4	(4%)
EBIT margin (%)	26.5	28.0	(1.5 pts)

FY23 vs FY22 (A$)

Net sales increased 1%, driven by Price/Mix growth of 10%, offset by lower volumes of 9%. The growth in Price/Mix resulted from the execution of our strategy to drive profitable share gain by providing the right solutions our customers are seeking combined with our strategic price increases. The decline in volumes is primarily attributable to softening of housing market activity in Australia and New Zealand.

The decrease in gross margin can be attributed to the following components:

Higher average net sales price	5.5 pts
Higher production and distribution costs	(6.1 pts)
Total percentage point change in gross margin	(0.6 pts)

Higher production and distribution costs resulted from significant inflationary pressures across almost all categories, with the largest impacts being increased costs of energy, pulp and freight.

SG&A expenses increased 10%, primarily driven by higher employee costs, with the first half up 21% and the second half down 1% versus the prior corresponding periods. The first half was reflective of our strategy to increase our investment in talent, and then later in the year we reallocated and prioritized our SG&A expenditures to adapt to the market conditions. As a percentage of sales, SG&A expenses increased 0.8 percentage points.

EBIT margin of 26.5% decreased 1.5 percentage points, driven by lower gross margin and higher SG&A expenses.

Europe Building Products Segment

The Europe Building Products segment is comprised of: (i) Europe Fiber Cement; and (ii) Europe Fiber Gypsum.

Operating results for the Europe Building Products segment in US dollars were as follows:

US$ Millions	Full Year Ended 31 March		
	FY23	FY22	Change
Volume (mmsf)	849.0	952.6	(11%)
Fiber cement net sales	68.6	76.3	(10%)
Fiber gypsum net sales[1]	381.7	412.2	(7%)
Net sales	450.3	488.5	(8%)
Gross profit			(23%)
Gross margin (%)			(4.5 pts)
EBIT	26.5	62.9	(58%)
EBIT margin (%)	5.8	12.9	(7.1 pts)

[1] Also includes cement bonded board net sales

Operating results for the Europe Building Products segment in Euros were as follows:

€ Millions	Full Year Ended 31 March		
	FY23	FY22	Change
Volume (mmsf)	849.0	952.6	(11%)
Fiber cement net sales	65.8	65.6	—%
Fiber gypsum net sales[1]	366.0	354.9	3%
Net sales	431.8	420.5	3%
Gross profit			(14%)
Gross margin (%)			(4.5 pts)
EBIT	25.2	54.2	(54%)
EBIT margin (%)	5.8	12.9	(7.1 pts)

[1] Also includes cement bonded board net sales

FY23 vs FY22 (€)

Net sales increased 3% due to a 14% growth in Price/Mix driven by our strategic price increases, partially offset by a 11% decrease in volumes. The volume decrease resulted from both lower fiber gypsum and fiber cement volumes as housing market activity decreased.

The decrease in gross margin is attributable to the following components:

Higher average net sales price	8.4 pts
Higher production and distribution costs	(12.9 pts)
Total percentage point change in gross margin	(4.5 pts)

Higher production and distribution costs resulted from significant inflationary pressures across almost all categories, with the largest impacts being increased costs of energy, gypsum and freight.

SG&A expenses increased 18% primarily due to higher employee and marketing costs. As a percentage of sales, SG&A expenses increased 2.2 percentage points.

EBIT margin of 5.8% decreased 7.1 percentage points primarily driven by lower gross margin and higher SG&A expenses.

General Corporate

Results for General Corporate were as follows:

US$ Millions	Full Year Ended 31 March		
	FY23	FY22	Change %
General Corporate SG&A expenses	$ 123.7	$ 114.9	8
Asbestos:			
Asbestos adjustments loss	37.0	131.7	(72)
AICF SG&A expenses	1.4	1.3	8
General Corporate costs	**$ 162.1**	**$ 247.9**	**(35)**

General Corporate SG&A expenses increased US$8.8 million primarily due to higher employee costs, stock compensation expenses and New Zealand Weathertightness expenses, partially offset by lower other legal costs.

Asbestos adjustments primarily reflect the annual actuarial adjustment recorded in line with KPMG's actuarial report, as well as the non-cash foreign exchange re-measurement impact on asbestos related balance sheet items, driven by the change in the AUD/USD spot exchange rate from the beginning balance sheet date to the ending balance sheet date, for each respective period. In addition, these amounts are partially offset by gains and losses on foreign currency forward contracts related to future AICF payments.

Readers are referred to Note 12 of our 31 March 2023 consolidated financial statements for further information on asbestos.

The AUD/USD spot exchange rates are shown in the table below:

FY23		FY22	
31 March 2022	0.7482	31 March 2021	0.7601
31 March 2023	0.6711	31 March 2022	0.7482
Change	(10)%	Change	(2)%

Asbestos adjustments recorded by the Company were made up of the following components:

US$ Millions	Full Year Ended 31 March	
	FY23	FY22
Change in estimates	$ 57.1	$ 140.9
Effect of foreign exchange on Asbestos net liabilities	(45.9)	(13.2)
Loss on foreign currency forward contracts	24.5	5.3
Other	1.3	(1.3)
Asbestos adjustments loss	$ 37.0	$ 131.7

The change in estimate for the actuarial adjustment for fiscal year 2023 is due to the annual inflation adjustment, higher expected claim numbers, partially offset by a reduction in the assumed average claims settlement costs.

Changes to the assumptions may be necessary in future periods should mesothelioma claims reporting escalate or decline. Potential variation in the estimated peak period of claims has an impact much greater than the other assumptions used to derive the discounted central estimate. In performing the sensitivity assessment of the estimated incidence pattern reporting for mesothelioma, if the pattern of incidence was shifted by two years, the central estimate could increase by approximately 21% on a discounted basis.

Interest, net

US$ Millions	Full Year Ended 31 March		
	FY23	FY22	Change %
Gross interest expense	$ 45.5	$ 42.2	8
Capitalized interest	(8.5)	(1.9)	347
Interest income	(2.1)	(0.1)	NM
AICF interest income, net	(4.2)	(0.9)	367
Interest, net	**$ 30.7**	**$ 39.3**	**(22)**

NM = not meaningful

Interest, net decreased primarily due to higher capitalized interest related to our capital expansion projects, and higher net AICF interest income driven by higher interest rates and AICF investments.

Income Tax

US$ Millions	Full Year Ended 31 March		
	FY23	FY22	Change
Income tax expense	211.5	184.0	15%
Effective tax rate (%)	29.2	28.6	0.6 pts
Adjusted income tax expense[1]	152.2	154.5	(1%)
Adjusted effective tax rate[1] (%)	20.1	19.9	0.2 pts

[1] Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos, and other tax adjustments

The effective tax rate increased 0.6 percentage points primarily due to asbestos and other tax adjustments. The Adjusted effective tax rate increased 0.2 percentage points, primarily due to a change in the geographical mix of earnings.

Net Income

US$ Millions	Full Year Ended 31 March		
	FY23	FY22	Change %
EBIT			
North America Fiber Cement	$ 767.5	$ 741.2	4
Asia Pacific Fiber Cement	142.8	160.8	(11)
Europe Building Products	26.5	62.9	(58)
Research and Development	(33.3)	(34.4)	3
General Corporate[1]	(123.7)	(114.9)	(8)
Adjusted EBIT	**779.8**	**815.6**	**(4)**
Net income			
Adjusted interest, net[1]	34.9	40.2	(13)
Other (income) expense	(12.8)	0.2	NM
Adjusted income tax expense[2]	152.2	154.5	(1)
Adjusted net income	**$ 605.5**	**$ 620.7**	**(2)**

1. Excludes Asbestos-related expenses and adjustments
2. Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos and other tax adjustments

NM = not meaningful

Adjusted net income of US$605.5 million decreased 2%, primarily driven by lower EBIT in the Europe and Asia Pacific regions, partially offset by higher earnings in North America and the US$8.9 million gain, net of tax, on sale of land in Europe.

Cash Flow

US$ Millions	Full Year Ended 31 March			
	FY23	FY22	Change	Change %
Net cash provided by operating activities	$ 607.6	$ 757.2	$ (149.6)	(20)
Net cash used in investing activities	660.1	348.2	311.9	90
Net cash used in financing activities	25.4	449.6	(424.2)	(94)

Significant sources and uses of cash during fiscal year 2023 include:

- Cash provided by operating activities:
  - Net income, adjusted for non-cash items, of US$818.9 million;
  - Working capital increased by US$101.9 million, primarily due to higher inventory and lower accounts payable, partially offset by lower accounts receivable; and
  - Asbestos claims paid of US$107.9 million.

- Cash used in investing activities:
  - Capital expenditures of US$591.3 million, including global capacity expansion project spend of US$378.4 million; and
  - AICF net investments of US$74.4 million.

- Cash used in financing activities:
  - Dividend payment of US$129.6 million;
  - Repurchase of shares under the share buyback program of US$78.4 million; and
  - US$190.0 million in net proceeds on our revolving credit facility.

Capacity Expansion

Our capacity expansion program is guided by our expectation for sustainable long term profitable share gain. We continue to monitor macro-economic conditions and the impacts on the housing markets we do business in to ensure the program is aligned with our global strategy.

During fiscal year 2023, we:

- Completed construction of Trim finishing capacity in Prattville, Alabama and commissioned in Q1 FY23
- Completed construction of Brownfield expansion in Carole Park, Queensland and commissioned in Q4 FY23
- Decided to cancel plans for Pilot Plants, saving approximately US$130 million in capital

In fiscal year 2024, we estimate total Capital Expenditures will be approximately US$550 million and plan to:

- Complete construction of ColorPlus® finishing capacity in Westfield, Massachusetts in Q1 FY24
- Continue construction of Sheet Machines #3 and #4 in Prattville, Alabama, with Sheet Machine #3 expected to be completed in Q4 FY24
- Continue construction of ColorPlus® finishing capacity in Prattville, Alabama
- Continue construction of our Greenfield site in Truganina, Victoria
- Continue Brownfield expansion of the fiber gypsum facility in Orejo, Spain
- Purchase land in Q1 FY24 for our future USA Greenfield site in Crystal City, Missouri. We do not intend to begin construction of this site in FY24
- Purchase land for our future Fiber Cement Greenfield site in Europe in the first half of FY24. We do not intend to begin construction of this site in FY24

Liquidity and Capital Allocation

Our cash position decreased US$12.0 million, from US$125.0 million at 31 March 2022 to US$113.0 million at 31 March 2023. We also ha ve US$362.8 million of available borrowing capacity under our revolving credit facility at 31 March 2023.

Based on our existing cash balances, together with anticipated operating cash flows and unutilized credit facilities, we anticipate we will have sufficient funds to meet our planned working capital and other expected cash requirements for the next twelve months.

Capital Management

Our Capital Allocation framework prioritizes the use of free cash flow as follows:

- Invest in organic growth
- Maintain a flexible balance sheet
- Deploy excess capital to shareholders via a share buyback program

For the full year ended 31 March 2023, we repurchased a total of 3.8 million shares for a total of US$78.4 million for an average per share price of US$20.45.

Other Asbestos Information

	Full Year Ended 31 March		
	FY23	**FY22**	**Change %**
Claims received	555	555	—
Direct claims	403	411	(2)
Cross claims	152	144	6
Actuarial estimate for the period	543	573	(5)
Difference in claims received to actuarial estimate	12	(18)	
Average claim settlement (A$)	303,000	314,000	(4)
Actuarial estimate for the period (A$)	331,000	312,000	6
Difference in claims paid to actuarial estimate	(28,000)	2,000	

For the full year ended 31 March 2023, we noted the following related to asbestos-related claims:

- Total claims received were 2% above actuarial expectations and flat compared to prior year;
- Mesothelioma claims reported were 1% above actuarial expectations and 2% lower than prior year;
- Number of claims settled were 4% above actuarial expectations and 2% above prior year;
- Average claim settlement was 8% below actuarial expectations and 4% below prior year; and
- Direct mesothelioma average claim settlement sizes were higher than expected for the younger two age cohorts and lower than expected for the older two age cohorts.

AICF Funding

We funded US$109.6 million (A$158.8 million) to AICF during fiscal year 2023, as provided under the AFFA. From the time AICF was established in February 2007 through the date of this Report, we have contributed approximately A$2,057.8 million to the fund.

In accordance with the terms of the AFFA, the Company anticipates that it will contribute approximately A$128 million (US$86 million based on the exchange rate at 31 March 2023) to AICF during the fiscal year ending 31 March 2024.

Readers are referred to Notes 1 and 12 of our 31 March 2023 consolidated financial statements for further information on asbestos.

Financial Measures - GAAP equivalents

This document contains the financial statement line item EBIT, which is considered to be non-GAAP, but is consistent with the term used by Australian companies. Because we prepare our consolidated financial statements under GAAP, the equivalent GAAP financial statement line item description used in our consolidated financial statements is Operating income (loss).

EBIT – Earnings before interest and tax.
EBIT margin – EBIT margin is defined as EBIT as a percentage of net sales.

Non GAAP Financial Terms

This Management's Analysis of Results includes certain financial information to supplement the Company's consolidated financial statements which are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These financial measures are designed to provide investors with an alternative method for assessing our performance from on-going operations, capital efficiency and profit generation. Management uses these financial measures for the same purposes. These financial measures include:

- Adjusted EBIT;
- Adjusted EBIT margin;
- Adjusted interest, net;
- Adjusted net income;
- Adjusted diluted earnings per share;
- Adjusted income before income taxes;
- Adjusted income tax expense;
- Adjusted effective tax rate; and
- Adjusted return on capital employed (Adjusted "ROCE")

These financial measures are or may be non-GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission and may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with GAAP. These financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP. In evaluating these financial measures, investors should note that other companies reporting or describing similarly titled financial measures may calculate them differently and investors should exercise caution in comparing the Company's financial measures to similar titled measures by other companies.

Definitions

AFFA – Amended and Restated Final Funding Agreement

AICF – Asbestos Injuries Compensation Fund Ltd

Sales Volume

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness.
msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

Price/Mix – The percentage growth in revenue attributable to price increases and shift in mix of products sold. Price/Mix is calculated as the Net Sales growth percentage less the Volume growth percentage.

Working Capital – The working capital calculation used in our cash provided by operating analysis includes the change in: (1) Accounts and other receivables, net; (2) Inventories; and (3) Accounts payable and accrued liabilities.

JamesHardie

Financial Measures - GAAP equivalents

Adjusted EBIT

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4 FY23	Q4 FY22	FY23	FY22
EBIT	**$ 130.6**	**$ 82.4**	**$ 741.4**	**$ 682.6**
Asbestos:				
Asbestos adjustments loss	56.5	142.5	37.0	131.7
AICF SG&A expenses	0.4	0.4	1.4	1.3
Adjusted EBIT	**$ 187.5**	**$ 225.3**	**$ 779.8**	**$ 815.6**
Net sales	917.8	968.2	3,777.1	3,614.7
Adjusted EBIT margin	**20.4%**	**23.3%**	**20.6%**	**22.6%**

Adjusted interest, net

US$ Millions	Full Year Ended 31 March	
	FY23	FY22
Interest, net	**$ 30.7**	**$ 39.3**
AICF interest income, net	(4.2)	(0.9)
Adjusted interest, net	**$ 34.9**	**$ 40.2**

Adjusted net income

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4 FY23	Q4 FY22	FY23	FY22
Net income	**$ 81.4**	**$ 52.2**	**$ 512.0**	**$ 459.1**
Asbestos:				
Asbestos adjustments loss	56.5	142.5	37.0	131.7
AICF SG&A expenses	0.4	0.4	1.4	1.3
AICF interest income, net	(1.7)	(0.4)	(4.2)	(0.9)
Tax adjustments[1]	9.6	(17.2)	59.3	29.5
Adjusted net income	**$ 146.2**	**$ 177.5**	**$ 605.5**	**$ 620.7**

[1] Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos, and other tax adjustments

Adjusted diluted earnings per share

	Full Year Ended 31 March	
	FY23	FY22
Adjusted net income (US$ millions)	**$ 605.5**	**$ 620.7**
Weighted average common shares outstanding - Diluted (millions)	445.6	445.9
Adjusted diluted earnings per share	**$ 1.36**	**$ 1.39**

Adjusted effective tax rate

US$ Millions	Full Year Ended 31 March	
	FY23	FY22
Income before income taxes	**$ 723.5**	**$ 643.1**
Asbestos:		
Asbestos adjustments loss	37.0	131.7
AICF SG&A expenses	1.4	1.3
AICF interest income, net	(4.2)	(0.9)
Adjusted income before income taxes	**$ 757.7**	**$ 775.2**
Income tax expense	211.5	184.0
Tax adjustments[1]	(59.3)	(29.5)
Adjusted income tax expense	**$ 152.2**	**$ 154.5**
Effective tax rate	29.2%	28.6%
Adjusted effective tax rate	**20.1%**	**19.9%**

1 Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos, and other tax adjustments

Adjusted Return on Capital Employed ("Adjusted ROCE")

US$ Millions	Full Year Ended 31 March	
	FY23	FY22
Numerator		
Adjusted EBIT for ROCE[1]	**$ 779.8**	**$ 815.6**
Denominator		
Gross capital employed (GCE)	1,816.5	1,653.9
Adjustments to GCE[2]	(184.8)	(56.4)
Adjusted gross capital employed	**$ 1,631.7**	**$ 1,597.5**
Adjusted ROCE	**47.8%**	**51.1%**

1 There were no adjustments as calculated according to ROCE stock compensation plan documents

2 Calculated as Total Assets minus Current Liabilities as reported in our financial results; adjusted by (i) excluding balance sheet items related to legacy issues (such as asbestos adjustments) dividends payable and deferred taxes; (ii) adding back asset impairment charges in the relevant period, unless otherwise determined by the remuneration committee; and (iii) deducting all greenfield construction-in-progress, and any brownfield construction-in-progress projects involving capacity expansion that are individually greater than US$20 million, until such assets reach commercial production and are transferred to the fixed asset register

FORWARD-LOOKING STATEMENTS

This Management's Analysis of Results contains forward-looking statements. James Hardie Industries plc (the "Company") may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the Company's officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the Company's future performance;
- projections of the Company's results of operations or financial condition;
- statements regarding the Company's plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension or closure of operations at any of the Company's plants and future plans with respect to any such plants;
- expectations concerning the costs associated with the significant capital expenditure projects at any of the Company's plants and future plans with respect to any such projects;
- expectations regarding the extension or renewal of the Company's credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the Company's corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to AICF, a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning the adequacy of the Company's warranty provisions and estimates for future warranty-related costs;
- statements regarding the Company's ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic or housing market conditions in the regions in which we operate, including but not limited to, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue," "may," "objective," "outlook" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the Company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the Company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 16 May 2023, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former Company subsidiaries; required contributions to AICF, any shortfall in AICF funding and the effect of currency exchange rate movements on the amount recorded in the Company's financial statements as an asbestos liability; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the Company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the Company's products; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; currency exchange risks; dependence on customer preference and the concentration of the Company's customer base; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; use of accounting estimates; and all other risks identified in the Company's reports filed with Australian, Irish and US securities regulatory agencies and exchanges (as appropriate). The Company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the Company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the Company's current expectations concerning future results, events and conditions. The Company assumes no obligation to update any forward-looking statements or information except as required by law.

EXHIBIT 99.5

Q4 FY23 MANAGEMENT PRESENTATION

16 May 2023

JamesHardie™

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Management Presentation contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. James Hardie Industries plc (the "Company") may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission on Forms 20-F and 6-K, in its annual reports to shareholders, in media releases and other written materials and in oral statements made by the Company's officers, directors or employees to analysts, institutional investors, representatives of the media and others. Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue," "may," "objective," "outlook" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. These forward-looking statements are based upon management's current expectations, estimates, assumptions and beliefs concerning future events and conditions. Readers are cautioned not to place undue reliance on any forward-looking statements.

Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are unforeseeable and beyond the Company's control. Many factors could cause actual results, performance or achievements to be materially different from those expressed or implied in this Management Presentation, including, among others, the risks and uncertainties set forth in Section 3 "Risk Factors" in James Hardie's Annual Report on Form 20-F for the year ended 31 March 2023; changes in general economic, political, governmental and business conditions globally and in the countries in which the Company does business, including; changes in interest rates; changes in inflation rates; changes in exchange rates; the level of construction generally; changes in cement demand and prices; changes in raw material and energy prices; changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. James Hardie assumes no obligation to update or correct the information contained in this Management Presentation except as required by law.

USE OF NON-GAAP FINANCIAL INFORMATION; AUSTRALIAN EQUIVALENT TERMINOLOGY

This Management Presentation includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (GAAP). These financial measures are designed to provide investors with an alternative method for assessing our performance from on-going operations, capital efficiency and profit generation. Management uses these financial measures for the same purposes.

These financial measures are or may be non-GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission and may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with GAAP. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measure. Management has included such measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Management Presentation, including a reconciliation of each non-GAAP financial measure to the equivalent GAAP measure, see the slide titled "Non-GAAP Financial Measures" included in the Appendix to this Management Presentation.

In addition, this Management Presentation includes financial measures and descriptions that are considered to not be in accordance with GAAP, but which are consistent with financial measures reported by Australian companies, such as operating profit, EBIT and EBIT margin. Since the Company prepares its Consolidated Financial Statements in accordance with GAAP, the Company provides investors with definitions and a cross-reference from the non-GAAP financial measure used in this Management Presentation to the equivalent GAAP financial measure used in the Company's Consolidated Financial Statements. See the section titled "Non-GAAP Financial Measures" included in the Appendix to this Management Presentation.

AGENDA

- **Operations and Strategy Update**
- **Q4 FY23 Financial Results**
- **Guidance and Outlook**
- **Questions and Answers**

Aaron Erter
CEO

Jason Miele
CFO

JamesHardie™

OPERATIONS AND STRATEGY UPDATE

FY23 HIGHLIGHTS

Record FY23 Results

- **Record Net Sales of US$3.8 Billion Globally:**
  - ✓ North America: Record Net Sales of US$2.8 Billion
  - ✓ APAC: Record Net Sales of A$787.0 Million
  - ✓ Europe: Record Net Sales of €431.8 Million
- **Record EBIT of US$767.5 Million in North America**
- **Strong Adjusted Net Income of US$605.5 Million**
- **Strong Operating Cash Flow of US$607.6 Million**

Closed FY23 with strong Q4 Results

- **Global Adjusted Net Income of US$146.2 Million, up 13% from Q3**
- **Europe EBIT Margin of 6.7%, up 520 basis points from Q3**
- **APAC EBIT Margin of 28.9%, up 420 basis points from Q3**
- **North America EBIT Margin of 29.0%, up 200 basis points from Q3**

Managing Decisively to Deliver Differentiated Results

JamesHardie™

MANAGING DECISIVELY THROUGH THE DOWNTURN

- Continue Strong Execution of Our Strategy
- Drive Profitable Volume Share Gain
- Effectively Balance Our Manufacturing Network
- Optimize SG&A for Current Market Environment
- Continue to Invest in Profitable Growth

JamesHardie™

GLOBAL STRATEGIC FRAMEWORK

Homeowner Focused, Customer and Contractor Driven™

Strategic Initiatives

1 Profitably grow and take share where we have the right to win

2 Bring our customers high valued, differentiated solutions

3 Connect and influence all the participants in the customer value chain

Enabled by

- ✓ **Customer Integration**
- ✓ **Innovative Solutions**
- ✓ **Brand of Choice**
- ✓ **Global Capacity Expansion**

Supported by our Foundational Imperatives

Zero Harm	ESG	Hardie Operating System	Our People

JamesHardie™

GROWTH OPPORTUNITY DRIVEN BY OUR SUPERIOR VALUE PROPOSITION

Superior Value Proposition

- Exterior Design
- Superior Durability
- Low-Maintenance
- Trusted Brand
- Unrivaled Business Support
- Localized Manufacturing

JamesHardie™

Q4 FY23 FINANCIAL RESULTS

GLOBAL RESULTS

	Q4 FY23	FY23
Sales Volume	**1,061.4** mmsf -13%	**4,464.7** mmsf -5%
Net Sales	**US$917.8** M -5%	**US$3,777.1** M +4%
Adjusted EBIT[1]	**US$187.5** M -17%	**US$779.8** M -4%
Adjusted Net Income[2]	**US$146.2** M -18%	**US$605.5** M -2%
Operating Cash Flow		**US$607.6** M -20%
Adjusted EBITDA Margin[1]	**25.4** % -2.2 pts	**25.2** % -1.8 pts

All changes presented are versus prior corresponding period

1 Excludes asbestos related expenses and adjustments

2 Excludes asbestos related expenses and adjustments, and tax adjustments

Strong Full Year FY23 Results

- Record Net Sales
- Strong Adjusted Net Income of US$605.5 million
- Strong Operating Cash Flow of US$607.6 million
- Adjusted EBITDA Margin of 25.2%

Closed FY23 with a strong Fourth Quarter

- Global Price/Mix growth of +8%
- Adjusted Net Income of US$146.2 million
- Adjusted EBITDA Margin of 25.4%

Q4FY23 sequential improvement from Q3FY23

- Volume improved 3%
- Net Sales improved 7%
- Adjusted EBIT improved 13%
- Adjusted Net Income improved 13%

Strong Q4 By Controlling What We Can Control

JamesHardie™

NORTH AMERICA SUMMARY

	Q4 FY23	FY23
Sales Volume	**703.6** mmsf -14%	**3,038.5** mmsf -2%
Price/Mix	+8%	+11%
Net Sales	**US$651.5** M -6%	**US$2,787.6** M +9%
EBIT	**US$188.8** M -8%	**US$767.5** M +4%
EBIT Margin	**29.0** % -0.7 pts	**27.5** % -1.6 pts
EBITDA Margin	**33.9** % -0.2 pts	**32.1** % -1.4 pts

All changes presented are versus prior corresponding period

Strong Full Year FY23 Results

- Record Net Sales of US$2.8 billion
- Record Average Net Sales price of US$912/msf
- Record EBIT of US$767.5 million
- EBIT Margin of 27.5%

Closed FY23 with a strong Fourth Quarter

- Record Average Net Sales price of US$921/msf
- EBIT Margin of 29.0%
- EBITDA Margin of 33.9%
- ColorPlus® Volume Growth of +2%

Q4FY23 sequential improvement from Q3FY23

- Average Net Sales Price up 1%
- EBIT improved US$14.7 million and 8%
- EBIT Margin improved 200 basis points to 29.0%

Managed Decisively to Deliver Q4 EBIT Margin of 29.0%

JamesHardie™

James Hardie Q4 FY23 Results

APAC SUMMARY

	Q4 FY23	FY23
Sales Volume	**145.4** mmsf -10%	**577.2** mmsf -9%
Price/Mix	+12%	+10%
Net Sales	**A$204.6** M 2%	**A$787.0** M 1%
EBIT	**A$59.1** M 12%	**A$208.8** M -4%
EBIT Margin	**28.9** % 2.6 pts	**26.5** % -1.5 pts
EBITDA Margin	**32.8** % 3.9 pts	**29.2** % -1.1 pts

All changes presented are versus prior corresponding period

Strong Full Year FY23 Results

- Record Net Sales of A$787.0 million
- Record Average Net Sales price of A$1,228/msf
- EBIT Margin of 26.5%

Closed FY23 with a strong Fourth Quarter

- Record Net Sales of A$204.6 million
- Record Average Net Sales price of A$1,263/msf
- EBIT Margin of 28.9%
- EBITDA Margin of 32.8%

Q4FY23 sequential improvement from Q3FY23

- Volume up 16%
- Average Net Sales Price up 4%
- EBIT improved A$16.8 million and 40%
- EBIT Margin improved 420 basis points to 28.9%

Closed Year Strong with 28.9% EBIT Margin in Q4

JamesHardie™

EUROPE SUMMARY

	Q4 FY23	FY23
Sales Volume	**212.4** mmsf -12%	**849.0** mmsf -11%
Price/Mix	+14%	+14%
Net Sales	**€117.8** M 2%	**€431.8** M +3%
EBIT	**€7.9** M -51%	**€25.2** M -54%
EBIT Margin	**6.7** % -7.3 pts	**5.8** % -7.1 pts
EBITDA Margin	**12.6** % -7.0 pts	**12.1** % -6.9 pts
Fiber Cement Net Sales	2%	FLAT
Fiber Gypsum Net Sales	2%	3%

All changes presented are versus prior corresponding period

Strong Full Year FY23 Results

- Record Net Sales of €431.8 million
- Record Average Net Sales price of €400/msf
- EBIT Margin of 5.8%

Closed FY23 with a strong Fourth Quarter

- Record Net Sales of €117.8 million
- Record Average Net Sales price of €438/msf
- EBIT Margin of 6.7%

Q4FY23 sequential improvement from Q3FY23

- Volume improved 6%
- Average Net Sales Price up 10%
- EBIT improved €6.4 million
- EBIT Margin improved 520 basis points to 6.7%

Record Net Sales in FY23 of €431.8 million

JamesHardie™

LIQUIDITY, CASH FLOW, CAPITAL ALLOCATION & CAPITAL EXPENDITURE

Liquidity

- US$475.8 million of liquidity at 31 March 2023
- 0.99x leverage ratio at 31 March 2023
- Strong liquidity position to navigate current market conditions

Capital Allocation

Framework

- Invest in Organic Growth
- Maintain Flexible Balance Sheet
- Deploy Excess Capital to Shareholders

Share Buy-Back

- Purchased 3.8 million shares for total consideration of US$78.4 million in FY23

Cash Flow

- FY23 Operating Cash Flow of US$607.6 million
- FY21 - FY23 three-year Operating Cash Flow has averaged US$717.0 million, a 3.3 times improvement from the three-year period of FY11-FY13

Capital Expenditure

- FY23 total capital expenditure of US$591.3 million
- Continuing to adjust long term capacity expansion program, as appropriate
- Expect FY24 total capital expenditures of approximately US$550 million

Flexible Balance Sheet with Strong Cashflow & Liquidity

GUIDANCE, OUTLOOK AND CLOSING

ENTERING FY24 IN A POSITION OF STRENGTH

We Have Fine-tuned our Strategy With a Reinvigorated Focus on Profitable Share Gain

We Closed FY23 Strong, Enabling Continued Investment in Growth With Excellent Returns

- ✓ NA Q4 EBIT Margin: 29.0%, up 200 bps from Q3
- ✓ APAC Q4 EBIT Margin: 28.9%, up 420 bps from Q3
- ✓ Europe Q4 EBIT Margin: 6.7%, up 520 bps from Q3

We Have the Right Team That is Managing Decisively to Deliver Differentiated Results in FY24

JamesHardie™

GUIDANCE: Q1 FISCAL YEAR 2024

North America Volume	680 – 710 million standard feet
North America EBIT Margin	28% - 30%
Adjusted Net Income	US$ 145 – 165 million

Positioned for a Strong First Quarter

JamesHardie™

FY24 MARKET OUTLOOK: NORTH AMERICA

	External Range	Our View
US Single Family New Construction Calendar 2023 Growth Outlook[1]	-10% to -23% Average: -17%	-17% to -23%
US Multi Family New Construction Calendar 2023 Growth Outlook[2]	-8% to -25% Average: -16%	-16% to -25%
US Repair & Remodel Calendar 2023 Growth Outlook[3]	-8% to -15% Average: -11%	-11% to -15%

JHX US Total Addressable Market (Our View): -14% to -19%

We Will Control What We Can Control & Manage Decisively

1. *Average of 8 data providers and the range of their growth forecasts of Single-Family New Construction for Calendar 2023 as of 5 May 2023.*
2. *Average of 8 data providers and the range of their growth forecasts of Multi-Family New Construction for Calendar 2023 as of 5 May 2023.*
3. *Average of 3 data providers and the range of their growth forecasts/estimates for Calendar 2023 as of 5 May 2023.*

JamesHardie™

NORTH AMERICA – FY24 QUARTERLY VOLUME SENSITIVITY

Quarterly Volume Scenarios	700 mmsf	650 mmsf	600 mmsf
Estimated Quarterly EBIT Margin (%)	28 – 30%	26 – 28%	25 – 27%

Given the uncertain nature of the US housing market, we have modeled our expected quarterly EBIT margin outcomes at a variety of quarterly volume scenarios. This sensitivity analysis assumes our current range of expectations on average net sales price, raw material costs, freight rates and assumes we continue to invest in growth as currently planned.

These volumes are simply to provide context to our EBIT Margin sensitivity to volume, in North America, and do not represent volume guidance for any quarter in Fiscal Year 2024.

JamesHardie™

HOW WE ARE MANAGING OUR BUSINESS IN FY24

			
Volume	Growth Above Market	Growth Above Market	Growth Above Market
Net Price	↑	↑	↑
Cost Per Unit	⇩	⇩	⇩
SG&A	↔	↔	↔
EBIT Margin	25+%	25+%	Mid Single Digits

JamesHardie™

JAMES HARDIE – A GLOBAL GROWTH COMPANY

- Strong Growth Opportunities
- Brand of Choice
- Innovation Pipeline
- Integrated Localized Supply Chain
- Multi-Segment Focus
- Experienced Management Team
- Strong Balance Sheet & Cash Generation
- Attractive Returns
- Premium Products and Services
- Responsible Corporate Citizen

Global Net Sales 10 Year CAGR	Global Operating Cash Flow 3 Year Avg FY23 vs FY13[1]	Global Adj. ROCE[2] Avg. FY19-FY23	Global Adj. Net Income 10 Year CAGR
11%	3x	40%	16%

Homeowner Focused, Customer and Contractor Driven™

[1] *Comparison of average Global Operating Cash Flow FY21-FY23 and FY11-FY13*
[2] *Return on Capital Employed calculated as Adjusted EBIT / Adjusted Gross Capital Employed*

QUESTIONS

APPENDIX

BUILDING SUSTAINABLE COMMUNITIES: ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Communities

75% of employees hired locally

80% of raw materials sourced within 150 miles of manufacturing facilities

65% of our products are shipped within 500 miles of manufacturing facilities

MADE IN USA · AUSTRALIAN MADE · MADE IN PHILIPPINES · MADE IN EU · MADE IN GERMANY · MADE IN SPAIN · MADE IN NETHERLANDS

Environment

21% Reduction in Scope 1 and Scope 2 greenhouse gas intensity[1] (MT CO2e/$ revenue) in CY21
GOAL: 40% by 2030

47% Reduction in landfill waste intensity[1] (MT/$ revenue) in CY21
GOAL: 50% by 2030

3.87 Million additional[1] cubic feet of water recycled in CY21
GOAL: 20M cubic feet by 2030

Zero Harm

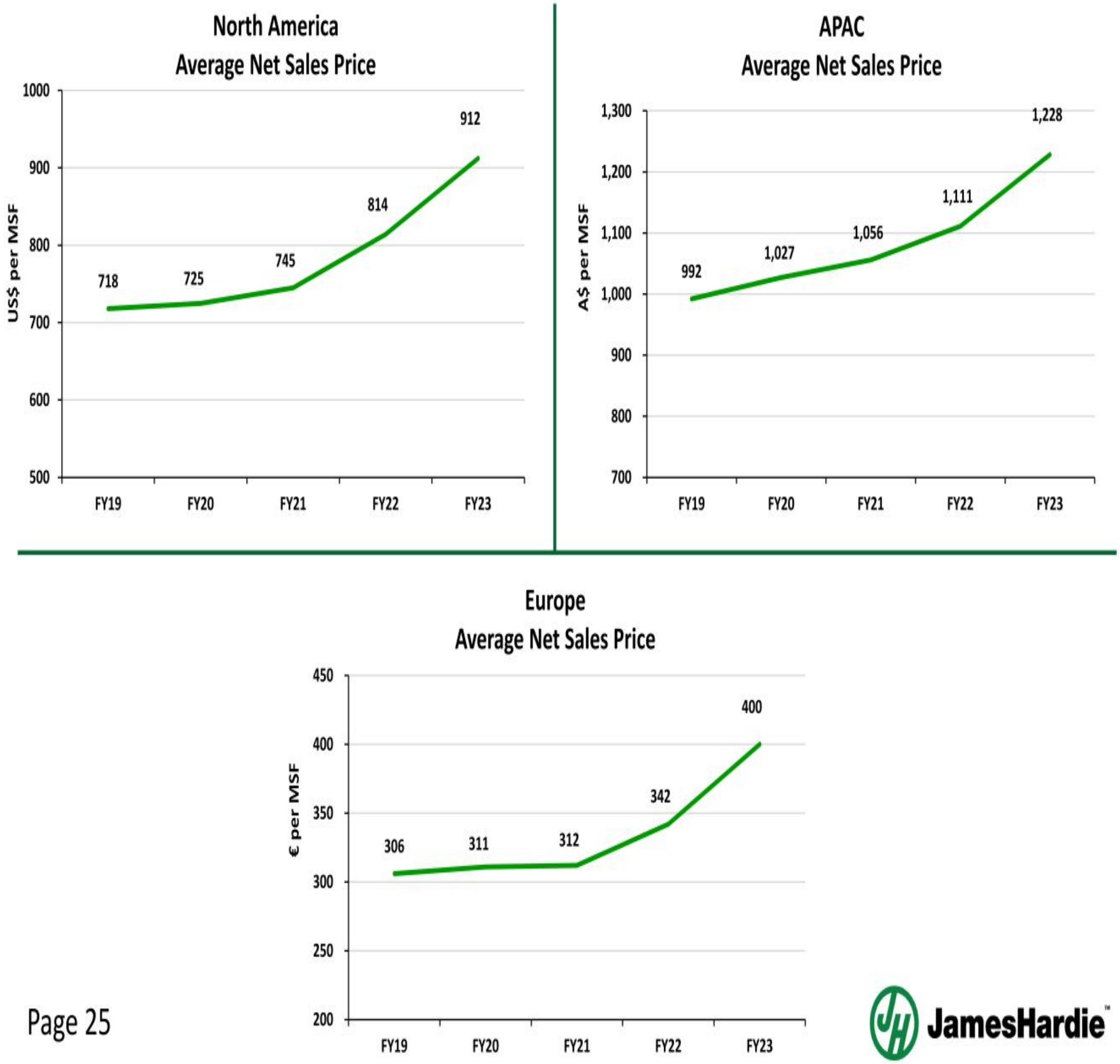
Total Recordable Incident Rate below industry average (TRIR)

1.22 *TRIR* vs **3.8** *Industry Average*

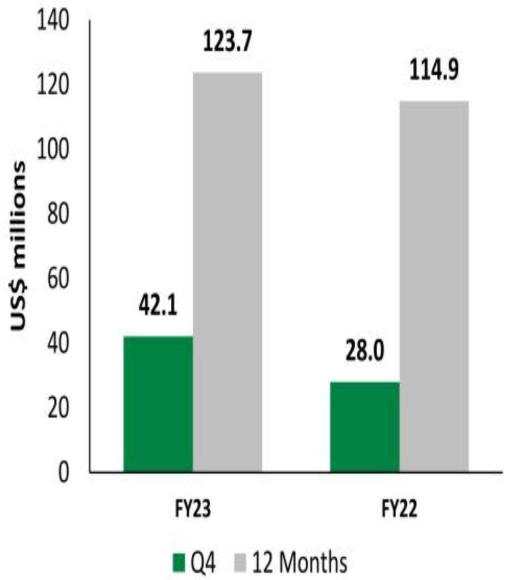
[1] Intensity measured from a 2019 baseline
Information above is from our FY22 Sustainability Report. Our FY23 Sustainability Report will be available in July 2023.

JamesHardie

AVERAGE NET SALES PRICE



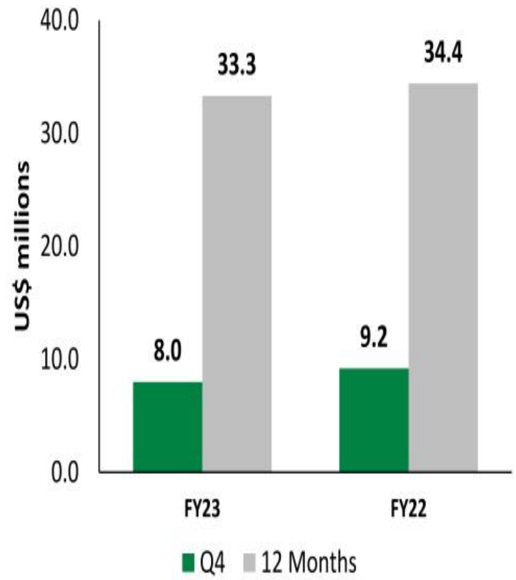
GENERAL CORPORATE COSTS



- Q4 corporate costs increased 50% vs pcp due to higher New Zealand Weathertightness expenses and higher stock compensation expense, partially offset by lower other legal costs.

- FY23 corporate costs increased 8% vs pcp primarily due to higher employeee costs, stock compensation expenses and New Zealand Weathertightness expenses, partially offset by lower other legal costs.

RESEARCH & DEVELOPMENT

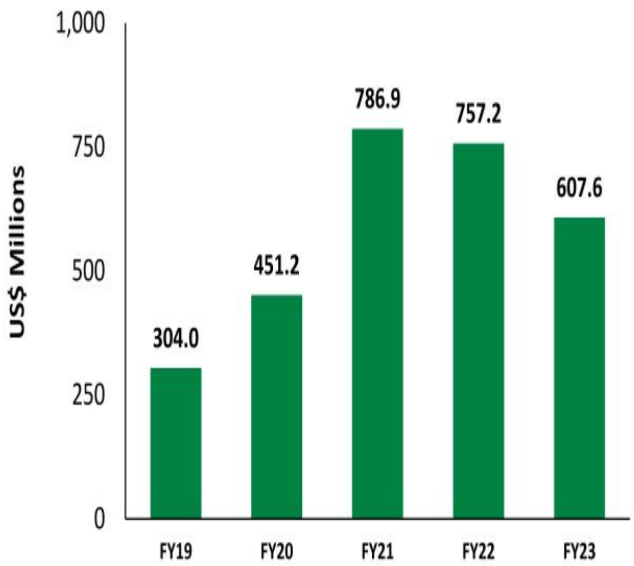


- Q4 R&D decreased 13% vs pcp

- FY23 R&D decreased 3% vs pcp

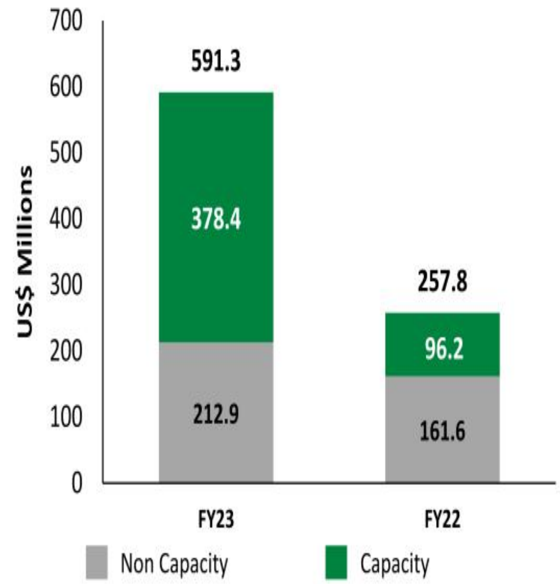
JamesHardie™

OPERATING CASH FLOW



- YTD operating cash flows decreased 20% vs last year
- Working capital increased by US$101.9 million, primarily due to increased inventory levels and lower accounts payable balances, partially offset by lower accounts receivable

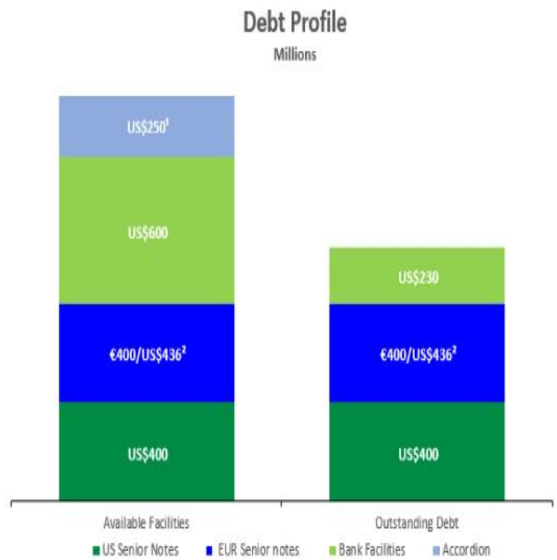
CAPITAL EXPENDITURES

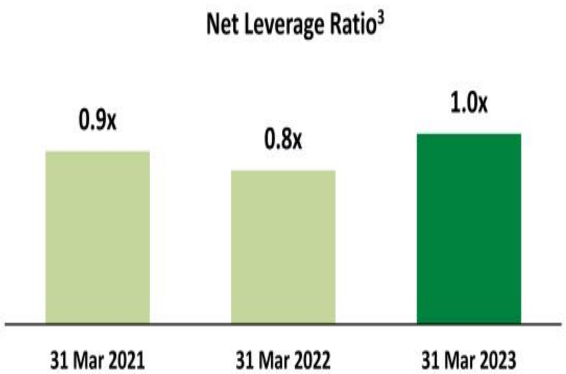


- YTD total capex of US$591.3 million
- Continuing to adjust long term capacity expansion program, as appropriate
- Expect FY24 total capital expenditures of approximately US$550 million

JamesHardie™

LIQUIDITY PROFILE





Corporate debt structure

- €400 million (US$436.1 million)[2] 3.625% senior unsecured notes, maturing 2026 (callable since October 2021)
- US$400 million 5.00% senior unsecured notes maturing 2028 (callable since January 2023)
- US$600 million unsecured RCF, maturing December 2026

Net leverage and liquidity

- 0.99x leverage ratio[3] at 31 March 2023
- US$475.8 million of liquidity at 31 March 2023

[1] Incremental liquidity of up to US$250 million may be accessed via an accordion feature, which is provided for under the terms of the syndicated RCF agreement, but not credit approved. Do not anticipate accessing accordion feature

[2] Based on exchange rate as of 31 March 2023

[3] Leverage ratio is based on bank covenant definition

DEPRECIATION AND AMORTIZATION

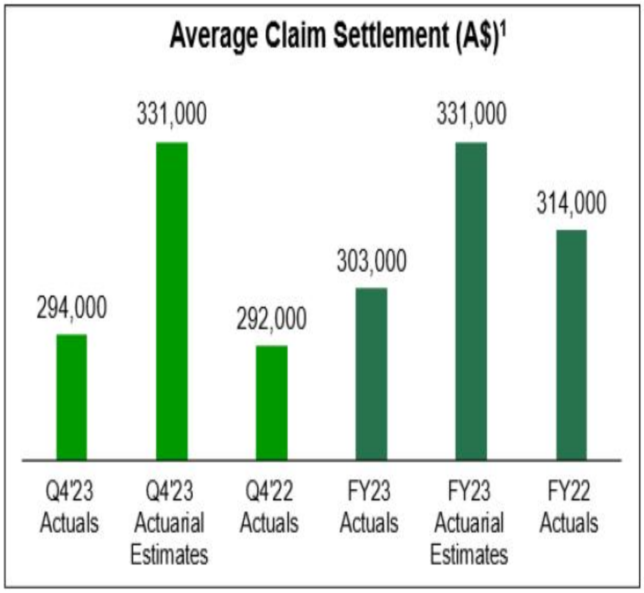
US$ Millions	Three Months and Full Year Ended 31 March			
	Q4 FY23	Q4 FY22	FY23	FY22
Depreciation and amortization				
North America Fiber Cement	$ 32.0	$ 30.5	$ 126.1	$ 114.4
Asia Pacific Fiber Cement	5.5	3.8	14.7	13.6
Europe Building Products	7.4	7.2	28.0	29.8
Research and Development	0.6	0.3	1.8	1.2
General Corporate	0.5	0.5	2.0	2.8
Total Depreciation and amortization	**$ 46.0**	**$ 42.3**	**$ 172.6**	**$ 161.8**

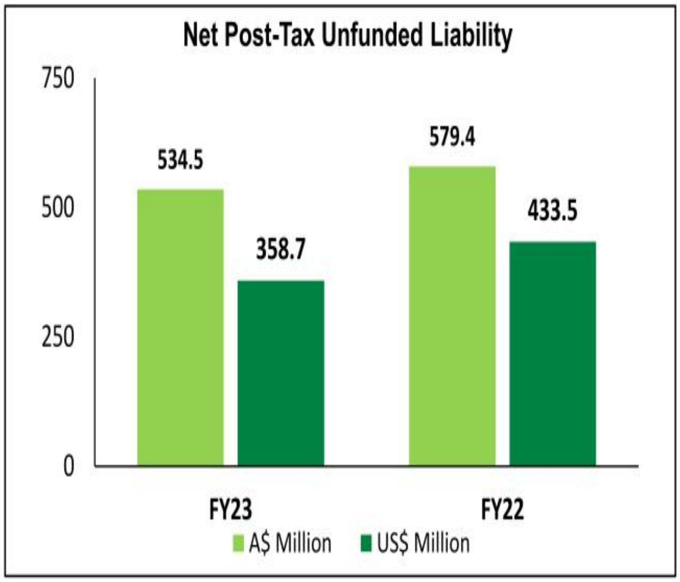
ASBESTOS COMPENSATION

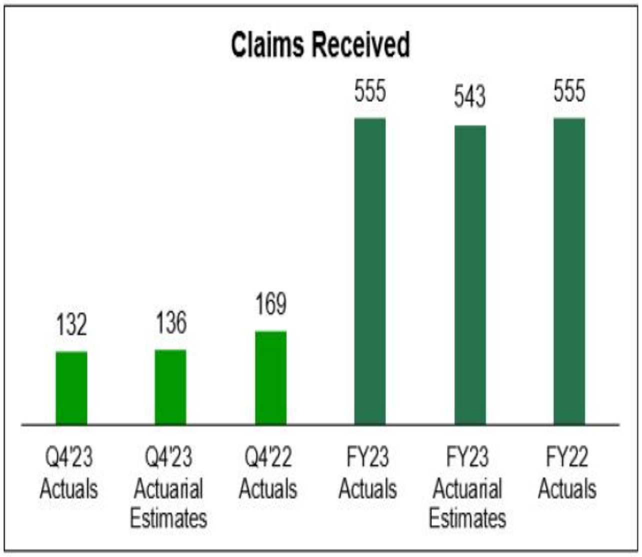
KEY POINTS

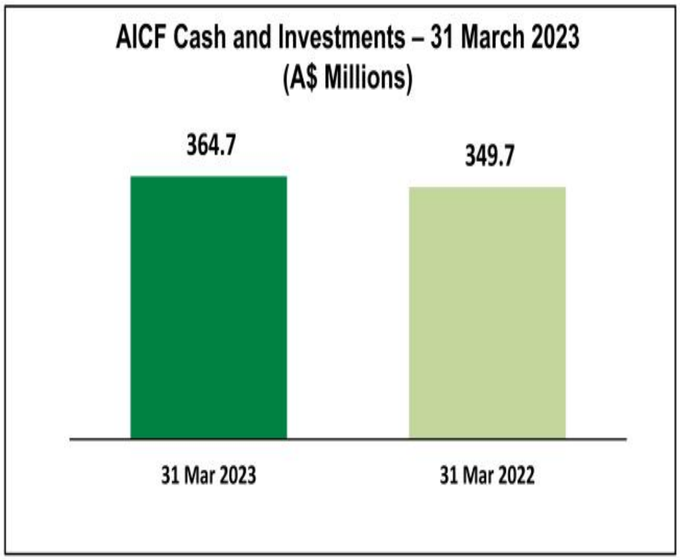
- Updated actuarial report completed as of 31 March 2023
    - Undiscounted and uninflated estimate decreased from A$1,390 million to A$1,335 million
- For fiscal year 2023, we noted the following related to asbestos-related claims experience:
    - Net cash outflow was 12% below actuarial expectations
    - Claims received were 2% above actuarial expectations
    - Average claim settlement was 8% below actuarial expectations
- Total contributions of US$109.6 million were made to AICF during FY2023
- AICF has A$364.7 million in cash and investments as of 31 March 2023
- We anticipate that we will make further contributions totaling approximately A$128 million to AICF during FY2024
    - Quarterly payments will be made in July 2023, October 2023, January 2024 and March 2024

ASBESTOS CLAIMS DATA, LIABILITY AND CASH MOVEMENTS









[1] *Average claim settlement is derived as the total amount paid divided by the number of non-nil claims*

JamesHardie™

NON-GAAP FINANCIAL MEASURES

This Management Presentation forms part of a package of information about the company's results. It should be read in conjunction with the other parts of this package, including the Management's Analysis of Results, Media Release and Consolidated Financial Statements

Financial Measures – GAAP Equivalents

This document contains the financial statement line item EBIT, which is considered to be non-GAAP, but is consistent with the term used by Australian companies. Because we prepare our consolidated financial statements under GAAP, the equivalent GAAP financial Statement line item description used in our condensed consolidated financial statements is Operating income (loss).

Definitions

EBIT – Earnings before interest and tax

EBIT margin – EBIT margin is defined as EBIT as a percentage of net sales

Price/Mix – The percentage growth in revenue attributable to price increases and shift in mix of products sold. Price/Mix is calculated as the Net Sales growth percentage less the volume growth percentage.

Working Capital – The working capital calculation used in our cash provided by operating analysis includes the change in: (1) Accounts and other receivables, net; (2) Inventories; and (3) Accounts payable and accrued liabilities.

Sales Volume

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness

msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness

Non-financial Terms

AFFA – Amended and Restated Final Funding Agreement

AICF – Asbestos Injuries Compensation Fund Ltd

NON-GAAP FINANCIAL MEASURES

Adjusted EBIT and Adjusted EBITDA

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'23	Q4'22	FY23	FY22
EBIT	**$ 130.6**	**$ 82.4**	**$ 741.4**	**$ 682.6**
Asbestos:				
Asbestos adjustments loss	56.5	142.5	37.0	131.7
AICF SG&A expenses	0.4	0.4	1.4	1.3
Adjusted EBIT	**$ 187.5**	**$ 225.3**	**$ 779.8**	**$ 815.6**
Net sales	917.8	968.2	3,777.1	3,614.7
Adjusted EBIT margin	**20.4%**	**23.3%**	**20.6%**	**22.6%**
Depreciation and amortization	46.0	42.3	172.6	161.8
Adjusted EBITDA	**$ 233.5**	**$ 267.6**	**$ 952.4**	**$ 977.4**
Adjusted EBITDA Margin	**25.4%**	**27.6%**	**25.2%**	**27.0%**

North America Fiber Cement Segment EBIT and EBITDA

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'23	Q4'22	FY23	FY22
North America Fiber Cement Segment EBIT	**$ 188.8**	**$ 206.1**	**$ 767.5**	**$ 741.2**
North America Fiber Cement Segment net sales	651.5	694.0	2,787.6	2,551.3
North America Fiber Cement Segment EBIT margin	**29.0%**	**29.7%**	**27.5%**	**29.1%**
Depreciation and amortization	32.0	30.5	126.1	114.4
North America Fiber Cement Segment EBITDA	**$ 220.8**	**$ 236.6**	**$ 893.6**	**$ 855.6**
North America Fiber Cement Segment EBITDA Margin	**33.9%**	**34.1%**	**32.1%**	**33.5%**

JamesHardie™

NON-GAAP FINANCIAL MEASURES

Asia Pacific Fiber Cement Segment EBIT and EBITDA

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'23	Q4'22	FY23	FY22
Asia Pacific Fiber Cement Segment EBIT	$ 40.3	$ 38.4	$ 142.8	$ 160.8
Asia Pacific Fiber Cement Segment net sales	139.8	145.4	539.2	574.9
Asia Pacific Fiber Cement Segment EBIT margin	28.9%	26.3%	26.5%	28.0%
Depreciation and amortization	5.5	3.8	14.7	13.6
Asia Pacific Fiber Cement Segment EBITDA	$ 45.8	$ 42.2	$ 157.5	$ 174.4
Asia Pacific Fiber Cement Segment EBITDA Margin	32.8%	28.9%	29.2%	30.3%

Europe Building Products Segment EBIT and EBITDA

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'23	Q4'22	FY23	FY22
Europe Building Products Segment EBIT	$ 8.5	$ 18.0	$ 26.5	$ 62.9
Europe Building Products Segment net sales	126.5	128.8	450.3	488.5
Europe Building Products Segment EBIT margin	6.7%	14.0%	5.8%	12.9%
Depreciation and amortization	7.4	7.2	28.0	29.8
Europe Building Products Segment EBITDA	$ 15.9	$ 25.2	$ 54.5	$ 92.7
Europe Building Products Segment EBITDA Margin	12.6%	19.6%	12.1%	19.0%

NON-GAAP FINANCIAL MEASURES

Adjusted net income

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'23	Q4'22	FY23	FY22
Net income	**$ 81.4**	**$ 52.2**	**$ 512.0**	**$ 459.1**
Asbestos:				
Asbestos adjustments loss	56.5	142.5	37.0	131.7
AICF SG&A expenses	0.4	0.4	1.4	1.3
AICF interest income, net	(1.7)	(0.4)	(4.2)	(0.9)
Tax adjustments[1]	9.6	(17.2)	59.3	29.5
Adjusted net income	**$ 146.2**	**$ 177.5**	**$ 605.5**	**$ 620.7**

1 Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos, and other tax adjustments

JamesHardie™

NON-GAAP FINANCIAL MEASURES

Adjusted effective tax rate

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4 FY23	Q4 FY22	FY23	FY22
Income before income taxes	**$ 124.3**	**$ 73.8**	**$ 723.5**	**$ 643.1**
Asbestos:				
Asbestos adjustments loss	56.5	142.5	37.0	131.7
AICF SG&A expenses	0.4	0.4	1.4	1.3
AICF interest income, net	(1.7)	(0.4)	(4.2)	(0.9)
Adjusted income before income taxes	**$ 179.5**	**$ 216.3**	**$ 757.7**	**$ 775.2**
Income tax expense	42.9	21.6	211.5	184.0
Tax adjustments[1]	(9.6)	17.2	(59.3)	(29.5)
Adjusted income tax expense	**$ 33.3**	**$ 38.8**	**$ 152.2**	**$ 154.5**
Effective tax rate	34.5%	29.3%	29.2%	28.6%
Adjusted effective tax rate	**18.6%**	**17.9%**	**20.1%**	**19.9%**

1 Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos, and other tax adjustments

JamesHardie™

Q4 FY23 MANAGEMENT PRESENTATION

16 May 2023

JamesHardie™

James Hardie Industries plc

Consolidated Financial Statements
as of and for the Year Ended 31 March 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of James Hardie Industries plc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of James Hardie Industries plc (the Company) as of 31 March 2023 and 2022, the related consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended 31 March 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at 31 March 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended 31 March 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Asbestos Liability Valuation
Description of the Matter	At 31 March 2023, the aggregate asbestos liability was US$977.1 million. As disclosed in Note 12 to the consolidated financial statements, the liability relates to an agreement to provide long-term funding to the Asbestos Injuries Compensation Fund (“AICF”), a special purpose fund established to provide compensation of proven Australian-related personal injuries.. Auditing management’s estimate of the asbestos liability is challenging because the estimation process is based on actuarial estimates of projected future cash flows which are inherently uncertain. The projected cash flows are complex and use subjective assumptions including the projected number of claims, estimated cost of settlement per claim, inflation rates, legal costs, and timing of receipt of claims and settlements.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's internal controls over the identification of claims, review of calculations performed by the Company’s third-party actuary and management’s review of the use of historical claim data and actuarial assumptions mentioned above to project the future liability. To evaluate the estimate of the asbestos liability, our audit procedures included, among others, testing the underlying claims data used in the calculation to internal and external data on a sample basis. We involved our actuarial specialists to assist in evaluating the methodologies and key assumptions mentioned above to independently develop a range for the asbestos liability and compare that range to management’s recorded liability. We also assessed the adequacy of the related disclosures in the Company’s consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2008.
Irvine, California
16 May 2023

James Hardie Industries plc
Consolidated Balance Sheets

(Millions of US dollars)	**31 March 2023**	31 March 2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 113.0**	$ 125.0
Restricted cash and cash equivalents	**5.0**	5.0
Restricted cash and cash equivalents - Asbestos	**67.6**	141.9
Restricted short-term investments - Asbestos	**140.9**	119.7
Accounts and other receivables, net	**354.8**	398.4
Inventories	**344.2**	279.7
Prepaid expenses and other current assets	**41.0**	43.2
Insurance receivable - Asbestos	**6.8**	7.9
Workers' compensation - Asbestos	**1.8**	3.2
Total current assets	**1,075.1**	1,124.0
Property, plant and equipment, net	**1,839.6**	1,457.0
Operating lease right-of-use-assets	**59.4**	57.8
Finance lease right-of-use-assets	**2.0**	2.3
Goodwill	**194.9**	199.5
Intangible assets, net	**155.2**	162.8
Restricted long-term investments - Asbestos	**36.2**	—
Insurance receivable - Asbestos	**28.2**	37.8
Workers' compensation - Asbestos	**16.4**	18.6
Deferred income taxes	**755.6**	819.2
Deferred income taxes - Asbestos	**298.6**	360.1
Other assets	**17.9**	4.1
Total assets	**$ 4,479.1**	$ 4,243.2
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 387.7**	$ 458.0
Accrued payroll and employee benefits	**108.3**	116.6
Operating lease liabilities	**18.1**	12.5
Finance lease liabilities	**0.8**	1.1
Accrued product warranties	**5.4**	6.7
Income taxes payable	**15.4**	9.5
Asbestos liability	**119.4**	132.9
Workers' compensation - Asbestos	**1.8**	3.2
Other liabilities	**40.4**	29.4
Total current liabilities	**697.3**	769.9
Long-term debt	**1,059.0**	877.3
Deferred income taxes	**93.6**	86.9
Operating lease liabilities	**61.1**	63.1
Finance lease liabilities	**1.4**	1.5
Accrued product warranties	**30.2**	31.0
Income taxes payable	**2.3**	2.3
Asbestos liability	**857.7**	1,010.8
Workers' compensation - Asbestos	**16.4**	18.6
Other liabilities	**48.7**	48.9
Total liabilities	**2,867.7**	2,910.3
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Common stock, Euro 0.59 par value, 2.0 billion shares authorized; 442,056,296 shares issued and outstanding at 31 March 2023 and 445,348,933 shares issued and outstanding at 31 March 2022	**230.0**	232.1
Additional paid-in capital	**237.9**	230.4
Retained earnings	**1,196.8**	892.4
Accumulated other comprehensive loss	**(53.3)**	(22.0)
Total shareholders' equity	**1,611.4**	1,332.9
Total liabilities and shareholders' equity	**$ 4,479.1**	$ 4,243.2

The accompanying notes are an integral part of these consolidated financial statements.

James Hardie Industries plc
Consolidated Statements of Operations and Comprehensive Income

(Millions of US dollars, except per share data)	Years Ended 31 March 2023	2022	2021
Net sales	**$ 3,777.1**	$ 3,614.7	$ 2,908.7
Cost of goods sold	**2,465.1**	2,301.2	1,857.0
Gross profit	**1,312.0**	1,313.5	1,051.7
Selling, general and administrative expenses	**494.0**	461.2	389.6
Research and development expenses	**39.6**	38.0	34.3
Restructuring expenses	**—**	—	11.1
Asbestos adjustments loss	**37.0**	131.7	143.9
Operating income	**741.4**	682.6	472.8
Interest, net	**30.7**	39.3	47.8
Loss on early debt extinguishment	**—**	—	13.1
Other (income) expense	**(12.8)**	0.2	(0.1)
Income before income taxes	**723.5**	643.1	412.0
Income tax expense	**211.5**	184.0	149.2
Net income	**$ 512.0**	$ 459.1	$ 262.8
Income per share:			
Basic	**$ 1.15**	$ 1.03	$ 0.59
Diluted	**$ 1.15**	$ 1.03	$ 0.59
Weighted average common shares outstanding (Millions):			
Basic	**445.1**	444.9	443.7
Diluted	**445.6**	445.9	445.4
Comprehensive income, net of tax:			
Net income	**$ 512.0**	$ 459.1	$ 262.8
Pension adjustments	**2.1**	(0.7)	(0.4)
Currency translation adjustments	**(33.4)**	(14.7)	55.9
Comprehensive income	**$ 480.7**	$ 443.7	$ 318.3

The accompanying notes are an integral part of these consolidated financial statements.

James Hardie Industries plc
Consolidated Statements of Cash Flows

(Millions of US dollars)	Years Ended 31 March 2023	2022	2021
Cash Flows From Operating Activities			
Net income	**$ 512.0**	$ 459.1	$ 262.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**172.6**	161.8	135.0
Lease expense	**23.4**	23.2	17.0
Deferred income taxes	**48.4**	49.8	85.8
Stock-based compensation	**15.7**	9.0	18.0
Asbestos adjustments loss	**37.0**	131.7	143.9
Excess tax benefits from share-based awards	**(0.2)**	(2.4)	(3.5)
Gain on sale of land	**(12.7)**	—	—
Loss on early debt extinguishment	**—**	—	13.1
Other, net	**22.7**	17.7	20.3
Changes in operating assets and liabilities:			
Accounts and other receivables	**32.1**	(70.9)	46.4
Inventories	**(70.8)**	(64.3)	98.7
Lease assets and liabilities, net	**(19.0)**	(19.2)	(19.1)
Prepaid expenses and other assets	**(12.3)**	(5.7)	(14.2)
Insurance receivable - Asbestos	**6.2**	8.3	5.8
Accounts payable and accrued liabilities	**(63.2)**	136.7	25.0
Claims and handling costs paid - Asbestos	**(107.9)**	(118.8)	(106.4)
Income taxes payable	**5.5**	0.2	(14.7)
Other accrued liabilities	**18.1**	41.0	73.0
Net cash provided by operating activities	**$ 607.6**	$ 757.2	$ 786.9
Cash Flows From Investing Activities			
Purchases of property, plant and equipment	**$ (591.3)**	$ (257.8)	$ (110.7)
Proceeds from sale of property, plant and equipment	**14.1**	—	1.6
Capitalized interest	**(8.5)**	(1.9)	(9.5)
Purchase of restricted investments - Asbestos	**(180.1)**	(114.6)	(25.0)
Proceeds from restricted investments - Asbestos	**105.7**	26.1	23.2
Net cash used in investing activities	**$ (660.1)**	$ (348.2)	$ (120.4)
Cash Flows From Financing Activities			
Proceeds from credit facilities	**$ 450.0**	$ 390.0	$ —
Repayments of credit facilities	**(260.0)**	(350.0)	(130.0)
Repayment of senior unsecured notes	**—**	—	(400.0)
Call redemption premium paid to note holders	**—**	—	(9.5)
Debt issuance costs	**—**	(2.1)	—
Proceeds from issuance of shares	**0.2**	0.3	0.1
Repayment of finance lease obligations and borrowings	**(1.5)**	(1.0)	(0.8)
Shares repurchased	**(78.4)**	—	—
Dividends paid	**(129.6)**	(484.0)	—
Taxes paid related to net share settlement of equity awards	**(6.1)**	(2.8)	—
Net cash used in financing activities	**$ (25.4)**	$ (449.6)	$ (540.2)
Effects of exchange rate changes on cash and cash equivalents, restricted cash and restricted cash - Asbestos	**$ (8.4)**	$ (5.9)	$ 6.3
Net (decrease) increase in cash and cash equivalents, restricted cash and restricted cash - Asbestos	**(86.3)**	(46.5)	132.6
Cash and cash equivalents, restricted cash and restricted cash - Asbestos at beginning of period	**271.9**	318.4	185.8
Cash and cash equivalents, restricted cash and restricted cash - Asbestos at end of period	**$ 185.6**	$ 271.9	$ 318.4
Non-Cash Investing and Financing Activities			
Capital expenditures incurred but not yet paid	**$ 34.7**	$ 32.3	$ 18.0

James Hardie Industries plc
Consolidated Statements of Cash Flows (Continued)

(Millions of US dollars)	Years Ended 31 March **2023**	2022	2021
Supplemental Disclosure of Cash Flow Activities			
Cash paid during the year for interest	**$ 41.0**	$ 37.0	$ 56.4
Cash payment (refund) during the year for income taxes, net	**$ 117.1**	$ 92.7	$ (3.7)
Cash paid to AICF	**$ 109.6**	$ 248.5	$ 153.3

The accompanying notes are an integral part of these consolidated financial statements.

James Hardie Industries plc
Consolidated Statements of Changes in Shareholders' Equity

(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss) Gain	Total
Balances as of 31 March 2020	**$ 230.6**	**$ 207.3**	**$ 659.5**	**$ —**	**$ (62.1)**	**$ 1,035.3**
Net income	—	—	262.8	—	—	262.8
Other comprehensive gain	—	—	—	—	55.5	55.5
Stock-based compensation	0.8	17.2	—	—	—	18.0
Issuance of ordinary shares	—	0.1	—	—	—	0.1
Dividends declared	—	—	(310.9)	—	—	(310.9)
Balances as of 31 March 2021	**$ 231.4**	**$ 224.6**	**$ 611.4**	**$ —**	**$ (6.6)**	**$ 1,060.8**
Net income	—	—	459.1	—	—	459.1
Other comprehensive loss	—	—	—	—	(15.4)	(15.4)
Stock-based compensation	0.7	5.5	—	—	—	6.2
Issuance of ordinary shares	—	0.3	—	—	—	0.3
Dividends declared	—	—	(178.1)	—	—	(178.1)
Balances as of 31 March 2022	**$ 232.1**	**$ 230.4**	**$ 892.4**	**$ —**	**$ (22.0)**	**$ 1,332.9**
Net income	—	—	512.0	—	—	512.0
Other comprehensive loss	—	—	—	—	(31.3)	(31.3)
Stock-based compensation	0.3	9.3	—	—	—	9.6
Issuance of ordinary shares	—	0.2	—	—	—	0.2
Dividends declared	—	—	(133.6)	—	—	(133.6)
Shares repurchased	—	—	—	(78.4)	—	(78.4)
Shares cancelled	(2.4)	(2.0)	(74.0)	78.4	—	—
Balances as of 31 March 2023	**$ 230.0**	**$ 237.9**	**$ 1,196.8**	**$ —**	**$ (53.3)**	**$ 1,611.4**

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Significant Accounting Policies

Nature of Operations

James Hardie Industries plc ("JHI plc") manufactures and sells fiber cement, fiber gypsum and cement-bonded building products for interior and exterior building construction applications, primarily in the United States, Australia, Europe, New Zealand and the Philippines.

Basis of Presentation

The consolidated financial statements represent the financial position, results of operations and cash flows of JHI plc and its wholly-owned subsidiaries and variable interest entity ("VIE"). Unless the context indicates otherwise, JHI plc and its direct and indirect wholly-owned subsidiaries and VIE (as of the time relevant to the applicable reference) are collectively referred to as "James Hardie", the "James Hardie Group" or the "Company". The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). All intercompany balances and transactions have been eliminated in consolidation.

Summary of Significant Accounting Policies

Variable Interest Entities

A VIE is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis is based on: (i) what party has the power to direct the most significant activities of the VIE that impact its economic performance; and (ii) what party has rights to receive benefits or is obligated to absorb losses that are significant to the VIE. The analysis of the party that consolidates a VIE is a continual assessment.

In February 2007, the Company's shareholders approved the Amended and Restated Final Funding Agreement (the "AFFA"), an agreement pursuant to which the Company provides long-term funding to Asbestos Injuries Compensation Fund ("AICF"), a special purpose fund that provides compensation for the Australian-related personal injuries for which certain former subsidiary companies of James Hardie in Australia (being Amaca Pty Ltd ("Amaca"), Amaba Pty Ltd ("Amaba") and ABN 60 Pty Limited ("ABN 60") (collectively, the "Former James Hardie Companies")) are found liable. JHI plc owns 100% of James Hardie 117 Pty Ltd (the "Performing Subsidiary"), which, under the terms of the AFFA, has an obligation to make payments to AICF on an annual basis subject to the provisions of the AFFA. JHI plc guarantees the Performing Subsidiary's obligation. Additionally, the Company appoints three AICF directors and the New South Wales ("NSW") Government appoints two AICF directors.

Although the Company has no ownership interest in AICF, for financial reporting purposes, the Company consolidates AICF, which is a VIE as defined under US GAAP, due to its pecuniary and contractual interests in AICF as a result of the funding arrangements outlined in the AFFA. The Company's consolidation of AICF results in AICF's assets and liabilities being recorded on its consolidated balance sheets and AICF's income and expense transactions being recorded in the consolidated statements of operations and comprehensive income. These items are Australian dollar-denominated and are subject to remeasurement into US dollars at each reporting date.

For the fiscal years ended 31 March 2023, 2022 and 2021, the Company did not provide financial or other support to AICF that it was not previously contractually required to provide.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Foreign Currency Translation/Remeasurement

All assets and liabilities are translated or remeasured into US dollars at current exchange rates while revenues and expenses are translated or remeasured at average exchange rates in effect for the period. The effects of foreign currency translation adjustments are included directly in other comprehensive income in shareholders' equity. Gains and losses arising from foreign currency transactions are recognized in income.

The Company has recorded on its consolidated balance sheet certain foreign assets and liabilities, including asbestos-related assets and liabilities under the terms of the AFFA, that are denominated in foreign currencies and subject to translation (foreign entities) or remeasurement (AICF entity and Euro denominated debt) into US dollars at each reporting date. Unless otherwise noted, the Company converts foreign currency denominated assets and liabilities into US dollars at the spot rate at the end of the reporting period; while revenues and expenses are converted using an average exchange rate for the period. The Company records gains and losses on its Euro denominated debt which are economically offset by foreign exchange gains and losses on loans between subsidiaries, resulting in a net immaterial translation gain or loss which is recorded in the *Selling, general and administrative expenses* in the consolidated statements of operations and comprehensive income.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents, other than those amounts directly related to the AICF, generally relate to amounts subject to letters of credit with insurance companies, which restrict the cash from use for general corporate purposes.

Accounts Receivable

The Company evaluates the collectability of accounts receivable on an ongoing basis based on historical bad debts, customer credit-worthiness, current economic trends and changes in the Company's customer payment activity. An allowance for doubtful accounts is provided for known and estimated bad debts. Although credit losses have historically been within expectations, the Company cannot guarantee that it will continue to experience the same credit loss rates that it has had in the past.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is generally determined under the first-in, first-out method, except that the cost of raw materials and supplies is determined using actual or average costs. Cost includes the costs of materials, labor and applied factory overhead. On a regular basis, the Company evaluates its inventory balances for excess quantities and obsolescence by analyzing demand, inventory on hand, sales levels and other information. Based on these evaluations, inventory costs are adjusted to net realizable value, if necessary.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Property, plant and equipment of businesses acquired are recorded at their estimated fair value at the date of acquisition. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	10 to 50
Buildings Improvements	1 to 27
Leasehold Improvements	1 to 40
Machinery and Equipment	1 to 39

Leases

At lease commencement, which is generally when the Company takes possession of the asset, the Company records a lease liability and a corresponding right-of-use ("ROU") asset. Lease liabilities represent the present value of minimum lease payments over the expected lease term, which includes options to extend the lease when it is reasonably certain those options will be exercised. Determining the lease term and amount of lease payments to include in the calculation of the ROU asset and lease liability for leases containing options requires the use of judgment to determine whether the exercise of an option is reasonably certain, and if the option period and payments should be included in the calculation of the associated ROU asset and liability. In making this determination, the Company considers all relevant economic factors that would compel the Company to exercise an option. The Company's leases generally do not provide a readily determinable implicit borrowing rate. As such, the discount rate used to calculate present value is the lessee's incremental borrowing rate, which is primarily based upon the periodic risk-adjusted interest margin and the term of the lease.

Minimum lease payments include base rent as well as fixed escalation of rental payments. In determining minimum lease payments, the Company separates non-lease components such as common area maintenance or other miscellaneous expenses that are updated based on landlord estimates for real estate leases. Additionally, many of the Company's transportation and equipment leases require additional payments based on the underlying usage of the assets such as mileage and maintenance costs. Due to the variable nature of these costs, the cash flows associated with these costs are expensed as incurred and not included in the lease payments used to determine the ROU asset and associated lease liability.

ROU assets represent the right to control the use of the leased asset during the lease term and are initially recognized as an amount equal to the lease liability. In addition, prepaid rent, initial direct costs, and adjustments for lease incentives are components of the ROU asset. Over the lease term, the lease expense is amortized on a straight-line basis beginning on the lease commencement date. ROU assets are assessed for impairment as part of the impairment of long-lived assets, which is performed whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable.

A ROU asset and lease liability are not recognized for leases with an initial term of 12 months or less, and the lease expense is recognized on a straight-line basis over the lease term.

Depreciation and Amortization

The Company records depreciation and amortization under both *Cost of goods sold* and *Selling, general and administrative* expenses, depending on the asset's business use. All depreciation and amortization related to plant building, machinery and equipment is recorded in *Cost of goods sold.*

Goodwill and Other Intangible Assets

Goodwill is the excess of purchase price over the fair value of tangible and identifiable intangible net assets acquired in various business combinations. Goodwill is not amortized but is tested at the reporting unit level for impairment annually, or more often if indicators of impairment exist. Factors that could cause an impairment in the future could include, but are not limited to, adverse macroeconomic conditions, deterioration in industry or market conditions, decline in revenue and cash flows or increases in costs and capital expenditures compared to projected results. A goodwill impairment charge is recorded for the amount by which the carrying value of the reporting unit exceeds the fair value of the reporting unit.

Intangible assets from acquired businesses are recognized at their estimated fair values at the date of acquisition and consist of trademarks, customer relationships and other intangible assets. Finite-lived intangibles are amortized to expense over the applicable useful lives, ranging from 2 to 13 years, based on the nature of the asset and the underlying pattern of economic benefit as reflected by future net cash inflows.

The Company performs an impairment test of goodwill and intangibles annually, or whenever events or changes in circumstances indicate their carrying value may be impaired. During the third quarter of fiscal year 2023, the Company performed its annual test noting no impairment.

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant and equipment, are evaluated each quarter for events or changes in circumstances that indicate that an asset might be impaired because the carrying amount of the asset may not be recoverable. These include, without limitation, a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used, a current period operating or cash flow loss combined with a history of operating or cash flow losses, a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group and/or a current expectation that it is more likely than not that a long lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

When such indicators of potential impairment are identified, recoverability is tested by grouping long-lived assets that are used together and represent the lowest level for which cash flows are identifiable and distinct from the cash flows of other long-lived assets, which is typically at the production line or plant facility level, depending on the type of long-lived asset subject to an impairment review.

Recoverability is measured by a comparison of the carrying amount of the asset group to the estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount exceeds the estimated undiscounted future cash flows, an impairment charge is recognized at the amount by which the carrying amount exceeds the estimated fair value of the asset group.

The methodology used to estimate the fair value of the asset group is based on a discounted cash flow analysis or a relative, market-based approach based on purchase offers or appraisals received from third parties, that considers the asset group’s highest and best use that would maximize the value of the asset group. In addition, the estimated fair value of an asset group also considers, to the extent practicable, a market participant’s expectations and assumptions in estimating the fair value of the asset group. If the estimated fair value of the asset group is less than the carrying value, an impairment loss is recognized at an amount equal to the excess of the carrying value over the estimated fair value of the asset group.

Accrued Product Warranties

An accrual for estimated future warranty costs is recorded based on an analysis by the Company, which includes the historical relationship of warranty costs to installed product at an estimated remediation cost per standard foot. Based on this analysis and other factors, the adequacy of the Company's warranty provision is adjusted as necessary.

Debt

The Company's debt consists of senior unsecured notes and an unsecured revolving credit facility. Each of the Company's debt instruments is recorded at cost, net of any original issue discount or premium, where applicable. The related original issue discount, premium and debt issuance costs are amortized over the term of each respective borrowing using the straight line method. Debt is presented as current if the liability is due to be settled within 12 months after the balance sheet date, unless the Company has the ability and intention to refinance on a long-term basis in accordance with US GAAP. See Fair Value Measurements below and Note 10 for the Company's fair value considerations.

In addition, the Company consolidates AICF which has a loan facility, which is included in Asbestos-related Accounting Policies below.

Revenue Recognition

The Company recognizes revenues when the requisite performance obligation has been met, that is, when the Company transfers control of its products to customers, which depending on the terms of the underlying contract, is generally upon delivery. The Company records estimated reductions in sales for customer rebates and discounts including volume, promotional, cash and other discounts. Rebates and discounts are recorded based on management's best estimate when products are sold. The estimates are based on historical experience for similar programs and products. Management reviews these rebates and discounts on an ongoing basis and the related accruals are adjusted, if necessary, as additional information becomes available.

A portion of the Company's revenue is made through distributors under vendor managed inventory agreements whereby revenue is recognized upon the transfer of title and risk of loss to the distributors.

Advertising Costs

Advertising costs are expensed as incurred and were US$83.1 million, US$53.7 million and US$27.2 million for the fiscal years ended 31 March 2023, 2022 and 2021, respectively.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred income taxes are recognized by applying enacted statutory rates applicable to future years to differences between the tax bases and financial reporting amounts of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. The realization of the US deferred tax assets is affected primarily by the continued profitability of the US business. A valuation allowance is provided when it is more likely than not that all or some portion of deferred tax assets will not be realized.

Income taxes payable represents taxes currently payable which are computed at statutory income tax rates applicable to taxable income derived in each jurisdiction in which the Company conducts business. Interest and penalties related to uncertain tax positions are recognized in *Income tax expense* on the consolidated statements of operations and comprehensive income.

The Company accrues for tax contingencies based upon its best estimate of the taxes ultimately expected to be paid, which it updates over time as more information becomes available. Such amounts are included in taxes payable or other non-current liabilities, as appropriate. If the Company ultimately determines that payment of these amounts is unnecessary, the Company reverses the liability and recognizes a tax benefit during the period in which the Company determines that the liability is no longer necessary. The Company records additional tax expense in the period in which it determines that the recorded tax liability is less than the ultimate assessment it expects.

Taxing authorities from various jurisdictions in which the Company operates are in the process of reviewing and auditing the Company's respective jurisdictional tax returns for various ranges of years. The Company accrues tax liabilities in connection with ongoing audits and reviews based on knowledge of all relevant facts and circumstances, taking into account existing tax laws, its experience with previous audits and settlements, the status of current tax examinations and how the tax authorities view certain issues.

Financial Instruments

The Company calculates the fair value of financial instruments and includes this additional information in the notes to the consolidated financial statements. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Periodically, forward exchange contracts are used to manage market risks and reduce exposure resulting from fluctuations in foreign currency exchange rates. Changes in the fair value of financial instruments that are not designated as hedges are recorded in earnings within *Asbestos adjustments loss, Other expense, net* and *Selling, general and administrative expenses* at each measurement date. The Company does not use derivatives for trading purposes.

Fair Value Measurements

Assets and liabilities of the Company that are carried or disclosed at fair value are classified in one of the following three categories:

Level 1 Quoted market prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date;

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data for the asset or liability at the measurement date;

Level 3 Unobservable inputs that are not corroborated by market data used when there is minimal market activity for the asset or liability at the measurement date.

Fair value measurements of assets and liabilities are assigned a level within the fair value hierarchy based on the lowest level of any input that is significant to the fair value measurement in its entirety.

The carrying amounts of Cash and cash equivalents, Restricted cash and cash equivalents, Trade receivables, Trade payables and the Revolving Credit Facility approximates their respective fair values due to the short-term nature of these instruments.

Stock-based Compensation

Stock-based compensation expense represents the estimated fair value of equity-based and liability-classified awards granted to employees and is recognized as an expense over the vesting period. Forfeitures of stock-based awards are accounted for as they occur. Stock-based compensation expense is included in the line item *Selling, general and administrative* expenses on the consolidated statements of operations and comprehensive income.

Equity awards with vesting based solely on a service condition are typically subject to graded vesting, in that the awards outstanding generally vest as follows: 25% at the first anniversary date of the grant; 25% at the second anniversary date of the grant; and 50% at the third anniversary date of the grant. For equity awards subject to graded vesting, the Company has elected to use the accelerated recognition method. Accordingly, each vesting tranche is valued separately, and the recognition of stock-based compensation expense is more heavily weighted earlier in the vesting period. Stock-based compensation expense for equity awards that are subject to performance or market vesting conditions are based upon an estimate of the number of awards that are expected to vest and typically recognized ratably over the vesting period. The Company issues new shares to award recipients when the vesting condition for restricted stock units ("RSUs") has been satisfied or when a stock option is exercised.

For RSUs subject to a service vesting condition, the fair value is equal to the market value of the Company's common stock on the date of grant, adjusted for the fair value of estimated dividends as the restricted stock holder is not entitled to dividends over the vesting period.

For RSUs subject to a performance vesting condition, the vesting of these units is subject to a return on capital employed ("ROCE") performance hurdle being met and is subject to negative discretion by the Board. The Board's discretion will reflect the Board's judgment of the quality of the returns balanced against management's delivery of market share growth and a scorecard of key qualitative and quantitative performance objectives. The expense is recognized ratably over the vesting period and is adjusted for subsequent changes in JHI plc's common stock price at each balance sheet date adjusted for the fair value of estimated dividends as the restricted stock unit holder is not entitled to dividends over the vesting period.

For RSUs subject to a market vesting condition, the vesting of these units is based on James Hardie's performance against its Peer Group for the 20 trading days preceding the test date. The fair value of each of these units is estimated using a binomial lattice model that incorporates a Monte Carlo simulation (the "Monte Carlo" method).

For cash settled units ("CSUs"), compensation expense is recognized based upon an estimate of the number of awards that are expected to vest and the fair market value of JHI plc's common stock on the date of the grant. The expense is recognized ratably over the vesting period and the liability is adjusted for subsequent changes in JHI plc's common stock price at each balance sheet date adjusted for the fair value of estimated dividends as the restricted stock unit holder is not entitled to dividends over the vesting period.

Stock options have a 3-year cliff vesting schedule from the date of grant. The Company estimates the fair value of stock options on the date of grant using the Black-Scholes option-pricing model.

Loss Contingencies

The Company recognizes a liability for asserted and unasserted claims in the period in which a loss becomes probable and estimable. The amount of a reasonably probable loss is dependent on a number of factors including, without limitation, the specific facts and circumstances unique to each claim, the existence of any co-defendants involved in defending the claim, the solvency of such co-defendants (including the ability of such co-defendants to remain solvent until the related claim is ultimately resolved), and the availability of claimant compensation under a government compensation scheme.

To the extent that it is probable and estimable, the estimated loss for these matters, incorporates assumptions that are subject to the foregoing uncertainties and are principally derived from, but not exclusively based on, historical claims experience together with facts and circumstances unique to each claim. If the nature and extent of claims in future periods differ from historical claims experience, the Company's assessment of probable and estimable liability with respect to current asserted claims changes and/or actual liability is different to the estimates, then the actual amount of loss may be materially higher or lower than estimated losses accrued.

Asbestos-related Accounting Policies

Asbestos Liability

The amount of the asbestos liability has been recognized by reference to (but not exclusively based upon) the most recent actuarial estimate of projected future cash flows as calculated by KPMG, who are engaged and appointed by AICF under the terms of the AFFA. Based on their assumptions, KPMG arrived at a range of possible total future cash flows and calculated a central estimate, which is intended to reflect a probability-weighted expected outcome of those actuarially estimated future cash flows projected by KPMG to occur through 2071.

The Company recognizes the asbestos liability in the consolidated financial statements by reference to (but not exclusively based upon) the undiscounted and uninflated central estimate. The Company considered discounting when determining the best estimate under US GAAP. The Company has recognized the asbestos liability by reference to (but not exclusively based upon) the central estimate as undiscounted on the basis that the timing and amounts of such cash flows are not fixed or readily determinable. The Company considered inflation when determining the best estimate under US GAAP. It is the Company’s view that there are material uncertainties in estimating an appropriate rate of inflation over the extended period of the AFFA. The Company views the undiscounted and uninflated central estimate as the best estimate under US GAAP.

Adjustments in the asbestos liability due to changes in the actuarial estimate of projected future cash flows and changes in the estimate of future operating costs of AICF are reflected in the consolidated statements of operations and comprehensive income during the period in which they occur. Claims paid by AICF and claims-handling costs incurred by AICF are treated as reductions in the Asbestos liability balances.

Insurance Receivable

The insurance receivable recorded by the Company has been recognized by reference to (but not exclusively based upon) the most recent actuarial estimate of recoveries expected from insurance policies and insurance companies with exposure to the asbestos claims, as calculated by KPMG. The assessment of recoveries is based on the expected pattern of claims against such policies less an allowance for credit risk based on credit agency ratings. The insurance receivable generally includes these cash flows as undiscounted and uninflated, however, where the timing of recoveries has been agreed with the insurer, the receivables are recorded on a discounted basis. The Company records insurance receivables that are deemed probable of being realized.

Adjustments in the insurance receivable due to changes in the actuarial estimate, or changes in the Company’s assessment of recoverability are reflected in the consolidated statements of operations and comprehensive income during the period in which they occur. Insurance recoveries are treated as a reduction in the insurance receivable balance.

Workers’ Compensation

An estimate of the liability related to workers’ compensation claims is prepared by KPMG as part of the annual actuarial assessment. This estimate contains two components - amounts that will be met by a workers’ compensation scheme or policy and amounts that will be met by the Former James Hardie Companies.

The estimated liability is included as part of the asbestos liability and adjustments to the estimate are reflected in the consolidated statements of operations and comprehensive income during the period in which they occur. Amounts that are expected to be paid by the workers’ compensation schemes or policies are recorded as workers’ compensation receivable. Adjustments to the workers’ compensation liability result in an equal adjustment in the workers’ compensation receivable recorded by the Company and have no effect on the consolidated statements of operations and comprehensive income.

Restricted Cash and Cash Equivalents

Cash and cash equivalents of AICF are reflected as restricted assets, as the use of these assets is restricted to the settlement of asbestos claims and payment of the operating costs of AICF. Since cash and cash equivalents are highly liquid, the Company classifies these amounts as a current asset on the consolidated balance sheets.

Restricted Investments

Restricted investments of AICF consist of highly liquid investments held in the custody of major financial institutions and are classified as held to maturity ("HTM") due to AICF's ability and intent to hold these securities to maturity. These restricted investments are carried at amortized cost.

Deferred Income Taxes

The Performing Subsidiary can claim a tax deduction for its contributions to AICF over a five-year period commencing in the year the contribution is incurred. Consequently, a deferred tax asset has been recognized equivalent to the anticipated tax benefit over the life of the AFFA.

Adjustments are made to the deferred income tax asset as adjustments to the asbestos-related assets and liabilities are recorded.

Asbestos Adjustments loss

The *Asbestos adjustments loss* reflected in the consolidated statements of operations and comprehensive income reflect the net change in the actuarial estimate of the asbestos liability and insurance receivables, and the change in the estimate of AICF claims handling costs. Additionally, as the asbestos-related assets and liabilities are denominated in Australian dollars, the reported values of these asbestos-related assets and liabilities in the Company’s consolidated balance sheets in US dollars are subject to adjustment depending on the closing exchange rate between the two currencies at the balance sheet dates, the effect of which is also included in *Asbestos adjustments loss* in the consolidated statements of operations and comprehensive income. Further, changes in the fair value of forward exchange contracts entered into to reduce exposure to the change in foreign currency exchange rates associated with AICF payments are recorded in *Asbestos adjustments loss*.

Accounting Pronouncements

Adopted in Fiscal Year 2023

In November 2021, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2021-10, Government Assistance (Topic 832). The amendments in the standard were issued to require annual disclosures about transactions with a government that are accounting for by analogizing to a grant on contribution model. The new guidance requires disclosure of the nature of the transactions and related accounting policy used, the line items on the balance sheets or consolidated statements of operations and comprehensive income and the amounts applicable to each financial statement line item, and significant terms of the transactions. The Company adopted ASU No. 2021-10 on 31 March 2023 with no impact to our financial statements or related disclosures as the transactions in scope of this guidance were immaterial.

Earnings Per Share

Basic earnings per share ("EPS") is calculated using net income divided by the weighted average number of common shares outstanding during the period. Diluted EPS is similar to basic EPS except that the weighted average number of common shares outstanding is increased to include the number of additional common shares calculated using the treasury method that would have been outstanding if the dilutive potential common shares, such as stock options and RSUs, had been issued.

Basic and dilutive common shares outstanding used in determining net income per share are as follows:

	Years Ended 31 March		
(Millions of shares)	**2023**	2022	2021
Basic common shares outstanding	**445.1**	444.9	443.7
Dilutive effect of stock awards	**0.5**	1.0	1.7
Diluted common shares outstanding	**445.6**	445.9	445.4

There were no potential common shares which would be considered anti-dilutive for the fiscal years ended 31 March 2023, 2022 and 2021.

Unless they are anti-dilutive, RSUs which vest solely based on continued employment are considered to be outstanding as of their issuance date for purposes of computing diluted EPS and are included in the calculation of diluted EPS using the Treasury Method. Once these RSUs vest, they are included in the basic EPS calculation on a weighted-average basis.

RSUs which vest based on performance or market conditions are considered contingent shares. At each reporting date prior to the end of the contingency period, the Company determines the number of contingently issuable shares to include in the diluted EPS calculation, as the number of shares that would be issuable under the terms of the RSU arrangement, if the end of the reporting period were the end of the contingency period. Once these RSUs vest, they are included in the basic EPS calculation on a weighted-average basis.

Potential common shares of 0.4 million, 0.7 million and 0.9 million for the fiscal years ended 31 March 2023, 2022 and 2021, respectively, have been excluded from the calculation of diluted common shares outstanding as they are considered contingent shares which are not expected to vest.

2. Revenues

The following represents the Company's disaggregated revenues:

	Year Ended 31 March 2023			
(Millions of US dollars)	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	$ 2,787.6	$ 539.2	$ 68.6	$ 3,395.4
Fiber gypsum revenues	—	—	381.7	381.7
Total revenues	$ 2,787.6	$ 539.2	$ 450.3	$ 3,777.1

	Year Ended 31 March 2022			
(Millions of US dollars)	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	$ 2,551.3	$ 574.9	$ 76.3	$ 3,202.5
Fiber gypsum revenues	—	—	412.2	412.2
Total revenues	$ 2,551.3	$ 574.9	$ 488.5	$ 3,614.7

	Year Ended 31 March 2021			
(Millions of US dollars)	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	$ 2,040.2	$ 458.2	$ 55.3	$ 2,553.7
Fiber gypsum revenues	—	—	355.0	355.0
Total revenues	$ 2,040.2	$ 458.2	$ 410.3	$ 2,908.7

The process by which the Company recognizes revenues is similar across each of the Company's reportable segments. Fiber cement and fiber gypsum revenues are primarily generated from the sale of siding and various boards used in external and internal applications, as well as accessories. Fiber gypsum revenues also includes the sale of cement-bonded boards in the Europe Building Products segment.

The Company recognizes revenues when the requisite performance obligation has been met, that is, when the Company transfers control of its products to customers, which depending on the terms of the underlying contract, is generally upon delivery. The Company considers shipping and handling activities that it performs as activities to fulfill the sales of its products, with amounts billed for such costs included in net sales and the associated costs incurred for such services recorded in cost of sales, in accordance with the practical expedient provided by Accounting Standards Codification ("ASC") 606.

Certain of the Company's customers receive discounts and rebates as sales incentives, amounts which are recorded as a reduction to revenue at the time the revenue is recognized. These amounts are an estimate recorded by the Company based on historical experience and contractual obligations, the underlying assumptions of which are periodically reviewed and adjusted by the Company, as necessary.

The Company’s contracts are generally short-term in nature, generally not exceeding twelve months, with payment terms varying by the type and location of products or services offered; however, the period between invoicing and when payment is due is not significant.

3. Cash and Cash Equivalents, Restricted Cash and Restricted Cash - Asbestos

The following table provides a reconciliation of *Cash and cash equivalents, Restricted cash and Restricted cash - Asbestos* reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

(Millions of US dollars)	31 March 2023	31 March 2022
Cash and cash equivalents	**$ 113.0**	$ 125.0
Restricted cash	**5.0**	5.0
Restricted cash - Asbestos	**67.6**	141.9
Total cash and cash equivalents, restricted cash and restricted cash - Asbestos	**$ 185.6**	$ 271.9

4. Accounts and Other Receivables

Accounts and other receivables consist of the following components:

(Millions of US dollars)	31 March 2023	31 March 2022
Trade receivables	**$ 301.2**	$ 336.4
Income taxes receivable	**29.6**	29.8
Other receivables and advances	**26.6**	35.6
Provision for doubtful trade receivables	**(2.6)**	(3.4)
Total accounts and other receivables	**$ 354.8**	$ 398.4

The following are changes in the provision for doubtful trade receivables:

(Millions of US dollars)	31 March 2023	31 March 2022	31 March 2021
Balance at beginning of period	**$ 3.4**	$ 6.1	$ 4.4
Adjustment to provision	**(0.6)**	(2.2)	3.1
Write-offs, net of recoveries	**(0.2)**	(0.5)	(1.4)
Balance at end of period	**$ 2.6**	$ 3.4	$ 6.1

5. Inventories

Inventories consist of the following components:

(Millions of US dollars)	31 March 2023	31 March 2022
Finished goods	**$ 237.8**	$ 187.3
Work-in-process	**23.0**	16.2
Raw materials and supplies	**93.9**	82.1
Provision for obsolete finished goods and raw materials	**(10.5)**	(5.9)
Total inventories	**$ 344.2**	$ 279.7

6. Goodwill and Other Intangible Assets

Goodwill

The following are the changes in the carrying value of goodwill:

(Millions of US dollars)	Europe Building Products
Balance - 31 March 2021	$ 209.3
Foreign exchange impact	(9.8)
Balance - 31 March 2022	$ 199.5
Foreign exchange impact	(4.6)
Balance - 31 March 2023	$ 194.9

Intangible Assets

The following are the net carrying amount of indefinite lived intangible assets other than goodwill:

	31 March	
(Millions of US dollars)	**2023**	2022
Tradenames	**$ 112.3**	$ 115.0
Other	**7.4**	7.4
Total	**$ 119.7**	$ 122.4

The following are the net carrying amount of amortizable intangible assets:

		Year Ended 31 March 2023	
(Millions of US dollars)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer Relationships	$ 47.9	$ (12.4)	$ 35.5
Total	$ 47.9	$ (12.4)	$ 35.5

		Year Ended 31 March 2022	
(Millions of US dollars)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer Relationships	$ 52.9	$ (12.5)	$ 40.4
Total	$ 52.9	$ (12.5)	$ 40.4

The amortization of intangible assets was US$3.8 million, US$3.5 million and US$2.6 million for the fiscal years ended 31 March 2023, 2022 and 2021, respectively.

At 31 March 2023, the estimated future amortization of intangible assets is as follows:

Years ended 31 March (Millions of US dollars):	
2024	$ 4.3
2025	4.5
2026	4.6
2027	4.9
2028	5.0

7. Property, Plant and Equipment

Property, plant and equipment consist of the following components:

	31 March	
(Millions of US dollars)	**2023**	2022
Land	**$ 79.8**	$ 83.6
Buildings	**568.1**	530.6
Machinery and equipment	**2,044.2**	1,880.0
Construction in progress	**502.6**	167.9
Property, plant and equipment, at cost	**3,194.7**	2,662.1
Less accumulated depreciation	**(1,355.1)**	(1,205.1)
Property, plant and equipment, net	**$ 1,839.6**	$ 1,457.0

Depreciation expense for the fiscal years ended 31 March 2023, 2022 and 2021 was US$166.8 million, US$155.6 million and US$129.6 million, respectively.

The amount of capitalized interest was US$8.5 million and US$1.9 million for the years ended 31 March 2023 and 2022, respectively.

8. Leases

The Company's lease portfolio consists primarily of real estate, forklifts at its manufacturing facilities and a fleet of vehicles primarily for sales representatives. The lease term for all of its leases includes the non-cancellable period of the lease plus any additional periods covered by either an option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor. ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate.

The following table represents the Company's ROU assets and lease liabilities:

(Millions of US dollars)	31 March 2023	31 March 2022
Assets:		
Operating leases, net	**$ 59.4**	$ 57.8
Finance leases, net	**2.0**	2.3
Total right-of-use assets	**$ 61.4**	$ 60.1
Liabilities:		
Operating leases:		
Current	**$ 18.1**	$ 12.5
Non-Current	**61.1**	63.1
Total operating lease liabilities	**$ 79.2**	$ 75.6
Finance leases:		
Current	**$ 0.8**	$ 1.1
Non-Current	**1.4**	1.5
Total finance lease liabilities	**$ 2.2**	$ 2.6
Total lease liabilities	**$ 81.4**	$ 78.2

The following table represents the Company's lease expense:

(Millions of US dollars)	Years Ended 31 March 2023	2022	2021
Operating leases	**$ 20.2**	$ 21.6	$ 17.0
Short-term leases	**3.2**	1.7	2.1
Finance leases	**1.4**	1.0	0.9
Interest on lease liabilities	**0.2**	0.1	0.1
Total lease expense	**$ 25.0**	$ 24.4	$ 20.1

The weighted-average remaining lease term of the Company's leases is as follows:

(In Years)	31 March 2023	31 March 2022
Operating leases	**7.9**	8.0
Finance leases	**3.1**	3.2

The weighted-average discount rate of the Company's leases is as follows:

	31 March 2023	31 March 2022
Operating leases	**4.6 %**	4.3 %
Finance leases	**4.3 %**	4.1 %

The following are future lease payments for non-cancellable leases at 31 March 2023:

Years ended 31 March (Millions of US dollars):	Operating Leases	Finance Leases	Total
2024	$ 20.2	$ 0.8	$ 21.0
2025	15.4	0.7	16.1
2026	11.8	0.5	12.3
2027	7.4	0.1	7.5
2028	6.7	—	6.7
Thereafter	35.9	—	35.9
Total	$ 97.4	$ 2.1	$ 99.5
Less: imputed interest			18.1
Total lease liabilities			$ 81.4

Supplemental cash flow and other information related to leases were as follows:

	Years Ended 31 March	
(Millions of US dollars)	**2023**	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	**$ 20.9**	$ 23.8
Operating cash flows used for finance leases	**0.2**	0.1
Financing cash flows used for finance leases	**1.5**	1.0
Non-cash ROU assets obtained in exchange for new lease liabilities	**16.8**	31.8
Non-cash remeasurements increasing ROU assets and lease liabilities	**5.7**	1.3

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following components:

	31 March	
(Millions of US dollars)	**2023**	2022
Trade creditors	**$ 198.2**	$ 273.6
Accrued interest	**4.7**	4.6
Accrued customer rebates	**126.2**	126.2
Other creditors and accruals	**58.6**	53.6
Total accounts payable and accrued liabilities	**$ 387.7**	$ 458.0

10. Long-Term Debt

(Millions of US dollars)	31 March 2023		31 March 2022	
Senior unsecured notes:				
Principal amount 3.625% notes due 2026 (€400.0 million)	**$**	**436.1**	$	446.4
Principal amount 5.000% notes due 2028		**400.0**		400.0
Total		**836.1**		846.4
Unsecured revolving credit facility		**230.0**		40.0
Unamortized debt issuance costs:		**(7.1)**		(9.1)
Total Long-term debt	**$**	**1,059.0**	$	877.3
Weighted average interest rate of Long-term debt		**4.7 %**		4.2 %
Weighted average term of available Long-term debt		**4.0 years**		5.0 years
Fair value of Senior unsecured notes (Level 1)	**$**	**785.2**	$	845.1

<u>Unsecured Revolving Credit Facility</u>

In December 2021, James Hardie International Finance Designated Activity Company ("JHIF") and James Hardie Building Products Inc. ("JHBP"), each a wholly-owned subsidiary of JHI plc, entered into a new US$600.0 million revolving credit facility with certain commercial banks and HSBC Bank USA, National Association, as administrative agent. The size of the revolving credit facility may be increased by up to US$250.0 million through the exercise of an accordion option. The revolving credit facility, which will mature in December 2026 and may be extended for two additional one year terms, replaces the prior credit facility agreement of US$500.0 million which was scheduled to mature in December 2022. Debt issuance costs in connection with the revolving credit facility will be amortized as interest expense over the stated term of five years.

Borrowings under the revolving credit facility bear interest at per annum rates equal to, at the borrower's option, either: (i) the London Interbank Offered Rate ("LIBOR") plus an applicable margin for LIBOR loans; or (ii) a base rate plus an applicable margin for base rate loans. For LIBOR Loans, the applicable margin ranges from 1.25% to 2.00%, and for base rate loans it ranges from 0.25% to 1.00%. Included in the revolving credit facility is a benchmark provision for the migration from LIBOR, which will be in effect no later than June 2023. The Company also pays a commitment fee of between 0.20% and 0.35% on the actual daily amount of the unutilized revolving loans.

<u>Guarantees and Compliance</u>

The indenture governing the senior unsecured notes contain covenants that, among other things, limit the ability of the guarantors and their restricted subsidiaries to incur liens on assets, make certain restricted payments, engage in certain sale and leaseback transactions and merge or consolidate with or into other companies. These covenants are subject to certain exceptions and qualifications as described in the indenture. At 31 March 2023, the Company was in compliance with all of its requirements under the indenture related to the senior unsecured notes.

The senior unsecured notes are guaranteed by James Hardie International Group Limited ("JHIGL"), JHBP and James Hardie Technology Limited ("JHTL"), each of which are wholly-owned subsidiaries of JHI plc.

The revolving credit facility agreement contains certain covenants that, among other things, restrict JHIGL and its restricted subsidiaries' ability to incur indebtedness and grant liens other than certain types of permitted indebtedness and permitted liens, make certain restricted payments, and undertake certain types of mergers or consolidations actions. At 31 March 2023, the Company was in compliance with all covenants contained in the revolving credit facility agreement.

The revolving credit facility is guaranteed by each of JHIGL and JHTL, each of which are wholly-owned subsidiaries of JHI plc.

Off Balance Sheet Arrangements

As of 31 March 2023, the Company had a total borrowing base capacity under the revolving credit facility of US$600.0 million with outstanding borrowings of US$230.0 million, and US$7.2 million of issued but undrawn letters of credit and bank guarantees. These letters of credit and bank guarantees relate to various operational matters including insurance, performance bonds and other items, leaving the Company with US$362.8 million of available borrowing capacity under the revolving credit facility.

11. Product Warranties

The Company offers various warranties on its products, including a 30-year limited warranty on certain fiber cement siding products in the United States. A typical warranty program requires the Company to replace defective products within a specified time period from the date of sale. It is possible that future warranty costs could differ from those estimates.

The following are the changes in the product warranty provision:

	31 March		
(Millions of US dollars)	**2023**	2022	2021
Balance at beginning of period	**$ 37.7**	$ 39.6	$ 42.4
Increase in accrual	**1.2**	1.9	2.4
Settlements made in cash or in kind	**(3.3)**	(3.8)	(5.2)
Balance at end of period	**$ 35.6**	$ 37.7	$ 39.6

12. Asbestos

The AFFA was approved by shareholders in February 2007 to provide long-term funding to AICF. For a discussion of the AFFA and the accounting policies utilized by the Company related to the AFFA and AICF, see Note 1.

<u>*Asbestos Adjustments loss*</u>

The *Asbestos adjustments loss* included in the consolidated statements of operations and comprehensive income comprise the following:

(Millions of US dollars)	Years Ended 31 March **2023**	 2022	 2021
Change in estimates:			
Change in actuarial estimate - asbestos liability	**$ 56.0**	$ 145.6	$ 33.0
Change in actuarial estimate - insurance receivable	**(0.1)**	(5.3)	(2.0)
Change in estimate - AICF claims-handling costs	**1.2**	0.6	1.5
Subtotal - Change in estimates	**57.1**	140.9	32.5
Effect of foreign exchange on Asbestos net liabilities	**(45.9)**	(13.2)	123.0
Loss (gain) on foreign currency forward contracts	**24.5**	5.3	(11.7)
Other	**1.3**	(1.3)	0.1
Asbestos adjustments loss	**$ 37.0**	$ 131.7	$ 143.9

Actuarial Study; Claims Estimate

AICF commissioned an updated actuarial study of potential asbestos-related liabilities as of 31 March 2023. Based on KPMG's assumptions, KPMG arrived at a range of possible total cash flows and calculated a central estimate, which is intended to reflect a probability-weighted expected outcome of those actuarial estimated future cash flows.

The following table sets forth the central estimates, net of insurance recoveries, calculated by KPMG as of 31 March 2023:

(Millions of US and Australian dollars, respectively)	**As of 31 March 2023** **US$**	 **A$**
Central Estimate – Discounted and Inflated	1,012.0	1,508.0
Central Estimate – Undiscounted but Inflated	1,289.0	1,920.8
Central Estimate – Undiscounted and Uninflated	895.6	1,334.6

The asbestos liability has been revised to reflect the most recent undiscounted and uninflated actuarial estimate prepared by KPMG as of 31 March 2023.

In estimating the potential financial exposure, KPMG has made a number of assumptions, including, but not limited to, assumptions related to the peak period of claims, total number of claims that are reasonably estimated to be asserted through 2071, the typical cost of settlement (which is sensitive to, among other factors, the industry in which a plaintiff claims exposure, the alleged disease type, the age of the claimant and the jurisdiction in which the action is brought), the legal costs incurred in the litigation of such claims, the rate of receipt of claims, the settlement strategy in dealing with outstanding claims and the timing of settlements. Changes to the assumptions may be necessary in future periods should mesothelioma claims reporting escalate or decline.

Due to inherent uncertainties in the legal and medical environment, the number and timing of future claim notifications and settlements, the recoverability of claims against insurance contracts, and estimates of future trends in average claim awards, as well as the extent to which the above named entities will contribute to the overall settlements, the actual liability could differ materially from that which is currently recorded.

The potential range of costs as estimated by KPMG is affected by a number of variables such as nil settlement rates, peak year of claims, past history of claims numbers, average settlement rates, past history of Australian asbestos-related medical injuries, current number of claims, average defense and plaintiff legal costs, base wage inflation and superimposed inflation. The potential range of losses disclosed includes both asserted and unasserted claims.

A sensitivity analysis was performed by KPMG to determine how the actuarial estimates would change if certain assumptions (i.e., the rate of inflation and superimposed inflation, the average costs of claims and legal fees, and the projected numbers of claims) were different from the assumptions used to determine the central estimates. The sensitivity analysis performed in the actuarial report is directly related to the discounted but inflated central estimate and the undiscounted but inflated central estimate. The actual cost of the liabilities could be outside of that range depending on the results of actual experience relative to the assumptions made.

The following table summarizes the results of the analysis:

	As of 31 March 2023	
(Millions of US and Australian dollars, respectively)	**US$**	**A$**
Discounted (but inflated) - Low	783.5	1,167.5
Discounted (but inflated) - High	1,581.8	2,357.0
Undiscounted (but inflated) - Low	978.3	1,457.8
Undiscounted (but inflated) - High	2,114.9	3,151.4

Potential variation in the estimated peak period of claims has an impact much greater than the other assumptions used to derive the discounted central estimate. In performing the sensitivity assessment of the estimated incidence pattern reporting for mesothelioma, if the pattern of incidence was shifted by two years, the central estimate could increase by approximately 21% on a discounted basis.

Claims Data

The following table shows the activity related to the numbers of open claims, new claims and closed claims during each of the past five years and the average settlement per settled claim and case closed:

	For the Years Ended 31 March				
	2023	2022	2021	2020	2019
Number of open claims at beginning of period	**365**	360	393	332	336
Number of new claims					
Direct claims	**403**	411	392	449	430
Cross claims	**152**	144	153	208	138
Number of closed claims	**561**	550	578	596	572
Number of open claims at end of period	**359**	365	360	393	332
Average settlement amount per settled claim	**A$303,000**	A$314,000	A$248,000	A$277,000	A$262,000
Average settlement amount per case closed [1]	**A$271,000**	A$282,000	A$225,000	A$245,000	A$234,000
Average settlement amount per settled claim	**US$208,000**	US$232,000	US$178,000	US$189,000	US$191,000
Average settlement amount per case closed [1]	**US$186,000**	US$208,000	US$162,000	US$167,000	US$171,000

[1] The average settlement amount per case closed includes nil settlements.

Under the terms of the AFFA, the Company has rights of access to actuarial information produced for AICF by the actuary appointed by AICF, which is currently KPMG. The Company's disclosures with respect to claims statistics are subject to it obtaining such information, however, the AFFA does not provide the Company an express right to audit or otherwise require independent verification of such information or the methodologies to be adopted by the approved actuary. As such, the Company relies on the accuracy and completeness of the information provided by AICF to the approved actuary and the resulting information and analysis of the approved actuary when making disclosures with respect to claims statistics.

The following is a detailed rollforward of the Net Unfunded AFFA liability, net of tax, for the fiscal year ended 31 March 2023:

(Millions of US dollars)	Asbestos Liability	Insurance Receivables	Restricted Cash and Investments	Other Assets and Liabilities	Net Unfunded AFFA Liability	Deferred Tax Assets	Income Tax Payable	Net Unfunded AFFA Liability, net of tax
Opening Balance - 31 March 2022	$ (1,143.7)	$ 45.7	$ 261.6	$ (1.1)	$ (837.5)	$ 360.1	$ 43.9	$ (433.5)
Asbestos claims paid	106.8	—	(106.8)	—	—	—	—	—
Payment received in accordance with AFFA	—	—	109.6	—	109.6	—	—	109.6
AICF claims-handling costs incurred (paid)	1.1	—	(1.1)	—	—	—	—	—
AICF operating costs paid - non claims-handling	—	—	(1.5)	—	(1.5)	—	—	(1.5)
Change in actuarial estimate	(56.0)	0.1	—	—	(55.9)	—	—	(55.9)
Change in claims handling cost estimate	(1.2)	—	—	—	(1.2)	—	—	(1.2)
Impact on deferred income tax due to change in actuarial estimate	—	—	—	—	—	17.1	—	17.1
Insurance recoveries	—	(6.2)	6.2	—	—	—	—	—
Movement in income tax payable	—	—	—	—	—	(41.1)	1.0	(40.1)
Other movements	—	—	1.8	—	1.8	(1.2)	0.3	0.9
Effect of foreign exchange	115.9	(4.6)	(25.1)	0.5	86.7	(36.3)	(4.5)	45.9
Closing Balance - 31 March 2023	**$ (977.1)**	**$ 35.0**	**$ 244.7**	**$ (0.6)**	**$ (698.0)**	**$ 298.6**	**$ 40.7**	**$ (358.7)**

AICF Funding

During the fiscal years ended 31 March 2023, 2022 and 2021, the Company contributed US$109.6 million (A$158.8 million), US$248.5 million (A$328.2 million) and US$153.3 million (A$220.9 million), respectively, to AICF.

Restricted Investments

AICF invests its excess cash in time deposits, which are classified as HTM investments and the carrying value materially approximates the fair value for each investment. The following table represents the investments outstanding as of 31 March 2023:

Date Invested	Maturity Date	Interest Rate	A$ Millions
February 2023	13 July 2023	4.74%	70.0
February 2023	13 October 2023	4.74%	40.0
February 2023	13 January 2024	4.74%	39.0
February 2023	13 February 2024	4.74%	1.0
April 2022	5 April 2024	2.75%	54.0
January 2022	25 January 2024	1.41%	30.0
October 2021	6 October 2023	0.60%	30.0

AICF – NSW Government Secured Loan Facility

AICF may borrow, subject to certain conditions, up to an aggregate amount of A$320.0 million (US$214.8 million, based on the exchange rate at 31 March 2023). The AICF Loan Facility is guaranteed by the Former James Hardie Companies and is available to be drawn for the payment of claims through 1 November 2030, at which point, all outstanding borrowings must be repaid. At 31 March 2023 and 2022, AICF had no amounts outstanding under the AICF Loan Facility.

13. Derivative Instruments

Foreign Currency Forward Contracts

The Company's foreign currency forward contracts are valued using models that maximize the use of market observable inputs including interest rate curves and both forward and spot prices for currencies and are categorized as Level 2 within the fair value hierarchy.

Derivative Balances

The following table sets forth the total outstanding notional amount and the fair value of the Company's derivative instruments held at 31 March 2023 and 2022:

(Millions of US dollars)	Notional Amount		Fair Value as of 31 March 2023		Fair Value as of 31 March 2022	
Derivatives not accounted for as hedges	**31 March 2023**	**31 March 2022**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Foreign currency forward contracts	$ 269.0	$ 251.0	$ 2.2	$ 11.4	$ 2.0	$ 1.9

The following table sets forth the gain and loss on the Company's foreign currency forward contracts recorded in the Company's consolidated statements of operations and comprehensive income as follows:

	31 March		
(Millions of US dollars)	**2023**	2022	2021
Asbestos adjustments loss (gain)	**$ 24.5**	$ 5.3	$ (11.7)
Selling, general and administrative expenses	**4.0**	(2.1)	7.2
Total loss (gain)	**$ 28.5**	$ 3.2	$ (4.5)

14. Commitments and Contingencies

Legal Matters

The Company is involved from time to time in various legal proceedings and administrative actions related to the normal conduct of its business, including general liability claims, putative class action lawsuits and litigation concerning its products.

Although it is impossible to predict the outcome of any pending legal proceeding, management believes that such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows, except as they relate to asbestos and New Zealand weathertightness ("NZWT") claims as described in these consolidated financial statements.

New Zealand Weathertightness Claims

Since fiscal year 2002, the Company's New Zealand subsidiaries have been joined in a number of weathertightness claims in New Zealand that relate to residential buildings (single dwellings and apartment complexes) and a small number of non-residential buildings, primarily constructed from 1998 to 2004. The claims often involve multiple parties and allege that losses were incurred due to excessive moisture penetration of the buildings' structures. The claims typically include allegations of poor building design, inadequate certification of plans, inadequate construction review and compliance certification and deficient work by sub-contractors.

Historically, the Company's New Zealand subsidiaries have been joined to these claims as one of several co-defendants, including local government entities responsible for enforcing building codes and practices, resulting in the Company's New Zealand subsidiaries becoming liable for only a portion of each claim. In addition, the Company's New Zealand subsidiaries have had access to third-party recoveries to defray a portion of the costs incurred in resolving such claims.

The resolution of one or more NZWT litigation matters by way of a court decision or settlement has the potential to impact the accounting treatment regarding the probability of a potential loss and the Company's ability to reasonably estimate a reserve with regards to other NZWT litigation matters. Furthermore, an adverse judgement in one or more NZWT litigation matters could have a material adverse impact on our consolidated financial position, results of operations or cash flows.

There remains one claim filed in 2015 on behalf of multiple plaintiffs against the Company and/or its subsidiaries as the sole defendants, which alleges that the New Zealand subsidiaries' products were inherently defective. The Company believes it has substantial factual and legal defenses to the claim and is defending the claim vigorously.

Cridge, et al. *(Case Nos. CIV-2015-485-594 and CIV-2015-485-773), In the High Court of New Zealand, Wellington Registry* (hereinafter the "Cridge litigation"). From August to December 2020, the trial of phase one of the Cridge litigation was held in Wellington, New Zealand solely to determine whether the Company's New Zealand subsidiaries had a duty to the plaintiffs and breached that duty. In August 2021, the Wellington High Court issued its decision finding in favor of the Company on all claims (the "Cridge Decision"). In September 2021, plaintiffs filed a notice of appeal of the trial court's decision, and subsequently the appellate court held a hearing in August 2022. The Company anticipates the appellate court will issue its decision during calendar year 2023. As of 31 March 2023, the Company has not recorded a reserve related to the Cridge litigation as the chance of loss remains not probable following the Cridge Decision.

Waitakere, et al. *(Case No. CIV-2015-404-3080), In the High Court of New Zealand, Auckland Registry* was settled on 24 April 2023 via a negotiated commercial agreement, the terms of which are confidential. As of 31 March 2023, under the applicable accounting guidance, the Company has accrued all costs associated with this agreement.

Readers are referred to Note 1 for further information related to our policies related to asserted and unasserted claims.

<u>Australia Class Action Securities Claim</u>

On 8 May 2023, a group proceeding (class action) was filed in The Supreme Court of Victoria, Australia by Raeken Pty Ltd against James Hardie Industries plc on behalf of persons who purchased certain James Hardie equity securities from 7 February 2022, through 7 November 2022. The litigation is being funded by a litigation funder in Australia, CASL Funder Pty Ltd. The proceeding includes allegations that James Hardie breached relevant provisions of the Corporations Act 2001 (Cth) and the Australian and Securities Investment Act 2001 (Cth), including with respect to certain forward-looking statements James Hardie made about forecasted financial performance measures during the period specified above. The Company is reviewing this matter and will defend the allegations vigorously. As of 31 March 2023, the Company has not recorded a reserve related to this matter as the chance of loss is not probable and the amount of loss, if any, cannot be reasonably estimated.

<u>Environmental</u>

The operations of the Company, like those of other companies engaged in similar businesses, are subject to a number of laws and regulations on air, soil and water quality, waste handling and disposal. The Company's policy is to accrue for environmental costs when it is determined that it is probable that an obligation exists and the amount can be reasonably estimated.

15. Income Taxes

Income tax expense includes income taxes currently payable and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities. Income tax expense consists of the following components:

	Years Ended 31 March		
(Millions of US dollars)	**2023**	2022	2021
Income before income taxes:			
Domestic	**$ 270.0**	$ 295.0	$ 241.9
Foreign	**453.5**	348.1	170.1
Income before income taxes:	**$ 723.5**	$ 643.1	$ 412.0
Income tax expense:			
Current:			
Domestic	**$ 42.9**	$ 44.4	$ 38.5
Foreign	**81.4**	53.9	(8.6)
Current income tax expense	**124.3**	98.3	29.9
Deferred:			
Domestic	**11.8**	9.4	1.4
Foreign	**75.4**	76.3	117.9
Deferred income tax expense	**87.2**	85.7	119.3
Total income tax expense	**$ 211.5**	$ 184.0	$ 149.2

Income tax expense computed at the statutory rates represents taxes on income applicable to all jurisdictions in which the Company conducts business, calculated at the statutory income tax rate in each jurisdiction multiplied by the pre-tax income attributable to that jurisdiction.

Income tax expense is reconciled to the tax at the statutory rates as follows:

	Years Ended 31 March		
(Millions of US dollars)	**2023**	2022	2021
Income tax expense computed at the statutory tax rates	**$ 135.1**	$ 109.7	$ 58.1
US state income taxes, net of the federal benefit	**10.6**	9.2	8.0
Asbestos - effect of foreign exchange	**(13.3)**	(3.5)	36.8
Expenses not deductible	**3.3**	1.9	2.0
Stock and executive compensation	**1.9**	(0.8)	5.5
Foreign taxes on domestic income	**61.2**	55.2	49.8
Prior year tax adjustments	**(0.1)**	(1.2)	(5.9)
Taxes on foreign income	**12.0**	9.9	1.6
US net operating loss carryback	**—**	—	(4.9)
Other items	**0.8**	3.6	(1.8)
Total income tax expense	**$ 211.5**	$ 184.0	$ 149.2
Effective tax rate	**29.2 %**	28.6 %	36.2 %

The tax effects of significant temporary differences creating deferred tax assets and liabilities were:

(Millions of US dollars)	31 March 2023	2022
Deferred tax assets:		
Intangible assets	**$ 879.0**	$ 958.2
Asbestos liability	**298.6**	360.1
Tax credit carryforwards	**115.0**	118.7
Other provisions and accruals	**85.3**	73.3
Net operating loss carryforwards	**75.4**	66.2
Total deferred tax assets	**1,453.3**	1,576.5
Valuation allowance	**(258.0)**	(261.2)
Total deferred tax assets net of valuation allowance	**1,195.3**	1,315.3
Deferred tax liabilities:		
Depreciable and amortizable assets	**(167.3)**	(164.0)
Other	**(67.4)**	(59.0)
Total deferred tax liabilities	**(234.7)**	(223.0)
Total deferred taxes, net	**$ 960.6**	$ 1,092.3

At 31 March 2023, the Company had tax loss carry-forwards in Australia, New Zealand, Europe and the US of US$75.4 million, that are available to offset future taxable income in the respective jurisdiction. Carry-forwards in Australia, New Zealand and Europe are not subject to expiration.

The Australian net operating loss carry-forwards primarily result from current and prior year tax deductions for contributions to AICF. James Hardie 117 Pty Limited, the performing subsidiary under the AFFA, is able to claim a tax deduction for its contributions to AICF over a five-year period commencing in the year the contribution is incurred. At 31 March 2023, the Company recognized a tax deduction of US$137.4 million (A$200.6 million) for the current year relating to total contributions to AICF of US$722.5 million (A$1,002.8 million) incurred in tax years 2019 through 2023.

The Company establishes a valuation allowance against a deferred tax asset if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

At 31 March 2023, the Company had foreign tax credit carry-forwards of US$111.3 million that are available to offset future taxes payable and against which there is a 100% valuation allowance. The Company also had US tax credit carry-forwards of US$3.7 million that are available to offset future taxes payable which expire between tax years 2023 through 2026, and against which there is a partial valuation allowance of US$2.1 million.

In determining the need for and the amount of a valuation allowance in respect of the Company's asbestos related deferred tax asset, management reviewed the relevant empirical evidence, including the current and past core earnings of the Australian business and forecast earnings of the Australian business considering current trends. Although realization of the deferred tax asset will occur over the life of the AFFA, which extends beyond the forecast period for the Australian business, Australia provides an unlimited carry-forward period for tax losses. Based upon managements' review, the Company believes that it is more likely than not that the Company will realize its asbestos related deferred tax asset and that no valuation allowance is necessary as of 31 March 2023. In the future, based on review of the empirical evidence by management at that time, if management determines that realization of its asbestos related deferred tax asset is not more likely than not, the Company may need to provide a valuation allowance to reduce the carrying value of the asbestos related deferred tax asset to its realizable value.

During the fiscal year ended 31 March 2023, total income tax and withholding tax paid, net of refunds received, was US$117.1 million.

The US Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in March 2020 providing wide ranging economic relief for individuals and businesses. One component of the CARES Act provides the Company with an opportunity to carryback US net operating losses (“NOLs”) arising during the years ended 31 March 2021 and 2020 to the prior five tax years. The Company has utilized and intends to further utilize these carryback provisions to obtain tax refunds. At 31 March 2023, the Company recorded current taxes receivable of US$29.6 million.

The Company or its subsidiaries files income tax returns in various jurisdictions including Ireland, the United States, Australia and various jurisdictions in Europe and Asia Pacific. Due to the size and nature of its business, the Company is subject to ongoing audits and reviews by taxing jurisdictions on various tax matters, including by the Australian Taxation Office in Australia and the Internal Revenue Service ("IRS") in the US. The Company is no longer subject to general tax examinations in Ireland for the tax years prior to tax year 2019, Australia for tax years prior to tax year 2016 and in the US for tax years prior to tax year 2014.

Unrecognized Tax Benefits

For the fiscal years ended 31 March 2023, 2022, and 2021, the total amount of penalties and interest recorded in Income tax expense related to unrecognized tax benefits were immaterial. The liabilities associated with uncertain tax benefits are included in *Other liabilities* on the Company’s consolidated balance sheets. At 31 March 2023, the total amount of unrecognized tax benefits and the total amount of interest and penalties accrued by the Company that, if recognized, would affect the effective tax rate were US$0.9 million.

16. Stock-Based Compensation

Total stock-based compensation expense consists of the following:

	Years Ended 31 March		
(Millions of US dollars)	**2023**	2022	2021
Liability Awards	**$ 2.7**	$ 3.2	$ 21.7
Equity Awards	**15.7**	9.0	18.0
Total stock-based compensation expense	**$ 18.4**	$ 12.2	$ 39.7

As of 31 March 2023, the unrecorded future stock-based compensation expense related to outstanding equity awards was US$30.6 million and will be recognized over an estimated weighted average amortization period of 1.9 years.

2001 Equity Incentive Plan

Under the Company’s 2001 Equity Incentive Plan (the “2001 Plan”), which was amended and restated in August 2021 and approved by shareholders, the Company can grant equity awards in the form of nonqualified stock options, performance awards, restricted stock grants, stock appreciation rights, dividend equivalent rights, phantom stock or other stock-based benefits such as restricted stock units.

Long-Term Incentive Plan 2006

The Company's shareholders approved the establishment of a Long-Term Incentive Plan in 2006 (the "LTIP") to provide incentives to certain members of senior management ("Executives"). The Company determines the conditions or restrictions of any awards, which may include requirements of continued employment, individual performance or the Company's financial performance or other criteria. Currently, the plan only allows for RSUs to be granted under the LTIP.

The following table summarizes the Company's shares available for grant as options, RSUs or other equity instruments under the LTIP and 2001 Plan:

	Shares Available for Grant
Balance at 31 March 2021	**22,087,623**
Granted	(597,927)
Balance at 31 March 2022	**21,489,696**
Granted	**(2,540,893)**
Balance at 31 March 2023	**18,948,803**

Stock Options

There were no stock options granted during the years ended 31 March 2022 or 2021. The following table summarizes the Company's stock options activity during the noted period:

	Outstanding Options	
	Number of Options	Weighted Average Exercise Price (A$)
Balance at 31 March 2022	—	—
Granted	269,221	33.05
Balance at 31 March 2023	269,221	33.05
Options exercisable at 31 March 2023	—	—

Stock options vest on the third anniversary of the date of grant provided continuous employment at the applicable vesting date. Vested stock options can be exercised for shares for the exercise price at any time. As of 31 March 2023, the weighted-average remaining contractual term is 4.6 years and the aggregate intrinsic value is nil.

RSUs

The Company estimates the fair value of RSUs on the date of grant and recognizes this estimated fair value as compensation expense over the periods in which the RSU vests.

The following table summarizes the Company's RSU activity:

(Units)	Service Vesting (2001 Plan)	Performance Vesting (LTIP)	Market Conditions (LTIP)	Total	Weighted Average Fair Value at Grant Date (A$)
Outstanding at 31 March 2021	**593,486**	**726,288**	**1,286,922**	**2,606,696**	**19.01**
Granted	233,443	141,015	223,469	597,927	41.73
Vested	(313,641)	(248,202)	(565,878)	(1,127,721)	14.96
Forfeited	(98,613)	(327,397)	(450,480)	(876,490)	27.73
Outstanding at 31 March 2022	**414,675**	**291,704**	**494,033**	**1,200,412**	**27.83**
Granted	1,279,127	268,009	724,536	2,271,672	26.12
Vested	(449,458)	(87,307)	(256,787)	(793,552)	25.17
Forfeited	(107,818)	(100,377)	(91,738)	(299,933)	28.46
Outstanding at 31 March 2023	**1,136,526**	**372,029**	**870,044**	**2,378,599**	**26.97**

The following table includes the assumptions used for RSU grants (market condition) valued:

Vesting Condition:	**Market** FY23	**Market** FY23	**Market** FY23	**Market** FY23	**Market** FY23	**Market** FY23	**Market** FY22	**Market** FY22
Date of grant	31-Aug-22	31-Aug-22	3-Nov-22	3-Nov-22	3-Nov-22	13-Mar-23	27-Aug-21	9-Sep-21
Dividend yield (per annum)	1.5 %	1.5 %	— %	— %	— %	— %	2.0 %	2.0 %
Expected volatility	41.9 %	33.4 %	42.5 %	35.1 %	43.8 %	36.3 %	40.0 %	40.2 %
Risk free interest rate	3.5 %	3.5 %	4.7 %	4.7 %	4.7 %	4.0 %	0.4 %	0.4 %
Expected life in years	3.0	2.0	0.8	1.8	2.8	2.4	3.0	2.9
JHX stock price at grant date (A$)	33.51	33.51	33.05	33.05	33.05	30.98	52.66	52.12
Number of restricted stock units	387,360	102,250	38,387	39,450	115,688	41,401	130,513	92,956

The following table presents the total fair value of all of our restricted stock units vested

	Years ended 31 March		
(Millions of US dollars)	**2023**	2022	2021
Total fair value vested	**$ 18.4**	$ 42.6	$ 27.8

Scorecard LTI – CSUs

Under the terms of the LTIP, the Company grants scorecard LTI CSUs to executives and the vesting of awards is based on the individual's performance measured over a three year period against certain performance targets. These awards provide recipients a cash incentive based on an average 20 trading-day closing price of JHI plc's common stock price and each executive's scorecard rating.

The following represents the activity related to the CSUs:

	FY23	FY22
Granted	751,569	423,051
Vested	237,600	433,872
Cancelled	325,459	1,292,934

For the fiscal years ending 31 March 2023, 2022 and 2021, US$5.9 million, US$15.2 million and US$8.2 million, respectively, was paid in cash upon vesting of CSU units.

17. Capital Management

The following table summarizes the dividends declared or paid during the fiscal years 2023, 2022 and 2021:

(Millions of US dollars)	US Cents/Security	US$ Millions Total Amount Paid	Announcement Date	Record Date	Payment Date
FY 2022 second half dividend	0.30	129.6	17 May 2022	27 May 2022	29 July 2022
FY 2022 first half dividend	0.40	174.1	9 November 2021	19 November 2021	17 December 2021
FY 2021 special dividend	0.70	309.9	10 February 2021	19 February 2021	30 April 2021

On 8 November 2022, the Company announced a share buyback program to acquire up to US$200 million of its outstanding shares through October 2023. Below is the activity under this program:

In Millions, except price per share	Total Number of Shares Purchased	Average Price Paid per Share (US$)	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares That May Yet be Purchased Under the Program (US$)
1 December 2022 - 31 December 2022	1.6	$19.34	1.6	$168.8
1 January 2023 - 31 January 2023	—	$—	—	$168.8
1 February 2023 - 28 February 2023	1.1	$21.72	1.1	$144.3
1 March 2023 - 31 March 2023	1.1	$20.78	1.1	$121.6
Total as of 31 March 2023	3.8		3.8	$121.6

All shares repurchased were subsequently cancelled by the Company and are no longer available for issuance.

18. Operating Segment Information and Concentrations of Risk

The Company reports its operating segment information in the format that the operating segment information is available to and evaluated by the Chief Operating Decision Maker. The North America Fiber Cement segment manufactures fiber cement interior linings, exterior siding products and related accessories in the United States; these products are sold in the United States and Canada. The Asia Pacific Fiber Cement segment includes all fiber cement products manufactured in Australia and the Philippines, and sold in Australia, New Zealand, Asia, the Middle East and various Pacific Islands. The Europe Building Products segment includes fiber gypsum product manufactured in Europe, and fiber cement product manufactured in the United States that is sold in Europe. The Research and Development segment represents the cost incurred by the research and development centers. General Corporate primarily consist of *Asbestos adjustments loss*, officer and employee compensation and related benefits, professional and legal fees, administrative costs and rental expense on the Company's corporate offices. The Company does not report net interest expense for each segment as the segments are not held directly accountable for interest expense.

Operating Segments

The following is the Company's operating segment information:

	Net Sales Years Ended 31 March		
(Millions of US dollars)	**2023**	2022	2021
North America Fiber Cement	**$ 2,787.6**	$ 2,551.3	$ 2,040.2
Asia Pacific Fiber Cement	**539.2**	574.9	458.2
Europe Building Products	**450.3**	488.5	410.3
Worldwide total	**$ 3,777.1**	$ 3,614.7	$ 2,908.7

	Operating Income Years Ended 31 March		
(Millions of US dollars)	**2023**	2022	2021
North America Fiber Cement	**$ 767.5**	$ 741.2	$ 585.5
Asia Pacific Fiber Cement	**142.8**	160.8	124.8
Europe Building Products	**26.5**	62.9	37.6
Research and Development	**(33.3)**	(34.4)	(28.9)
Segments total	**903.5**	930.5	719.0
General Corporate	**(162.1)**	(247.9)	(246.2)
Total operating income	**$ 741.4**	$ 682.6	$ 472.8

	Depreciation and Amortization Years ended 31 March		
(Millions of US dollars)	**2023**	2022	2021
North America Fiber Cement	**$ 126.1**	$ 114.4	$ 89.1
Asia Pacific Fiber Cement	**14.7**	13.6	13.9
Europe Building Products	**28.0**	29.8	28.0
General Corporate	**1.8**	2.8	2.8
Research and Development	**2.0**	1.2	1.2
Total	**$ 172.6**	$ 161.8	$ 135.0

	Total Identifiable Assets 31 March	
(Millions of US dollars)	**2023**	2022
North America Fiber Cement	**$ 1,672.9**	$ 1,434.8
Asia Pacific Fiber Cement	**509.7**	429.1
Europe Building Products	**781.5**	745.2
Research and Development	**15.6**	13.5
Segments total	**2,979.7**	2,622.6
General Corporate [1]	**1,499.4**	1,620.6
Worldwide total	**$ 4,479.1**	$ 4,243.2

The following is the Company's geographical information:

(Millions of US dollars)	Net Sales Years Ended 31 March 2023	2022	2021
North America [2]	**$ 2,787.6**	$ 2,551.3	$ 2,040.2
Australia	**380.9**	391.7	321.9
Germany	**137.8**	165.0	143.0
New Zealand	**88.1**	115.9	81.9
Other Countries [3]	**382.7**	390.8	321.7
Worldwide total	**$ 3,777.1**	$ 3,614.7	$ 2,908.7

(Millions of US dollars)	Total Identifiable Assets 31 March 2023	2022
North America [2]	**$ 1,679.8**	$ 1,442.7
Australia	**398.8**	314.4
Germany	**490.9**	503.7
New Zealand	**41.2**	48.9
Other Countries [3]	**369.0**	312.9
Segments total	**2,979.7**	2,622.6
General Corporate [1]	**1,499.4**	1,620.6
Worldwide total	**$ 4,479.1**	$ 4,243.2

1 Included in General Corporate are deferred tax assets for each operating segment that are not held directly accountable for deferred income taxes and Asbestos-related assets.

2 The amounts disclosed for North America are substantially all related to the USA.

3 Included are all other countries that account for less than 5% of net sales and total identifiable assets individually, primarily in the Philippines, Spain and other European countries.

Research and development expenditures are expensed as incurred and are summarized by segment in the following table. Research and development segment operating income also includes *Selling, general and administrative expenses* of US$2.2 million, US$4.1 million and US$2.9 million in fiscal years 2023, 2022 and 2021, respectively.

(Millions of US dollars)	Years Ended 31 March 2023	2022	2021
North America Fiber Cement	**$ 5.5**	$ 5.3	$ 5.6
Asia Pacific Fiber Cement	**1.3**	1.5	1.1
Europe Building Products	**1.7**	0.9	1.6
Research and Development	**31.1**	30.3	26.0
	$ 39.6	$ 38.0	$ 34.3

Concentrations of Risk

The distribution channels for the Company's fiber cement products are concentrated. The Company has one customer who has contributed greater than 10% of net sales in each of the past three fiscal years. The following represents net sales generated by this customer, which is from the North America Fiber Cement segment:

	Years Ended 31 March								
(Millions of US dollars)		**2023**			2022			2021	
Customer A	**$**	**450.1**	**12.0 %**	$	418.3	12.0 %	$	347.3	12.0 %

Approximately 30%, 33% and 33% of the Company's net sales in fiscal year 2023, 2022 and 2021, respectively, were from outside the United States. Consequently, changes in the value of foreign currencies could significantly affect the consolidated financial position, results of operations and cash flows of the Company's non-US operations on translation into US dollars.

19. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is comprised of the following at 31 March 2023:

(Millions of US dollars)		Cash Flow Hedges		Pension Actuarial (Loss) Gain		Foreign Currency Translation Adjustments		Total
Balance at 31 March 2022	$	0.2	$	(0.3)	$	(21.9)	$	(22.0)
Other comprehensive gain (loss)		—		2.1		(33.4)		(31.3)
Balance at 31 March 2023	**$**	**0.2**	**$**	**1.8**	**$**	**(55.3)**	**$**	**(53.3)**

20. Employee Benefit Plan

In the United States, the Company sponsors a defined contribution plan, the James Hardie Retirement and Profit Sharing Plan (the "401(k) Plan") which is a tax-qualified retirement and savings plan covering all US employees, including the Senior Executive Officers, subject to certain eligibility requirements. In addition, the Company matches employee's contributions dollar for dollar up to a maximum of the first 6% of an employee's eligible compensation.

For the fiscal years ended 31 March 2023, 2022 and 2021, the Company made matching contributions of US$16.3 million, US$14.1 million and US$11.1 million, respectively.

In January 2021, the Company established a deferred compensation plan for its executives whereby the plan assets are held in a rabbi trust. The deferred compensation is funded to the rabbi trust which holds investments directed by the participants and are accounted for as held for sale. The Company will match up to a maximum of the first 6% of an employee's eligible compensation that would not be eligible in the 401(k) Plan due to IRS contribution limits so long as the participant defers eligible compensation to the deferred compensation plan. As of 31 March 2023, the assets held in trust and related deferred compensation liability recorded in the accompanying consolidated balance sheets are immaterial.

EXHIBIT 99.7

KPMG

Valuation of Asbestos-Related Disease Liabilities of former James Hardie entities ("the Liable Entites") to be met by the AICF Trust

Prepared for Asbestos Injuries Compensation Fund Limited ("AICFL")

As at 31 March 2023

16 May 2023

International Towers Sydney 3
300 Barangaroo Ave
Sydney NSW 2000

PO Box H67
Australia Square NSW 1215
Australia

ABN: 91 144 686 046
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

16 May 2023

Narreda Grimley
Chief Executive Officer
Asbestos Injuries Compensation Fund Limited
Suite 202, Level 2, 56 Clarence Street
Sydney NSW 2000

Cc Jason Miele, Chief Financial Officer, James Hardie Industries plc
Mark Hare, Director, Department of Premier and Cabinet, The State of New South Wales
The Board of Directors, Asbestos Injuries Compensation Fund Limited

Dear Narreda

Valuation of Asbestos-Related Disease Liabilities of former James Hardie entities ("The Liable Entities") to be met by the AICF Trust

We are pleased to provide you with our Annual Actuarial Report relating to the asbestos-related disease liabilities of the Liable Entities which are to be met by the AICF Trust.

The report is effective as at 31 March 2023 and has taken into account claims data and information provided to us by AICFL as at 31 March 2023.

If you have any questions with respect to the contents of this report, please do not hesitate to contact us.

Yours sincerely

N Donlevy

Neil Donlevy MA FIA FIAA
Partner, KPMG
Fellow of the Institute of Actuaries of Australia
Fellow of the Institute of Actuaries (London)

Jefferson Gibbs BSc FIAA
Partner, KPMG
Fellow of the Institute of Actuaries of Australia

Executive Summary

Important Note: Basis of Report

This valuation report ("the Report") has been prepared by KPMG (ABN 91 144 686 046) in accordance with an "Amended and Restated Final Funding Agreement in respect of the provision of long-term funding for compensation arrangements for certain victims of Asbestos-related diseases in Australia" (hereafter referred to as the "the Amended Final Funding Agreement") between James Hardie Industries NV (now known as James Hardie Industries plc) (hereafter referred to as "James Hardie"), James Hardie 117 Pty Limited, the State of New South Wales and Asbestos Injuries Compensation Fund Limited ("AICFL") which was signed on 21 November 2006.

This Report is intended to meet the requirements of the Amended Final Funding Agreement and values the asbestos-related disease liabilities of the Liable Entities to be met by the AICF Trust.

This Report is not intended to be used for any other purpose and may not be suitable, and should not be used, for any other purpose. Opinions and estimates contained in the Report constitute our judgment as of the date of the Report.

The information contained in this Report is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever as, advice and is not intended to influence a person in making a decision in relation to any financial product or an interest in a financial product. No one should act on the information contained in this Report without obtaining appropriate professional advice after a thorough examination of the accuracy and appropriateness of the information contained in this Report having regard to their objectives, financial situation and needs.

In preparing the Report, KPMG has relied on information supplied to it from various sources and has assumed that the information is accurate and complete in all material respects. KPMG has not independently verified the accuracy or completeness of the data and information used for this Report.

Except insofar as liability under statute cannot be excluded, KPMG, its executives, directors, employees and agents will not be held liable for any loss or damage of any kind arising as a consequence of any use of the Report or purported reliance on the Report including any errors in, or omissions from, the valuation models.

The Report must be read in its entirety. Individual sections of the Report, including the Executive Summary, could be misleading if considered in isolation. In particular, the opinions expressed in the Report are based on a number of assumptions and qualifications which are set out in the full Report.

Introduction

The Amended Final Funding Agreement requires the completion of an Annual Actuarial Report evaluating the potential asbestos-related disease liabilities of the Liable Entities to be met by the AICF Trust. KPMG has been retained by AICFL to provide this Annual Actuarial Report as required under the Amended Final Funding Agreement and this is detailed in our Engagement Letter dated 10 November 2022.

The Liable Entities are defined as being the following entities:

- Amaca Pty Ltd (formerly James Hardie & Coy);
- Amaba Pty Ltd (formerly Jsekarb, James Hardie Brakes and Better Brakes); and
- ABN60 Pty Ltd (formerly James Hardie Industries Ltd).

In addition, the liability for Baryulgil claims is deemed to be a liability of Amaca by virtue of the James Hardie (Civil Liability) Act 2005 (NSW). Under Part 4 of that Act, Amaca is liable for the "Marlew Asbestos Claims" or "Marlew Contribution Claims" as defined in that Act.

Our valuation is on a central estimate basis and is intended to be effective as at 31 March 2023. It has been based on claims data and information as at 31 March 2023 provided to us by AICFL.

Overview of Recent Claims Experience and comparison with previous valuation projections

In this section we compare the actual experience in 2022/23 (referred to in the following tables as "FY23 Actual") with the projections for 2022/23 that were contained within our previous valuation report at 31 March 2022. We will refer to these projections for 2022/23 as "FY23 Expected" in the tables that follow.

Claim numbers

There have been 383 mesothelioma claims reported in 2022/23, a 2% decrease compared to the 390 mesothelioma claims reported in 2022/23 and 1% above expectations for 2022/23 (378 claims).

Direct claims were broadly in line with expectations with actual claims being 1 less than expected. Cross claims were 7% above expectations with 6 more claims than expected.

For non-mesothelioma claims (excluding workers compensation claims), there have been 156 claims reported in 2022/23, which is a 7% increase compared to the 146 claims reported in 2021/22.

The following table shows the comparison of actual experience with that which had been forecast at the previous valuation.

Table E.1. Comparison of claim numbers

	FY23 Actual	FY23 Expected	Ratio of Actual to Expected (%)	FY22 Actual
Mesothelioma (direct claims)	**287**	**288**	**100%**	**300**
<60	14	18	78%	17
60-70	44	58	76%	56
70-80	119	122	98%	124
80+	107	90	119%	103
age not known	3	0	n/a	0
Mesothelioma (cross claims)	**96**	**90**	**107%**	**90**
<60	2	2	100%	2
60-70	15	15	100%	15
70-80	45	39	115%	36
80+	34	34	100%	37
age not known	0	0	n/a	0
Total	**383**	**378**	**101%**	**390**

	FY23 Actual	FY23 Expected	Ratio of Actual to Expected (%)	FY22 Actual
Asbestosis	97	93	104%	99
Lung Cancer	22	18	122%	18
ARPD & Other	34	33	103%	29
Wharf	3	3	100%	0
Workers	16	18	89%	19
Total	**172**	**165**	**104%**	**165**

Average Claim Awards

Average claims awards in 2022/23 have been higher than expectations for the two youngest of the four age cohorts for direct mesothelioma claims and lower than expectations for all four age cohorts for cross mesothelioma claims.

For the other disease types, average claim sizes have been higher than expectations for asbestosis and lung cancer while they were lower than expectations for other claim types.

The following tables shows the comparison of actual experience with that which had been forecast at the previous valuation.

Table E.2. Comparison of average claim size of mesothelioma non-nil claims

	FY23 Actual ($)	FY23 Expected ($)	Ratio of Actual to Expected (%)	FY22 Actual ($)
Mesothelioma (direct claims)				
<60	779,553	730,800	107%	725,002
60-70	595,168	520,800	114%	510,457
70-80	427,013	452,550	94%	460,090
80+	346,342	384,300	90%	407,143
Mesothelioma (cross claims)				
<60	0	216,300	0%	153,790
60-70	111,543	142,800	78%	87,441
70-80	74,143	95,550	78%	89,182
80+	71,487	90,300	79%	58,510
Mesothelioma Large Claims (settled)				
Number	2	3	67%	4
Average claim size	2,385,887	2,714,000	88%	2,823,684
Large claim expenditure	4,771,773	8,142,000	59%	11,294,735

Note: FY22 Actuals have been inflated (by 4%) to mid 2022/23 values

Note: FY22 large claims include "Werfel" for which judgment was entered in 2019/20 but was paid in 2021/22 following appeal.

Table E.3. Comparison of average claim size of non-mesothelioma non-nil claims

	FY23 Actual ($)	FY23 Expected ($)	Ratio of Actual to Expected (%)	FY22 Actual ($)
Asbestosis	144,688	136,500	106%	153,689
Lung Cancer	172,595	136,500	126%	173,819
ARPD & Other	70,842	126,000	56%	87,314
Wharf	0	105,000	0%	0
Workers	89,370	131,250	68%	0

Cashflow expenditure: gross and net

Gross cashflow expenditure, at $160.6m, was 11% below expectations.

Net cashflow expenditure, at $146.6m, was 12% below expectations.

Table E.4. Comparison of cashflow

	FY23 Actual ($M)	FY23 Expected ($M)	Ratio of Actual to Expected (%)	FY22 Actual ($M)
Gross Cashflow	**160.6**	**180.2**	**89%**	**164.4**
Insurance and Other Recoveries	(14.0)	(14.3)	98%	(11.4)
Insurance recoveries from HIH and from commutations	0.0	0.0	n/a	(3.8)
Net Cashflow	**146.6**	**165.9**	**88%**	**149.2**

Liability Assessment

At 31 March 2023, our projected central estimate of the liabilities of the Liable Entities (the Discounted Central Estimate) to be met by the AICF Trust is $1,508.0m (2022: $1,622.3m).

We have not allowed for the future Operating Expenses of the AICF Trust or the Liable Entities in the liability assessment.

The following table shows a summary of our central estimate liability assessment and compares the current assessment with our previous valuation.

Table E.5. Comparison of central estimate of liabilities

	31 March 2023 $m			31 March 2022 $m
	Gross of insurance recoveries	Insurance recoveries	Net of insurance recoveries	Net of insurance recoveries
Total uninflated and undiscounted cashflows	**1,384.2**	**49.6**	**1,334.6**	**1,389.9**
Wage inflation allowance	396.0	7.7	388.3	402.2
Superimposed inflation allowance	201.8	3.9	197.9	211.5
Total inflated and undiscounted cashflows	**1,982.0**	**61.2**	**1,920.8**	**2,003.6**
Discounting allowance at risk-free rates	(424.0)	(11.2)	(412.8)	(381.3)
Net present value of cashflows	**1,558.0**	**50.0**	**1,508.0**	**1,622.3**

Comparison with previous valuation

In the absence of any change to the claim projection assumptions from our 31 March 2022 valuation, we would have projected a Discounted Central Estimate liability of $1,467.8m as at 31 March 2023.

The decrease of $154.5m relative to the valuation result at 31 March 2022 is due to:

- A decrease of $146.6m for the impact of actual claims payments (which reduce the liability). The chart below separately shows the impact of the expected payments (a reduction of $165.9m) and the variance between actual and expected payments (an increase of $19.3m);
- An increase of $16.2m for the "unwind of discount"; and
- A decrease of $24.1m resulting from increases to the yield curve between 31 March 2022 and 31 March 2023.

Our liability assessment at 31 March 2023 of $1,508.0m therefore represents an increase of $40.2m arising from changes to the actuarial assumptions. The increase is principally a consequence of:

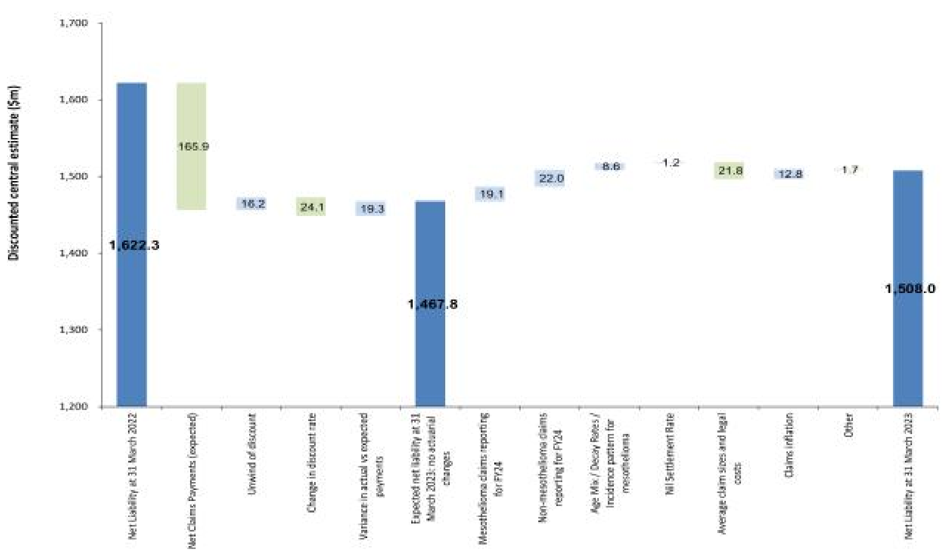
- Increases to the assumed number of future mesothelioma claims for 2023/24 together with adjustments for the impact of a revised mix of claims by age;
- An increased allowance for future non-mesothelioma claim numbers; and
- An allowance for higher near-term wage inflation assumptions for the next two financial years;

offset by

- A reduction in the assumed average claim cost and legal cost assumptions, primarily for mesothelioma.

The following chart shows an analysis of the change in our liability assessment from 31 March 2022 to 31 March 2023 on a discounted basis.

Figure E.1. Analysis of change in central estimate liability (discounted basis)



Note: Green bars signal that this factor has given rise to a decrease in the liability whilst light blue bars signal that this factor has given rise to an increase in the liability.

Amended Final Funding Agreement calculations

The Amended Final Funding Agreement sets out the basis on which payments will be made to the AICF Trust.

Additionally, there are a number of other figures specified within the Amended Final Funding Agreement that we are required to calculate. These are:

- Discounted Central Estimate;
- Term Central Estimate; and
- Period Actuarial Estimate.

Table E.6. Amended Final Funding Agreement calculations

	$m
Discounted Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,508.0
Period Actuarial Estimate (net of cross-claim recoveries, gross of Insurance and Other Recoveries) comprising:	488.6
Discounted value of cashflow in 2023/24	*172.0*
Discounted value of cashflow in 2024/25	*162.3*
Discounted value of cashflow in 2025/26	*154.3*
Term Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,484.6

The actual funding amount due at a particular date will depend upon a number of factors, including:

- the net asset position of the AICF Trust at that time;
- the free cash flow amount of the James Hardie Group in the preceding financial year; and
- the Period Actuarial Estimate in the latest Annual Actuarial Report.

Uncertainty

Estimates of asbestos-related disease liabilities are subject to considerable uncertainty, significantly more than personal injury liabilities in relation to other causes, such as CTP or Workers Compensation claims.

It should therefore be expected that the actual emergence of the liabilities will vary from any estimate. As indicated in Figure E.2, depending on the actual out-turn of experience relative to that currently forecast, the variation could potentially be substantial.

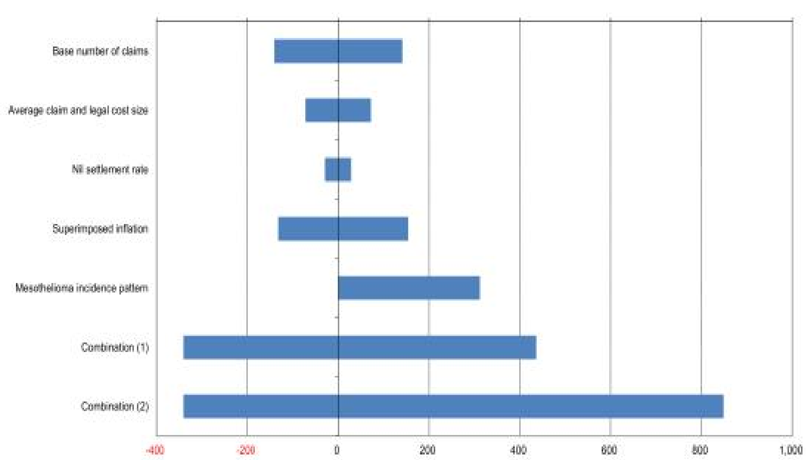
Thus, no assurance can be given that the actual liabilities of the Liable Entities to be met by the AICF Trust will not ultimately exceed the estimates contained in this Report. Any such variation may be significant.

We have performed sensitivity testing to identify the impact of different assumptions upon the size of the liabilities. The different scenarios selected are documented at Section 11.2 of this report.

We have not included a sensitivity test for the impact of changes in discount rates although, as noted in this Report, changes in discount rates can introduce significant volatility to the Discounted Central Estimate result reported at each year-end.

We note that these sensitivity test ranges are not intended to correspond to a specified probability of sufficiency, nor are they intended to indicate an upper bound or a lower bound of all possible outcomes.

Figure E.2. Sensitivity testing results – Impact around the Discounted Central Estimate (in $m)



The single most sensitive assumption shown in the chart is the peak period of claims reporting against the Liable Entities. Shifting the pattern of incidence by 2 years could add approximately $312m (21%) on a discounted basis to our valuation (as shown in the above chart by the scenario labelled "mesothelioma incidence pattern").

Table E.7. Summary results of sensitivity analysis ($m)

	Undiscounted	Discounted
Central estimate	1,920.8	1,508.0
Low Scenario	1,457.8	1,167.5
High Scenario	3,151.4	2,357.0

Whilst the table above indicates a range around the discounted central estimate of liabilities of -$341m to +$849m, the actual cost of liabilities could fall outside that range depending on the actual experience.

Executive Summary Not Report

Please note that this executive summary is intended as a brief overview of our Report. To properly understand our analysis and the basis of our liability assessment requires examination of our Report in full.

Contents

Appendices

1. Scope and Purpose

1.1 Introduction

The Amended Final Funding Agreement requires the completion of an Annual Actuarial Report evaluating the potential asbestos-related disease liabilities of the Liable Entities to be met by the AICF Trust.

1.1.1 Liable Entities

The Liable Entities are defined as being the following entities:

- Amaca Pty Ltd (formerly James Hardie & Coy);
- Amaba Pty Ltd (formerly Jsekarb, James Hardie Brakes and Better Brakes); and
- ABN60 Pty Ltd (formerly James Hardie Industries Ltd).

In addition, the liability for Baryulgil claims is deemed to be a liability of Amaca by virtue of the James Hardie (Civil Liability) Act 2005 (NSW). Under Part 4 of that Act, Amaca is liable for "Marlew Asbestos Claims" or "Marlew Contribution Claims" as defined in that Act.

Baryulgil claims are discussed further in Section 5.8.

1.1.2 Personal asbestos claims

Under the Amended Final Funding Agreement, the liabilities to be met by the AICF Trust relate to personal asbestos-related disease liabilities of the Liable Entities.

The precise scope of the liabilities is documented in Section 1.2 and in Appendix C of this Report.

1.1.3 Purpose of report

KPMG has been retained by AICFL to provide an Annual Actuarial Report as required under the Amended Final Funding Agreement and this is detailed in our Engagement Letter dated 10 November 2022.

The prior written consent of KPMG is required for any other use of this Report or the information contained in it.

Our valuation is effective as at 31 March 2023 and has been based on claims data and information as at 31 March 2023 provided to us by AICFL.

1.2 Scope of report

We have been requested to provide an actuarial assessment as at 31 March 2023 of the asbestos-related disease liabilities of the Liable Entities to be met by the AICF Trust, consistent with the terms of the Amended Final Funding Agreement.

The assessment is on a central estimate basis and is based on the claims experience as at 31 March 2023.

A "central estimate" liability assessment is an estimate of the expected value of the range of potential future liability outcomes. In other words, if all the possible values of the liabilities are expressed as a statistical distribution, the central estimate is an estimate of the mean of that distribution.

It is of note that our liability assessment:

- Relates to the Liable Entities and Marlew (in relation to Marlew Claims arising from asbestos mining activities at Baryulgil).
- Is intended to cover:
  - The amount of settlements, judgments or awards for all Personal Asbestos Claims.
  - Claims Legal Costs incurred by the AICF Trust in connection with the settlement of Personal Asbestos Claims.
- Is not intended to cover:
  - Personal injury or death claims arising from exposure to asbestos which took place outside Australia.
  - Personal injury or death claims, arising from exposure to Asbestos, which are brought in Courts outside Australia.
  - Claims for economic loss, other than any economic loss forming part of an award for damages for personal injury and/or death.
  - Claims for loss of property, including those relating to land remediation.
  - The costs of asbestos or asbestos product removal relating to asbestos or asbestos products manufactured or used by or on behalf of the Liable Entities.
- Includes an allowance for:
  - Workers Compensation claims, being claims from former employees of the Liable Entities, but only to the extent that such liabilities are not met by a Workers Compensation Scheme or Policy (see section 1.2.1).
  - Compensation to the NSW Dust Diseases Authority ("DDA") or a Workers Compensation Scheme by way of a claim by such parties for contribution or reimbursement from the Liable Entities, but only to the extent that the cost of such claims is within the limits of funding for such claims as outlined within the Amended Final Funding Agreement.
- Assumes that the product and public liability insurance policies of the Liable Entities will continue to respond to claims as and when they fall due. We have not made any allowance for the impact of any disputation concerning Insurance Recoveries, nor for any legal costs that may be incurred in resolving such disputes.

- Makes no allowance for:
  - Insurance Recoveries from insurance policies placed from 1986 onwards which were placed on a "claims made" basis.
  - the future Operating Expenses of the Liable Entities or the AICF Trust. Separate allowance for future Operating Expenses should be considered by the management of AICFL.
  - the inherent uncertainty of the liability assessment. That is, no additional provision (or risk margin) has been included in excess of a central estimate.

Readers of this Report may refer to our previous reports which are available at www.ir.jameshardie.com.au and www.aicf.org.au.

1.2.1 Workers Compensation

Workers Compensation claims are claims made by former employees of the Liable Entities. Such past, current and future reported claims were insured with, amongst others, Allianz Australia Limited, QBE and the various State-based Workers Compensation Schemes.

Under the Amended Final Funding Agreement, the part of a future Workers Compensation claim that is met by a Workers Compensation Scheme or Policy of the Liable Entities is outside of the AICF Trust. The AICF Trust is, however, to provide for any part of a claim not covered by a Workers Compensation Scheme or Policy (e.g. as a result of the existence of limits of indemnity and policy deductibles on those policies of insurance).

On this basis our liability assessment in relation to Workers Compensation claims and which relates to the AICF Trust, includes only the amount borne by the Liable Entities in excess of the anticipated recoveries due from a Workers Compensation Scheme or Policy.

In making our assessment we have assumed that the Workers Compensation insurance programme will continue to respond to claims by former employees of the Liable Entities as and when they fall due. To the extent that they were not to respond owing to (say) insurer insolvency, Insurer Guarantee Funds may be available to meet such obligations.

1.2.2 Dust Disease Authority and Other Reimbursements

The Amended Final Funding Agreement indicates that the AICF Trust is intended to meet Personal Asbestos Claims and that claims by the DDA or a Workers Compensation Scheme for reimbursement will only be met up to a certain specified limit (aggregated across the DDA and Workers Compensation Schemes), being:

- In the first financial year (2006/07) a limit of $750,000 applied;
- In respect of each financial year thereafter, that limit is indexed annually in line with the Consumer Price Index. The annual limit for FY2024 will be $1.17m (FY23: $1.09m);
- There is an overall unindexed aggregate cap of $30m;
- At 31 March 2023, AICFL has paid out $14.58m to the DDA.

The cashflow and liability figures contained within this Report have already removed that component of any reimbursements that will not be met by the AICF Trust owing to the application of these limits and caps.

1.2.3 Risk Margins

Australian-licensed insurance companies are required to hold, and many non-insurance companies elect to hold, insurance and self-insurance claims provisions at a level above the central estimate basis to reflect the uncertainty attaching to the liability assessment and to include an allowance in respect of that uncertainty.

A risk margin is an additional amount held, above the central estimate, so as to increase the likelihood of adequacy of the provisions to meet the ultimate cost of settlement of those liabilities.

We note that the Amended Final Funding Agreement envisages the ongoing financing of the AICF Trust is to be based on a "central estimate" approach and that the Annual Actuarial Report should provide a Discounted Central Estimate valuation.

Accordingly, we have made no allowance for any risk margins within this Report.

1.3 Areas of potential exposure

As identified in Section 1.2, there are other potential sources of claims exposure beyond those directly considered within this Report. However, in a number of cases they are unquantifiable even if they have the potential to generate claims. This is especially the case for those sources of future claim where there has been no evidence of claims to date.

1.3.1 General areas of potential exposure

Areas of potential changes in claims exposure we have not explicitly allowed for in our valuation include, but are not limited to:

- Future significant individual landmark and precedent-setting judicial decisions;
- Significant medical advancements;
- Unimpaired claims, i.e. claims for fear, stress, pure nervous shock or psychological illness;
- A change in the basis of compensation for asymptomatic pleural plaques for which no associated physical impairment is exhibited;
- A proliferation (compared to past and current levels of activity) of "third-wave" claims, i.e. claims arising as a result of indirect exposure such as home renovation, washing clothes of family members that worked with asbestos, or from workers involved in the removal of asbestos or the demolition of buildings containing asbestos;
- Changes in legislation, especially those relating to tort reform for asbestos sufferers. Examples include the consultation by the Law Reform Commission in Western Australia in relation to damages for gratuitous services and provisional damages;
- Introduction of new, or elimination of existing, heads of damage;

- Exemplary and aggravated or punitive damages (being damages awarded for personal injuries caused as a result of negligence or reckless conduct);
- Changes in the basis of apportionment of awards for asbestos-related diseases for claimants who have smoked;
- Changes to taxation; and
- Future bankruptcies of other asbestos claim defendants (i.e. other liable manufacturers or distributors).

Nonetheless, implicit allowance is made in respect of some of these items in the allowance for superimposed inflation included in our liability assessment. Furthermore, to the extent that some of these have emerged in past claims experience, they are reflected in our projections.

1.3.2 Third-wave claims

We have made allowance for so-called "third-wave" claims. These are defined as claims for personal injury and / or death arising from asbestos exposure during home renovations by individuals or to builders involved in such renovations. Such claims are allowed for within the projections to the extent to which they have arisen to date and to the extent our exposure model factors in these exposures in its projection.

We have not allowed for a significant additional surge in third-wave claims (over and above current levels of activity) in the future arising from renovations, but conversely we have not allowed for a tempering of those third-wave claims already included within our projection as a result of improved education of individuals as to the risks of such home renovations, or of any local Councils or State Governments passing laws in this regard.

It should be noted that claims for the cost of asbestos or asbestos product removal from homes and properties or any claims for economic loss arising from asbestos or asbestos products being within such homes and properties is not required to be met by the AICF Trust.

1.4 Data reliances and limitations

KPMG has relied upon the accuracy and completeness of the data with which it has been provided. KPMG has not verified the accuracy or completeness of the data, although we have undertaken steps to test its consistency with data previously received. However, KPMG has placed reliance on the data previously received, and currently provided, as being accurate and complete in all material respects.

1.5 Uncertainty

It must be understood that estimates of asbestos-related disease liabilities are subject to considerable uncertainty.

This is due to the fact that the ultimate disposition of future claims will be subject to the outcome of events that have not yet occurred. Examples of these events, as noted in Section 1.3, include jury decisions, court interpretations, legislative changes, epidemiological developments, medical advancements, public attitudes, potential additional third-wave exposures and social and economic conditions such as inflation.

Therefore, it should be expected that the actual emergence of the liabilities will vary, perhaps materially, from any estimate. Thus, no assurance can be given that the actual liabilities of the Liable Entities to be met by the AICF Trust will not ultimately exceed the estimates contained herein. Any such variation may be significant.

1.6 Distribution and use

The purpose of this Report is as stated in Section 1.1.

This Report should not be used for any purpose other than those specified.

This Report will be provided to the Board and management of AICFL. This Report will also be provided to the Board and management of James Hardie, the NSW Government and to EY in their capacity as auditors to both James Hardie and AICFL.

We understand that this Report will be filed with the ASX and placed on James Hardie's website in its entirety.

We understand that this Report will also be placed on AICFL's website in its entirety.

KPMG consents to this Report being made available to the above-mentioned parties and for the Report to be distributed in the manner described above.

To the extent permitted by law, neither KPMG nor its Executives, directors or employees will be responsible to any third parties for the consequences of any actions they take based upon the opinions expressed with this Report, including any use of or purported reliance upon this Report not contemplated in Section 1.2. Any reliance placed is that party's sole responsibility.

Where distribution of this Report is permitted by KPMG, the Report may only be distributed in its entirety and judgements about the conclusions and comments drawn from this Report should only be made after considering the Report in its entirety and with necessary consultation with KPMG.

Readers are also advised to refer to the "Important Note: Basis of Report" section at the front of the Executive Summary of this Report.

1.7 Date labelling convention used in this Report

In our analyses throughout this Report (unless otherwise stated), the "year" we refer to aligns with the financial year of AICFL and James Hardie and runs from 1 April to 31 March.

A "2008" notified claim would be a claim notified in the period 1 April 2008 to 31 March 2009. This might also be referred to as "2008/09" or "FY09".

Similarly, a "2022" claim settlement would be a claim settled in the period 1 April 2022 to 31 March 2023. This might also be referred to as "2022/23" or "FY23".

1.8 Author of the report

This Report is authored by Neil Donlevy, a Fellow of the Institute of Actuaries (London) and a Fellow of the Institute of Actuaries of Australia.

This Report is co-authored by Jefferson Gibbs, a Fellow of the Institute of Actuaries of Australia.

Australia.

In relation to this Report, the primary regulator for Neil Donlevy is the Institute of Actuaries of Australia.

1.9 Professional standards and compliance

This Report details a valuation of the outstanding claims liabilities of entities which hold liabilities with features similar to general insurance liabilities.

In preparing this Report, we have complied with the Professional Standard 302 of the Institute of Actuaries of Australia ("PS302"), "Valuation of General Insurance Claims".

However, as we note in Section 1.2, this Report does not include an allowance for the future Operating Expenses of the AICF Trust (which are estimated by AICFL) and nor does it include any allowance for a risk margin to reflect the inherent uncertainty in the liability assessment.

1.10 Control processes and review

This valuation report and the underlying analyses have been subject to technical review and internal peer review.

The technical review focuses on ensuring that the valuation models and supporting claims experience analyses that are carried out are performed correctly and that the calculations are being correctly applied. The technical review also focuses on ensuring that the data that is being used has been reconciled insofar as possible.

Internal peer review involves a review of the approach, the methods, the assumptions selected and the professional judgments applied.

Both the technical review and internal peer review processes are applied to the Report as well as the valuation models.

1.11 Basis of preparation of Report

We have been advised by the management of AICFL to prepare the Report on a "going concern" basis (i.e. we should assume that AICFL will be able to meet any shortfall in the cost of the liabilities of the Liable Entities as they fall due).

The cashflow estimates contained in this Report assume that claims against the Liable Entities will continue to be paid in full as and when they fall due.

2. Data

2.1 Data provided to KPMG

We have been provided with the following data by AICFL:

- Claims dataset at 31 March 2023 with individual claims listings;
- Accounting transactions dataset at 31 March 2023 (which includes individual claims payment details); and
- Detailed insurance bordereaux information (being a listing of claims filed with the insurers of the Liable Entities) as at 31 March 2023.

We have allowed for the benefits of the product and public liability insurance policies of the Liable Entities based on information provided to us by AICFL relating to the insurance programme's structure, coverage and layers.

We have also considered the claims data listings which formed the basis of our previous valuation assessments. The data structures provided for the claims and accounting datasets are consistent with those provided at previous valuations.

2.2 Data limitations

We have tested the consistency of the various data sets provided to us at different valuation dates. Section 2.3 outlines the nature of the testing undertaken.

However, we have not otherwise verified the data and have instead relied on the data provided as being complete and accurate in all material respects.

We have relied upon the robustness of AICFL's internal administration and systems as to the completeness of the data provided.

Consequently, should there be material errors or incompleteness in the data, our assessment could also be affected materially.

2.3 Data reconciliation and testing

We have performed a reconciliation of the data provided at 31 March 2023 with the data provided at 31 March 2022.

We have undertaken a number of tests and reconciliations to test the accuracy of the data to the extent possible, noting the limitations outlined above.

2.3.1 Reconciliation with previous valuation's data

We have performed a reconciliation of the claims database as at 31 March 2023 with that provided at 31 March 2022.

Our findings are:

- Claims notifications: There has been no new claims reported that had a report date prior to 31 March 2022. No claims (that already had a notification date) changed notification date between the two databases.
- Portfolio category: There have been seven claims that have changed category. Five changed to asbestosis, 1 changed to lung cancer and 1 changed to ARPD & Other. Two of these claims changed from mesothelioma.
- Settlement date: There have been no claims which have changed their settlement date.

Changing and developing data is not unexpected or to be considered as adverse. Indeed, changing data is common to all claims administration systems. We do not consider the number or extent of the changes noted above to be unreasonable, nor do we consider the changes to be material to the valuation.

2.3.2 Reconciliation of claims settlement amounts between claims and accounting databases

We have mapped the financial data between the claims and accounting databases into standardised groupings as follows:

Table 2.1: Grouping of financial data from claims and accounting databases

	CLAIMS DATABASE	ACCOUNTING DATABASE
Award	Damages (gross of cross-claims) ***plus*** DDB reimbursement ***plus*** Medicare (from Accounting Database)	Damages ***plus*** DDB reimbursements ***plus*** Medicare
Costs / Other	Costs ***plus*** Other ***less*** Medicare (from accounting database)	Costs ***plus*** Consulting
Defence legal costs	Defence legal costs	Defence legal costs

Note: Recovery amounts are available from the accounting database

We have compared the payment records between the claims database and the accounting database from the earliest date to the current file position.

The table below shows the results of this reconciliation for all claim transactions to date.

Table 2.2: Comparison of amounts from claims and accounting databases ($m)

CLAIMS DATABASE		ACCOUNTING DATABASE	
Damages (gross of recoveries, excluding medicare)	2,322.3	Damages (gross of recoveries)	2,325.4
Costs	70.5	Costs	71.8
DDB	17.7	DDB	17.7
Other (inc Medicare)	5.9	Consulting	2.2
		Medicare	3.2
		Interest	0.6
Defence legal costs	242.1	Defence legal costs	242.4
Total Value	**2,658.6**	**Total Value**	**2,663.4**
<u>Standardisation</u>			
Award plus Medicare plus DDB	2,343.2	Award plus Medicare plus DDB	2,346.3
Costs / Other	73.3	Costs / Other	74.7
Defence legal costs	242.1	Defence legal costs	242.4

Total Value	**2,658.6**	**Total Value**	**2,663.4**

Once the standardisation has been undertaken, the two datasets reconcile closely – with differences for claim awards totalling approximately $3.1m (31 March 2022: $2.5m).

Our approach for each claim record has been to take the maximum value of the two databases for each claim record. This results in the following overall totals being used in our analysis:

- $2,346.5m for the claims award component;
- $75.0m for the costs / other component; and
- $243.0m for the defence legal costs component.

This approach, of taking the maximum value for each claims record, may result in some minor prudence in our overall analysis although the amount of prudence is not considered to be significant in the context of the size of the potential liabilities and the underlying uncertainty in any valuation estimating future claims costs over the next 40 years or more.

2.4 Data conclusion

We have not verified the underlying data nor have we undertaken "auditing at source". No material data issues have been identified and notified to us by the Approved Auditor of AICFL (EY) during their testing.

We have tested the data for internal consistency with the data provided at the previous valuation (31 March 2022).

Based on that testing and reconciliation, and subject to the limitations described in Section 1.4, we have formed the view that:

- Generally, the data is consistent between valuations, with any differences in the data being readily explainable;
- The financial data appears to reconcile reasonably between the two data sources (the claims dataset and the accounting transactions datasets);
- Any data issues that have emerged are not significant in relation to the size of the liabilities; and
- The data is appropriate for use for the purpose of this Report.

3. Valuation Methodology and Approach

3.1 Valuation methodology changes

We have maintained the core valuation methodology adopted at our previous valuation.

The most recent material change in the methodology took place at 31 March 2020 when we separated the portfolio of mesothelioma claims between direct claims and cross-claims and for each of the four age cohorts. This included deriving separate assumptions for direct claims and cross claims and for each of the four age cohorts for:

- estimated future claim numbers (including latency assumptions);
- average claim sizes (including incidence rates of large claims);
- average legal costs; and
- nil settlement rates (but only for direct and cross, without separate age-based assumptions).

3.2 Overview of current methodology

The methodology involves assessing the liabilities in two separate components, being:

- Allowance for the cost of settling claims which have already been reported but have not yet been settled ("pending claims"); and
- Allowance for the cost of settling claims which have not yet been reported ("Incurred But Not Reported" or "IBNR" claims).

For pending claims, we have used the case estimates (where available) with some adjustments to reflect the extent to which the case estimates (on average) tend to overstate the ultimate cost. For IBNR claims we have used an "average cost per claim method".

In brief, the overall methodology may be summarised as follows:

- Project the future number of claims expected to be reported in each future year by disease type (for product and public liability) and for Workers Compensation and wharf claims taking into account the expected future incidence of mesothelioma and other diseases and also the past rate of co-joining of the Liable Entities;
- Analyse past average attritional claim costs of non-nil claims in mid 2022/23 money terms. We have defined attritional claims to be claims which are less than $1m in 2006/07

money terms. We estimate a baseline attritional non-nil average claim cost in mid

2022/23 money terms. This represents the Liable Entities' share of a claim rather than the total claim settlement;

- Analyse past historical average plaintiff/other and defendant legal costs for non-nil claim settlements;
- Analyse past historical average defendant legal costs for nil claim settlements;
- Estimate a "large claims loading" for mesothelioma claims by estimating the frequency, or incidence rate, and average claim size and legal cost sizes of such claims (being claims which are in excess of $1m in 2006/07 money terms);
- Project the pattern and incidence of future claims settlements from the claims reporting profile projected. This is done by using a settlement pattern derived from consideration of past experience of the pattern of delay between claim reporting and claim settlement for each disease type;
- Estimate the proportion of claims which will be settled with no liability against the Liable Entities by reference to past proportions of claims settled for nil claim cost (we refer to this as the "nil settlement rate");
- Inflate average claim, plaintiff/other and defence legal costs and large claim costs to the date of settlement of claims allowing for base inflation and (where applicable) superimposed inflation;
- Multiply the claims numbers which are expected to be settled for non-nil amounts in a period by the inflated average non-nil claim costs (including the "large claims loading") and plaintiff/other and defence legal costs for that period;
- Make allowance in defence legal costs for that proportion of settled claims which are expected to be settled for no liability but for which defence costs will be incurred;
- Inflate average defence legal costs of nil claims to the date of settlement of claims allowing for base inflation;
- Multiply the claims numbers which are expected to be settled for nil amounts in a period by the inflated average defence legal costs for nil claims for that period;
- Add the expected claims costs and legal payments relating to pending claims (after allowance for the potential savings on case estimates) after making allowance for the assumed settlement pattern of pending claims;
- This gives the projected future gross cashflow for each future financial year;
- Adjust the projected gross cashflow (where applicable) for the impact of the annual and aggregate caps on DDA reimbursements;
- Estimate the recoveries resulting from cross-claims made by the Liable Entities against other parties ("cross-claim recoveries");
- Project Insurance Recoveries to establish the net cashflows;

- Discount the cashflows using a yield curve derived from yields on Commonwealth Government Fixed Interest Bonds at the valuation date to arrive at our present value liability assessment.

It should be noted that this description is an outline and is not intended to be exhaustive in consideration of all the stages we consider or all investigations we undertake. Those other stages are outlined in more detail elsewhere in this Report and readers are advised to refer to those sections for a more detailed understanding of the process undertaken.

As discussed elsewhere, the liabilities are established on a central estimate basis.

3.3 Disease type and class subdivision

3.3.1 Claims records excluded from our analysis

We have excluded records that relate to cross-claims brought by the Liable Entities against other defendants. Where the cross-claim is brought as part of the main proceedings the claim is automatically counted in our analysis of the number of claims. However, where the cross-claim by the Liable Entities is severed from the main proceedings, the existence of a separate record in the claims dataset does not indicate an additional claim (or liability) against the Liable Entities. In these circumstances such records are not counted in our analysis.

We have also excluded "insurance recovery" claims records. This is because the insurance recovery record is a separate record that exists for claims records where an insurance recovery is due. In other words, the claim against the Liable Entity has already been included in our analysis and the insurance recovery record exists for operational purposes only.

3.3.2 Categories of claim

We have sub-divided the remaining claims into the following groups:

- Product and Public Liability;
- Workers Compensation, being claims by former employees of the Liable Entities; and
- Wharf claims, being claims by individuals whose occupations involved working on the docks or wharves, or where part of their exposure related to wharves.

3.3.3 Categories of disease

For product and public liability claims, we have separately analysed the individual disease types.

We have split the data by disease type for these claims, because there is sufficient volume of claims to do so, because different disease types display substantially different average claim sizes, and because the incidence pattern of future notifications is expected to vary between the different disease types.

We have not divided the Workers Compensation or wharf claims data by disease type, given their low financial significance and the reduced credibility of the data if sub-divided by disease type (given the low number of claims).

For the purposes of our analysis, we have allocated each claim once and therefore to one disease only. We have selected the following order of priority, based on the relative severity of the disease:

- Mesothelioma;
- Lung cancer / Other cancer;
- Asbestosis; and then
- Asbestos-Related Pleural Disease and Other ("ARPD & Other").

This means that if a product or public liability claim has mesothelioma as one of its listed diseases, it is counted as a mesothelioma claim. If a product or public liability claim has lung cancer or other cancer as one of its listed diseases (but not mesothelioma), it is counted as a lung cancer claim. If a product or public liability claim has asbestosis as one of its listed diseases, it is only counted as asbestosis if it has no reference to mesothelioma, lung cancer or other cancer as one of its diseases.

For mesothelioma, we have also separated claims based on the age of the claimant at the date of notification of the claim. We have used four age cohorts, namely:

- <60 years of age;
- 60-70 years of age;
- 70-80 years of age; and
- >80 years of age.

We have further separated mesothelioma claims between direct claims and cross claims.

3.4 Numbers of future claims notifications: mesothelioma

To project the pattern of incidence of claims against the Liable Entities, we have constructed a model which utilises the following inputs:

- The current Australian population by year of birth / current age and gender;
- Standard mortality rates by age and gender. This is used to project the population by year of birth / age at each future year;
- The relative risk-exposure (or incidence rates) between males and females;
- The relative risk-exposure by age of person at time of exposure;
- The exposure to asbestos in Australia;
- The statistical distribution of the latency period from average exposure separately for direct claims and cross claims, and by age of claimant, together with the underlying parameters (the mean and the standard deviation) of the latency model.

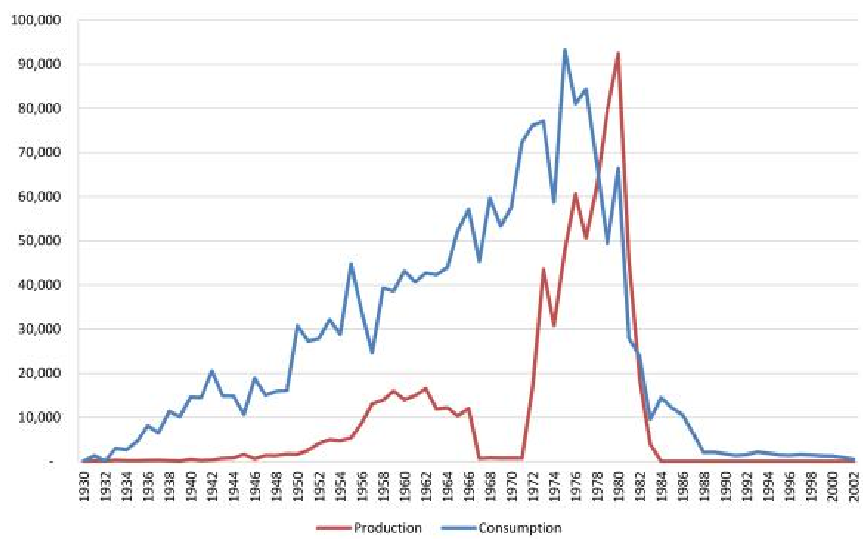
Detailed discussion of the approach taken is documented in our 31 March 2018 Annual Actuarial Report.

3.4.1 Exposure model

We have constructed a proxy for exposure by reference to statistics showing the levels of Australian usage of asbestos. We do not have detailed individual exposure information for the Liable Entities, its products or where the products were used and how many people were exposed to those products.

However, given the market share of James Hardie over the years (through to 1987) and its relative stability, we have used a national pattern of usage as a reasonable proxy for the Liable Entities' exposure.

Figure 3.1: Consumption and production indices – Australia 1930-2002



Source: World Mineral Statistics Dataset, British Geological Survey, www.mineralsuk.com
R Virta, USGS Website Annual Yearbook

There is an implicit assumption within the use of the consumption to derive the level of future claim notifications that:

- the consumption of asbestos is directly correlated with, and is a suitable proxy for, the number (and extent of exposure) of people exposed to asbestos in any year; and
- the rate of incidence of individuals developing an asbestos-related disease arising from exposure to asbestos is the same for each exposure year and is independent of the type of asbestos used.

3.4.2 Latency model

We have continued to assume that the latency pattern (from the average date of exposure) is statistically distributed with a normal distribution.

We have derived separate latency assumptions for mesothelioma as between direct claims and cross claims. The model projection assumptions are shown in the table below. These assumptions are unchanged since the previous valuation.

Table 3.1: Latency assumptions for mesothelioma claims

	Direct	Cross
Mean latency	40	41
Standard deviation of latency	9	10

The analysis supporting the selection of these parameters is summarised in Section 6.

3.4.3 Calibrating the curve index to current reporting experience

We take the claim curve index and then calibrate the number of notifications in each future year by reference to the recent levels of claims reporting and the number of claims we have assumed for the 2023/24 financial year. This approach implicitly assumes that:

- The future rate of incidence of asbestos-related diseases manifesting as a result of a past exposure to asbestos will remain stable;
- The pattern of diagnosis and the delay between diagnosis and reporting remain stable;
- The "propensity to claim" by individuals will remain stable; and
- The rate of co-joining the Liable Entities in common law claims will remain stable.

Changes to any of these factors over time will result in changes to the actual pattern of incidence of claims reporting.

The claim curve index also provides us with the proportions of the total number of claims reported in each future year that relate to each of the four age groups and separately for direct claims and cross claims for mesothelioma.

Our assumptions for the base number of claims projected to be reported in 2023/24 are summarised in Section 4.6 and Section 5.7.

3.5 Incidence of claim settlements from future claim notifications

We derive a settlement pattern by analysing triangulations of the numbers of settlements and claims payments by delay from the year of notification.

From these settlement pattern analyses, we have estimated the pace at which claims notified in the future will settle, and used this to project the future number, and monetary amount, of settlements in each financial year for each disease type.

Our analysis and assumptions selected are summarised in Section 9.5.

3.6 Average claim costs of IBNR claims

3.6.1 Attritional claims

We define a large claim as one for which the award is greater than or equal to $1m in 2006/07 money terms (which equates to approximately $1.873m in mid 2022/23 money terms).

We define an attritional claim as a non-nil, non-large claim. We define a nil claim as one for which the award payable by the relevant Liable Entity is zero.

We have estimated the following five components to the average cost assessment:

- Average award (sometimes including plaintiff legal costs) of a non-nil "attritional" claim.
- Average plaintiff legal / other costs of a non-nil "attritional" claim.
- Average defence legal costs of a non-nil "attritional" claim.
- Average defence legal costs of a nil claim.
- Large claim awards and legal cost allowances.

All of our analyses have been constructed using past average awards, which have been inflated to mid 2022/23 money terms using a historical base inflation index (of 4% per annum). This allows for basic inflation effects when identifying trends in historical average settlements. We then determine a prospective average cost in mid 2022/23 money terms, including an explicit allowance for overseas exposures resulting from the decision in *Talifero vs Amaca*.

Our analysis and assumptions are summarised in Section 7.

3.6.2 Large claims loading

We analyse the historical incidence rate of large claims (being measured as the ratio of the number of large claims to the total number of non-nil claims), and the average claim size and legal costs of these claims.

We use these to arrive at a "per claim" loading (being the average large claim cost multiplied by the large claim incidence rate per claim), being the additional amount we need to add to our attritional average claim size to allow for large claims.

We have derived separate incidence rate and average claim size assumptions for each of the four age groups for mesothelioma.

Our analysis and assumptions are summarised in Section 7.8.

3.6.3 Future inflation of average claim sizes

Allowance for future claim cost inflation is made. This is modelled as a combination of base inflation plus superimposed inflation. This enables us to project future average settlement costs in each future year, which can then be applied to the IBNR claims numbers as they settle in each future year.

Our analysis and assumptions in relation to claims inflation are summarised in Section 9.2.

3.7 Proportion of claims settled for nil amounts

We apply a "nil settlement rate" to the overall number of settlements to estimate the number of claims which will be settled for nil claim cost (i.e. other than in relation to defence legal costs) and those which will be settled for a non-nil claim cost.

The prospective nil settlement rate is estimated by reference to the analysis of past trends in the rate of nil settlements.

Our analysis and assumptions selected are summarised in Section 8.

3.8 Pending claims

3.8.1 Definition of pending claims

At 31 March 2023, there were 411 claims for which claim awards have not yet been fully settled by the Liable Entities (246 of these are mesothelioma claims). Additionally, there are a number of other claims for which defence legal costs have not yet been settled, even though the awards have been settled.

3.8.2 Evaluating the liability for pending claims

The excess amount of the liability for pending claims, over the case estimates held, is what the insurance industry terms Incurred But Not Enough Reported ("IBNER").

Depending on the case estimation procedure of a company and the nature of the liabilities, IBNER can be either positive or negative, with a negative IBNER implying that the ultimate cost of settling claims will be less than case estimates, i.e. that there is some degree of redundancy in case estimates.

3.8.3 Findings

The table below analyses the adequacy or otherwise of the previous year's case estimates for claims reported through to 31 March 2022 relative to the current cost of those reported claims, after taking into account the 25% saving assumed on case estimates.

Table 3.2: Change in cost of claims during 2022/23 financial year ($m) – claim award component only

Figures in $ millions	Current year reported claims	Prior year reported claims	Total
Adopted estimates for pending claims at 31 March 2022 (undiscounted)	0.0	103.1	103.1
Paid in the year to 31 March 2023	71.3	80.6	151.9
Adopted estimates for pending claims at 31 March 2023 (undiscounted)	90.7	22.0	112.6
Incurred Cost in the financial year	**162.0**	**(0.5)**	**161.4**

The table above shows that there has been a decrease of $0.5m in the cost of claims that were reported prior to 31 March 2022 (31 March 2022: $5.1m increase).

We have maintained our assumption for the level of redundancy in case estimates on currently reported claims at 25% at this valuation. This assumption is only applied to the case estimates for the claim award.

3.9 Insurance Recoveries

Insurance Recoveries are defined as proceeds which are estimated to be recoverable under the product and public liability insurance policies of the Liable Entities, and therefore exclude any such proceeds from a Workers Compensation Scheme or Policy in which the Liable Entities participate or which the Liable Entities hold.

In applying the insurance programme we therefore consider only the projected gross cashflows relating to product and public liability claims.

Historical analysis of the claims data suggests that approximately 97.5% of all liability claims by cost have been product liability claims.

3.9.1 Programme overview

Until 31 May 1986, the Liable Entities had in place product and public liability insurance policies that were placed on a claims occurring basis.

Product liability claims were insured under these insurance policies on an "in the aggregate" basis whilst public liability claims were insured on an "each and every loss" basis.

From 31 May 1986, the insurance policies were placed on a claims made basis in relation to asbestos-related product and public liability cover.

In summary, the insurance policies were placed as follows:

- For the period up to June 1976, the insurance policies were written on a claims occurring basis. The insurance was provided by QBE but the cover provided by these policies was commuted in June 2000. Therefore we have assumed no future Insurance Recoveries from these policies.
- For the period from June 1976 to 31 May 1986, the insurance policies were written on a claims occurring basis; insured by Lloyds' of London, London Market insurers, Australian insurers and HIH entities.
- For the period 31 May 1986 to 31 March 1997, the insurance policies were written on a claims-made basis. For the purpose of this Report, we have made no allowance for any future Insurance Recoveries arising from these policies.

3.9.2 Modelling insurance recoveries on the claims occurring programme

Our methodology for projecting the future insurance recoveries to be collected by AICFL involves the following steps:

- Identify the current contract positions for each insurance policy year. This assumes that all monies due have been collected, and does not allow for the impact of commutations that have taken place.

- Allocate the projected future gross cashflows to individual insurance policy years using an allocation basis that has been determined by reference to the exposure methodology used to project future claim numbers and also using a "period of exposure" allocation.
- This gives a projection of how the insurance programme is utilised over time.

This method allows us to:

- evaluate the total insurance recoveries due by payment year;
- determine how the insurance recoveries due will be assigned to each layer and to each insurer; and
- identify and allow for when the individual layers are projected to be fully exhausted.

We then make an additional adjustment to the projected recoveries to exclude those projected future insurance recoveries that are assigned to the participations of insurers who have already commuted their coverage with AICFL and the Liable Entities or insurers who have settled their coverage by way of a Scheme of Arrangement.

3.9.3 Commutations, HIH and Schemes of Arrangement

Other commutations have been entered into by AICFL in previous years and these commutations have typically (other than QBE) involved the payment of a lump sum amount.

In these circumstances, we have assumed that the insurance liabilities of that company to the Liable Entities have been fully discharged and no further recoveries will fall due.

Additionally, we have assumed that all monies have been paid in relation to insurance recoveries for the claims occurring period from HIH.

For the claims occurring period, where a claim filed against a company under a Scheme of Arrangement has been accepted and payment made, we have assumed that the insurance liabilities of that company to the Liable Entities have been fully discharged and no further recoveries will fall due.

We have made no allowance or adjustment in our valuation for any future commutations with the remaining insurers.

3.9.4 Unpaid insurance recoveries

We have not included within our liability estimate any allowance for insurance recoveries under the claims occurring period that are due but have not yet been collected.

We are advised that such monies amount to approximately $2.5m at 31 March 2023.

These amounts are more appropriately dealt with as being debtors of AICFL.

3.9.5 Bad and doubtful debt allowance on Insurance Recoveries

We have made allowance for bad and doubtful debts on future Insurance Recoveries within our valuation by use of the default rates as shown in the table below.

Table 3.3: Credit rating default rates by duration

Rating	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr. 10	Yr. 11	Yr. 12	Yr. 13	Yr. 14	Yr. 15
AAA	0.00%	0.03%	0.13%	0.24%	0.34%	0.45%	0.50%	0.58%	0.64%	0.69%	0.72%	0.75%	0.78%	0.83%	0.89%
AA+	0.00%	0.05%	0.05%	0.09%	0.14%	0.19%	0.25%	0.30%	0.35%	0.41%	0.46%	0.52%	0.58%	0.64%	0.70%
AA	0.02%	0.03%	0.08%	0.21%	0.34%	0.46%	0.58%	0.69%	0.77%	0.86%	0.93%	0.99%	1.08%	1.14%	1.20%
AA-	0.03%	0.08%	0.16%	0.23%	0.30%	0.40%	0.46%	0.51%	0.55%	0.60%	0.66%	0.71%	0.73%	0.77%	0.81%
A+	0.05%	0.08%	0.18%	0.30%	0.39%	0.48%	0.58%	0.68%	0.80%	0.93%	1.04%	1.17%	1.31%	1.47%	1.62%
A	0.05%	0.13%	0.21%	0.31%	0.43%	0.59%	0.75%	0.90%	1.07%	1.27%	1.42%	1.54%	1.65%	1.72%	1.87%
A-	0.05%	0.15%	0.24%	0.34%	0.48%	0.63%	0.83%	0.98%	1.10%	1.20%	1.30%	1.42%	1.54%	1.65%	1.74%
BBB+	0.09%	0.25%	0.45%	0.64%	0.85%	1.09%	1.28%	1.49%	1.75%	1.99%	2.21%	2.36%	2.53%	2.75%	2.98%
BBB	0.14%	0.36%	0.56%	0.89%	1.21%	1.54%	1.86%	2.15%	2.45%	2.75%	3.07%	3.32%	3.54%	3.64%	3.83%
NR	3.60%	6.97%	9.86%	12.23%	14.16%	15.75%	17.06%	18.16%	19.14%	20.04%	20.80%	21.44%	22.05%	22.58%	23.09%
R	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Standard & Poors' 2021 Annual Global Corporate Default Study and Rating Transitions, published April 2022.
NR relates to companies which are Not Rated
R relates to companies which have been subject to Regulatory Action regarding solvency.

We have considered the credit rating of the insurers (and/or their parent companies) of the Liable Entities as at March 2023 and applied the relevant credit rating default rates to the expected future cashflows by year, treaty and insurer.

3.10 Cross-claim recoveries

A cross-claim can be brought by, or against, one or more Liable Entities. Cross-claims brought against a Liable Entity ("Contribution Claims") are included in our analysis of the claims experience.

Cross-claims brought by a Liable Entity relate to circumstances where the Liable Entity seeks to join (as a cross-defendant) another party to the claim in which the Liable Entity is already joined.

Our approach in the valuation has been to separately value the rate of recovery ("cross-claims recovery rate") as a percentage of the gross award based on historical experience of such recoveries.

Our analysis and assumptions selected are summarised in Section 9.4.

3.11 Discounting cashflows

Cashflows are discounted on the basis of yields available at the valuation date on Commonwealth of Australia fixed interest Government Bonds ("Commonwealth Government Bonds") of varying coupon rates and durations to maturity.

Our approach to the determination of the discount rates is unchanged from the approach adopted at 31 March 2022, and is:

- For years 1 to 16, zero coupon spot rates were determined by reference to the prices, coupons and durations of Commonwealth Government Bonds;
- For years 19 and onwards, we have selected a uniform long-term discount rate of 4.50% per annum (FY2022: 4.00% per annum); and
- For years 17 and 18, we have selected spot rates that "linearly interpolate" between the year-16 rate and the year-19 rate (of 4.50%).

Our selected assumptions are summarised in Section 9.2

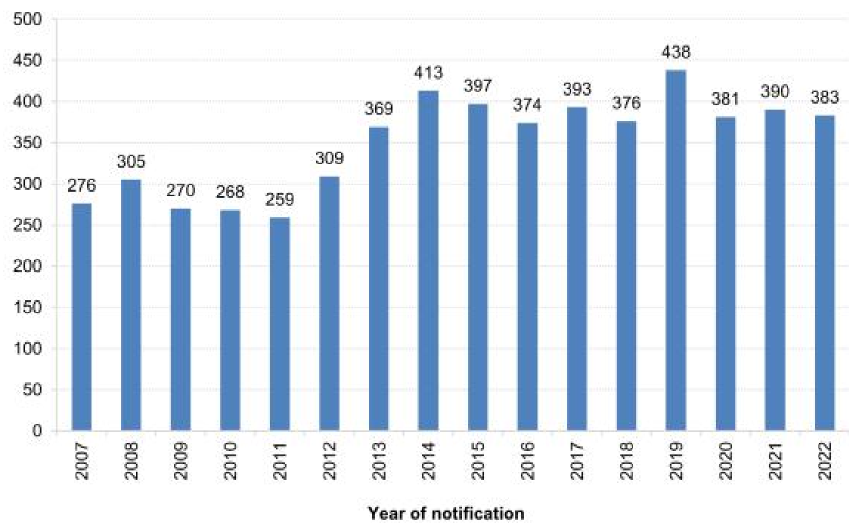
Our selected assumptions are summarised in Section 9.3.

4. Claims Experience: Mesothelioma Claim Numbers

4.1 Overview

The following chart shows the number of mesothelioma claims reported by year of notification.

Figure 4.1: Number of mesothelioma claims reported annually



Note: Throughout Sections 4 to 9, the date convention used in tables and charts is that (for example) 2008/09 indicates the financial year running from 1 April 2008 to 31 March 2009. Furthermore, unless clearly identifying a calendar year, the label "2008" in charts or tables would indicate the financial year running from 1 April 2008 to 31 March 2009.

For 2022/23, there were 383 mesothelioma claims reported. This represented a 2% decrease relative to the prior year (390 claims).

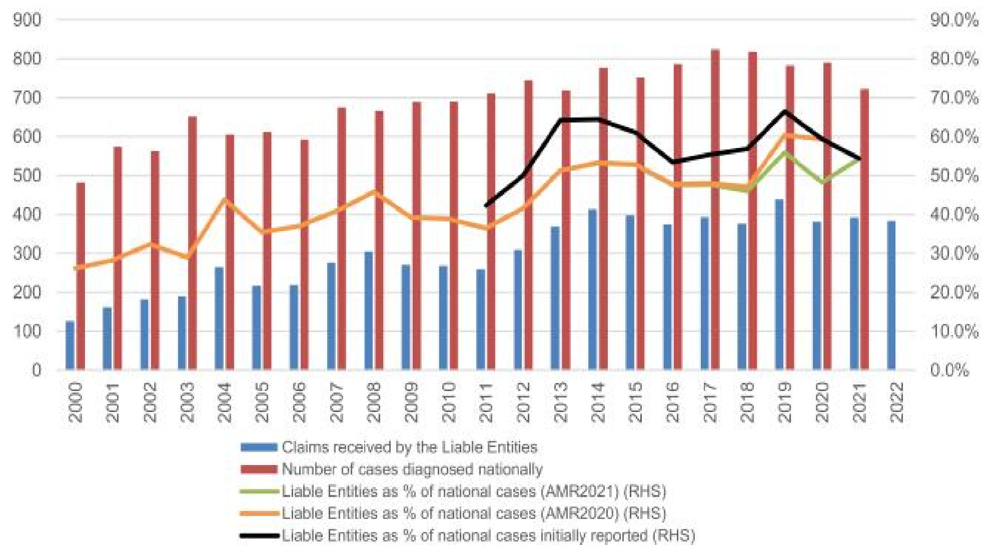
4.2 External statistics on mesothelioma claims incidence

The following chart compares the total number of mesothelioma cases reported (diagnosed) nationally to the number of mesothelioma claims received by the Liable Entities.

It should be noted that the two sets of data correspond to different definitions of year and so are not directly comparable and some caution should be exercised.

The "year" is calendar year for the national cases (i.e. 2012 is the year running from 1 January 2012 to 31 December 2012); whilst for the Liable Entities it is the financial year (i.e. 2012 is the year running from 1 April 2012 to 31 March 2013).

Figure 4.2: Number of mesothelioma cases reported nationally compared to the number of claims received by the Liable Entities



Sources: Australian Cancer Incidence and Mortality book for Mesothelioma, Australian Institute of Health and Welfare, updated February 2018 for 2000-2013

Annual Report of the Australian Mesothelioma Registry for 2014 and onwards

In calendar year 2021, the number of cases diagnosed nationally (as currently reported) was 722. It should be noted there may be a considerable degree of under-reporting in the 2021 year and, to a lesser extent, the 2020 year, noting that:

- The 2016 year was first reported as 700, and this has increased to 786 (as reported in the 2021 Australian Mesothelioma Registry Report).
- The 2017 year was first reported as 710, and this has increased to 824 (as reported in the 2021 Australian Mesothelioma Registry Report).
- The 2018 year was first reported as 662, and this has increased to 818 (as reported in the 2021 Australian Mesothelioma Registry Report).

These increases in national statistics lead to a lower ratio for the number of Liable Entity claims as a percentage of the number of national cases of mesothelioma. As a consequence, the currently estimated 48% for 2019/20 and the currently estimated 54% for 2021/22 may be over-stated and (if previous experience of initial under-reporting of the number of national cases were to recur) may be more in the order of 45% to 50%.

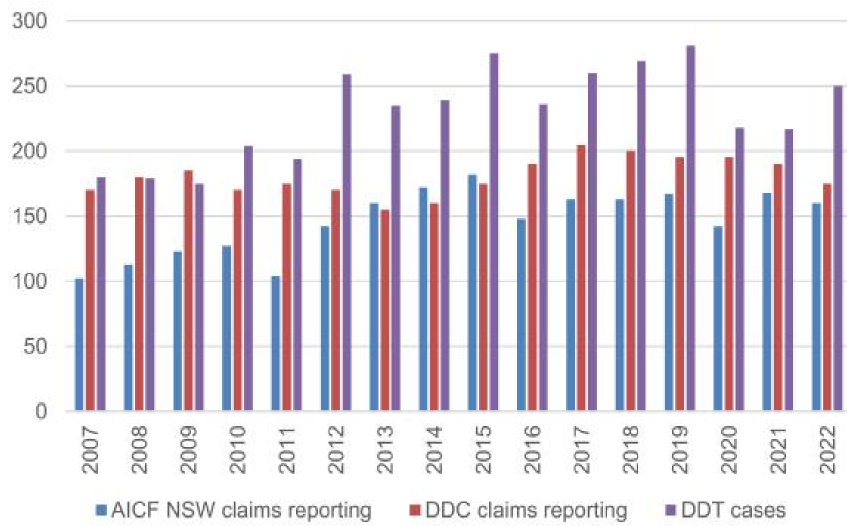
cases were to recur, may be more in the order of 10% to 30%.

It should be noted that not all cases of mesothelioma result in a claim being brought in Common Law. Furthermore, even if a claim is brought, not all claims will involve the Liable Entities.

In relation to NSW, we have additional information from the Dust Diseases Tribunal (NSW) that indicates what proportion of common law claims the Liable Entities are joined in for NSW.

For the DDC data, the "year" is financial year (i.e. 2012 is the year running from 1 July 2012 to 30 June 2013). In contrast, in the DDT data, "year" is defined as a calendar year (i.e. 2012 is the year running from 1 January 2012 to 31 December 2012). It should be noted that the three sets of data correspond to different definitions of year and so are not directly comparable and some caution should be exercised.

Figure 4.3: Number of mesothelioma cases reported in NSW

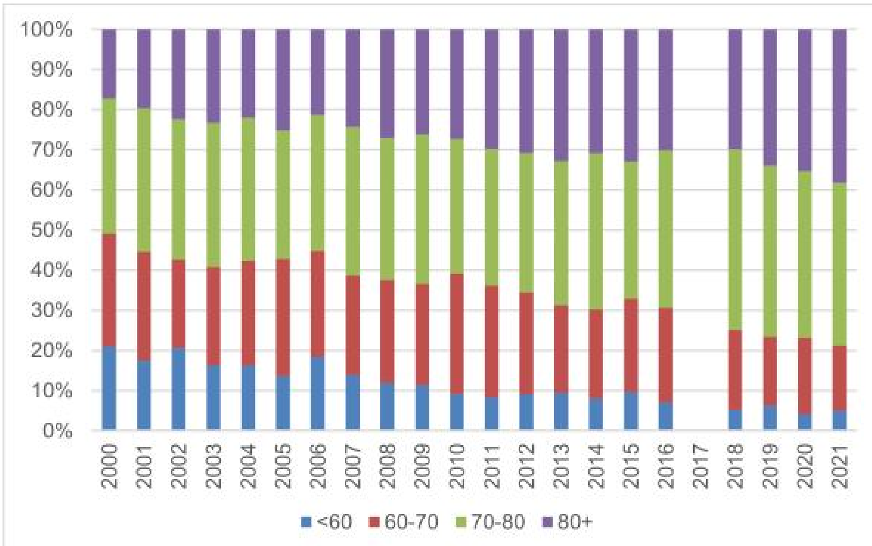


Sources: DDC claims data: Insurance and Care NSW Annual Report 2021/22 (page 64).
DDT statistics: provided by the State of New South Wales

The data would appear to indicate that the Liable Entities are not being increasingly joined in common law claims in NSW, whilst noting that there is variability from year to year (the rate of joining is typically between 60% and 70%).

The chart below shows the mix of national cases by age. The data shows a broadly similar pattern to AICF's own experience, with the proportion of cases relating to people under 70 years of age trending down and currently comprising between 20% and 25% of all cases.

Figure 4.4: Age profile of mesothelioma cases nationally



Sources: Australian Institute of Health and Welfare; Australian Mesothelioma Registry Report

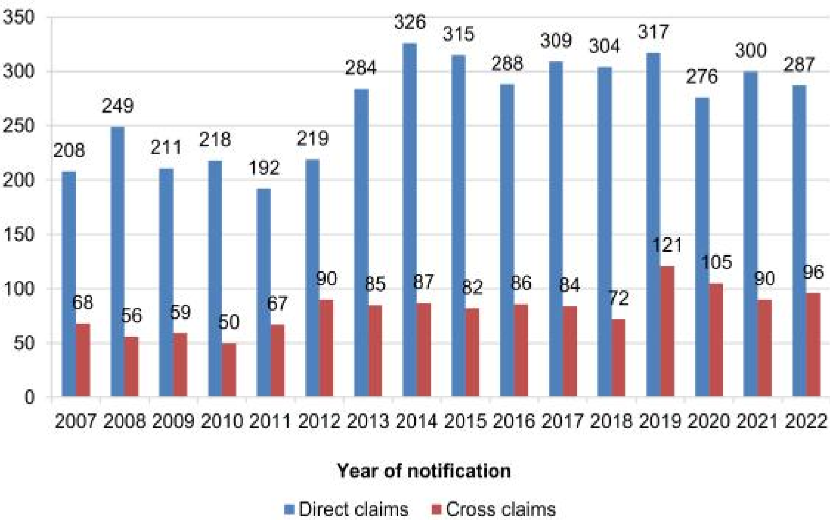
Note: Data by age cohort for 2017 was not published in the 2017 Australian Mesothelioma Registry Report

4.3 Profile of mesothelioma claims

4.3.1 Direct claims and cross claims

The following chart shows the number of claims separately as between claims brought by claimants ('direct claims') and claims brought by other defendants ('cross claims').

Figure 4.5: Number of mesothelioma claims by type of claim

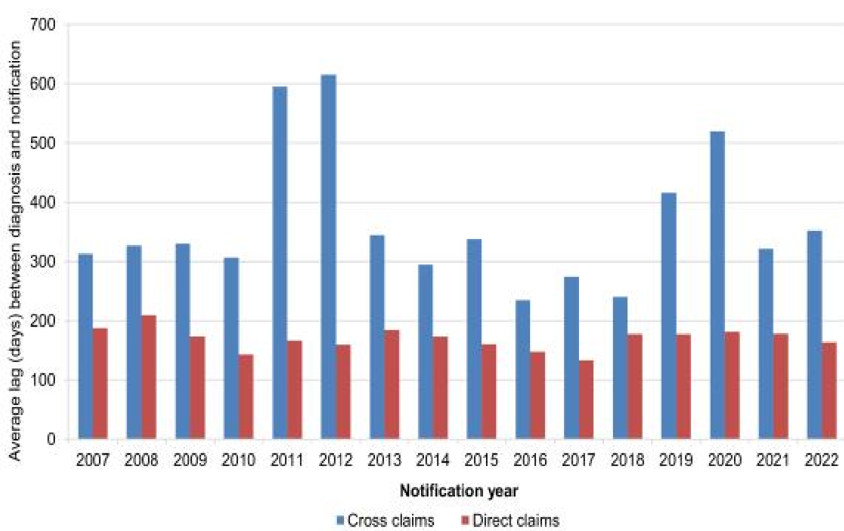


4.3.2 Delay from diagnosis to notification

The chart below measures the time-lag (in days) from diagnosis of mesothelioma to notification of a claim against the Liable Entities.

Direct claims have typically taken between 5 months and 7 months to be reported after diagnosis of mesothelioma.

Figure 4.6: Delay from diagnosis of mesothelioma to notification of claim against the Liable Entities



4.4 Profile of mesothelioma claims: direct claims

4.4.1 Claims by State

Claims reporting for direct claims has varied between 276 and 317 claims in the last eight years.

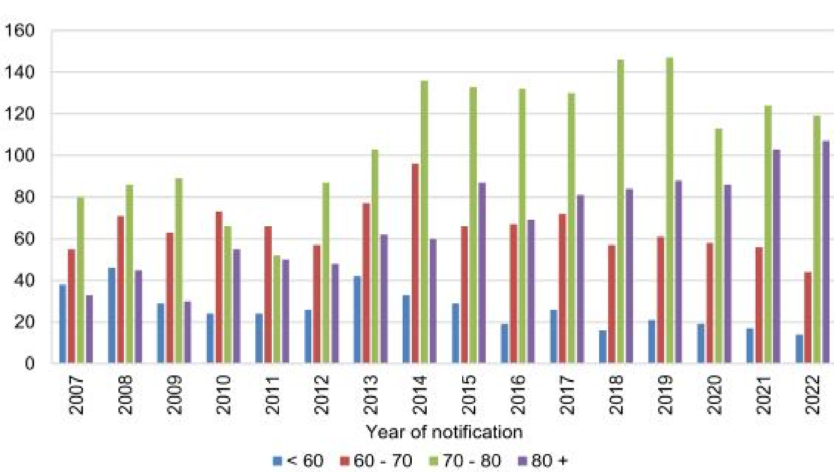
The reductions in claim numbers in NSW in 2020/21 were offset by higher numbers of claims being lodged in Queensland (many of which are typically lodged in the DDT in NSW). This trend has since reversed.

Figure 4.7: Number of mesothelioma direct claims by State

4.4.2 Age profile of claimants

The chart below shows that the primary source of growth since 2007/08 has been for claimants over the age of 70. However, the last three financial years have seen some reductions in the numbers of claims from the 70-80 age cohort. In 2022/23, there was a further increase in the number of claims relating to claimants aged 80+.

Figure 4.8: Number of mesothelioma direct claims by age of claimant



4.5 Profile of mesothelioma claims: cross claims

4.5.1 Claims by State

We have analysed the number of mesothelioma claim notifications by the State in which the cross claim is filed.

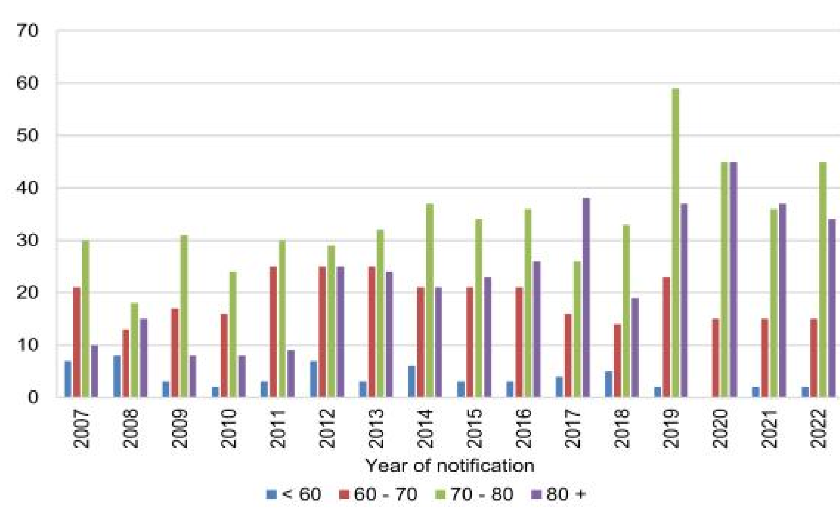
Figure 4.9: Number of mesothelioma cross claims by State

The high numbers of South Australia cross claims that was experienced in 2019/20 and 2020/21 has not continued in 2022/23. There were 13 claimants in 2019/20 and 10 claimants in 2020/21 where "duplicate claims" arose (i.e. 2 cross claims, or more, were lodged for each claimant). WA saw an unusually high number of cross claims in 2022/23 (14 claims as compared to a historical average of around 3 claims annually).

4.5.2 Age profile of claimants

The chart below shows the mix of claims by age cohort over time. Again, it is observed that most of the claimants are in excess of 70 years of age.

Figure 4.10: Number of mesothelioma cross claims by age of claimant



4.6 Base valuation assumption for number of mesothelioma claims

The actual claims reporting experience in 2022/23 has been broadly in line with expectations for direct claims, being 1 claim below expectations.

Cross claims were 6 claims above expectations, driven by an unusually high number of claims in WA.

We have set our assumption for direct claims for 2023/24 at 276 claims. This is based on the fact that the actual experience has been in line with our expectations from our 2022 valuation assumptions and that the modelled result for 2023/24 from those assumptions was for a reduction to around 272 claims.

We have set our assumption for cross claims at 90 claims, based on the average of the last four years (adjusted for removal of the South Australia power station claims).

In total, we are therefore projecting 366 mesothelioma claims to be reported in 2023/24.

The table below summarises the overall assumptions and the mix assumptions by age cohort for 2023/24, as well as providing a comparison of the previous two years' actual experience.

Table 4.1: Assumed mix of claims by age cohort and type of claim for 2023/24

	FY24 Assumption	FY24 Assumption	FY23 Actual	FY23 Actual	FY22 Actual	FY22 Actual
	Numbers	%	Numbers	%	Numbers	%
Mesothelioma (direct claims)	276		287		300	
<60	12	4.3%	14	4.9%	17	5.7%
60-70	42	15.2%	44	15.3%	56	18.7%
70-80	114	41.3%	119	41.5%	124	41.3%
80+	108	39.1%	107	37.3%	103	34.3%
age not known	0	0.0%	3	1.0%	0	0.0%
Mesothelioma (cross claims)	90		96		90	
<60	2	2.2%	2	2.1%	2	2.2%
60-70	15	16.7%	15	15.6%	15	16.7%
70-80	38	42.2%	45	46.9%	36	40.0%
80+	35	38.9%	34	35.4%	37	41.1%
age not known	0	0.0%	0	0.0%	0	0.0%

Note: percentage figures may not add exactly to 100.0% on sight, owing to the percentages being shown rounded to 1 decimal point.

4.7 Inherent uncertainties in the future number of mesothelioma claims

There remain material uncertainties in relation to the base level of claims reporting and the total future number of mesothelioma claims to be reported against the Liable Entities.

It is possible that claims reporting activity could increase next year, or that it could fall next year.

There remain uncertainties in relation to the peak period of claims reporting for mesothelioma, particularly given that 2019/20 saw the highest number of mesothelioma claims received historically, albeit primarily this was due to the extremely high level of cross-claims reporting, and noting that 2022/23 has seen a decrease in direct mesothelioma claims reported compared to the previous year.

There also remain material uncertainties as to the pace at which future claims reporting will reduce ("the decay rate") as well as the rate of co-joining of the Liable Entities in common law claims.

Additionally, should the mix of claims by claimant age or the mix between direct claims and cross claims change relative to that currently assumed, the overall average claim sizes emerging would differ from that currently expected.

Depending on the outcome of future experience, further changes to the valuation assumptions and therefore to the valuation results may be necessary in future periods. Such changes could be material.

As a consequence of the above noted uncertainties, further volatility in relation to the valuation result should be anticipated.

Section 11 of our Report provides an indication of the sensitivity of the valuation result to the peak period of claims reporting and the decay rate of mesothelioma claims reporting after 2022/23.

5. Claims Experience: Claim numbers (non-mesothelioma)

5.1 Overview

The table below shows the number of claims reported by year of notification and by disease category.

Table 5.1: Number of claims by disease type

Notification Year	Asbestosis	Lung Cancer	ARPD & Other	Wharf	Workers
2007	171	28	43	8	46
2008	163	40	44	11	59
2009	120	40	43	3	61
2010	141	13	36	8	30
2011	110	15	36	6	30
2012	128	33	38	7	27
2013	117	26	49	15	32
2014	143	25	39	11	34
2015	91	19	30	11	29
2016	96	18	33	11	25
2017	87	25	29	8	20
2018	103	15	38	13	23
2019	137	25	32	4	21
2020	94	18	32	0	20
2021	99	18	29	0	19
2022	97	22	34	3	16
2007-2022	1,897	380	585	119	492
All Years	2,909	729	954	249	1,505

5.2 Asbestosis claims

In 2022/23, there were 97 asbestosis claims reported and in 2021/22 there were 99 asbestosis claims reported. The 2019/20 year (137 claims) looks to be somewhat aberrational relative to the last eight years of experience and as such we have not given weight to this observation in selecting our assumption for 2023/24.

The last three years have averaged 97 claims.

We have assumed 96 asbestosis claims will be reported in 2023/24.

5.3 Lung cancer claims

In 2022/23, there were 22 lung cancer claims reported.

The last two years have averaged 20 claims, the last three years have averaged 19 claims and the last four years have averaged 21 claims.

We have assumed 21 lung cancer claims will be reported in 2023/24.

5.4 ARPD & Other claims

In 2022/23, there were 34 ARPD & Other claims reported.

The last two years have averaged 31 claims; the last three years have averaged 32 claims and the last four years have averaged 32 claims.

We have assumed 33 ARPD & Other claims will be reported in 2023/24.

5.5 Workers Compensation claims

In 2022/23, there were 16 Workers Compensation claims reported, and the number of claims have been showing a general progression downwards since 2009/10.

The previous five years have varied between 19 and 23 claims.

We have assumed 18 Workers Compensation claims will be reported in 2023/24.

It should be noted that the financial impact of this source of claim is not substantial to the Liable Entities given the proportion of claims which are settled for nil liability against the Liable Entities (typically above 95%), which results from the insurance arrangements in place.

5.6 Wharf claims

In 2022/23, there were 3 Wharf claims reported, although the previous two years saw no claims reported.

The prior six years varied between 4 claims and 13 claims.

We have assumed 3 wharf claims will be notified in 2023/24.

Again, the financial impact of this source of claim is not currently significant.

5.7 Summary of base claims numbers assumptions (including mesothelioma)

As outlined in Sections 4 and 5, our assumptions as to the number of claims to be reported in 2023/24 are as follows:

Table 5.2: Claim numbers experience and assumptions for 2023/24

	FY22 actual	FY23 actual	FY23 expected	FY24 assumption
Mesothelioma	390	383	378	366
Direct	*300*	*287*	*288*	*276*
Cross	*90*	*96*	*90*	*90*
Asbestosis	99	97	93	96
Lung Cancer	18	22	18	21
ARPD & Other	29	34	33	33
Wharf	0	3	3	3
Worker	19	16	18	18
Total	**555**	**555**	**543**	**537**

FY23 Expected is the assumption selected for 2022/23 in our previous valuation report.

5.8 Baryulgil

Almost half of the claims settled which relate to asbestos mining activities at Baryulgil (as discussed previously in Section 1.2.3) have been settled with no liability against the Liable Entities; and for the remaining settled claims, the Liable Entities have typically borne one-third to one-half of the settlement amount, reflecting the contribution by other defendants to the overall settlement (including those which have since been placed in liquidation).

For the purposes of our valuation, we have estimated there to be 6 future claims reported, comprising 4 mesothelioma claims and 2 non-mesothelioma claims. We have assumed average claims and legal costs that are broadly in line with those described in Section 7.

Our projected liability assessment at 31 March 2023 of the additional provision (for claims not yet reported) that could potentially be required is an undiscounted liability of $1.4m and a discounted liability of $1.2m, all of which is deemed to be a liability of Amaca.

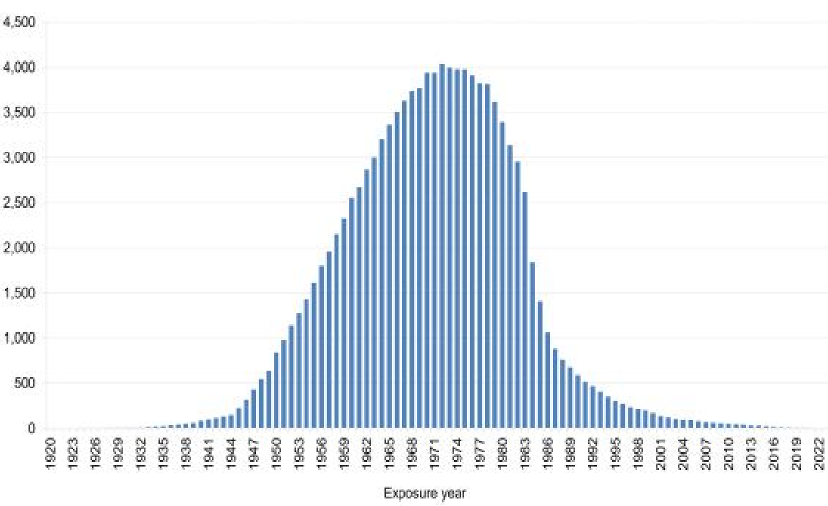
6. Exposure and Latency Experience and Incidence Pattern Assumptions

6.1 Mesothelioma claims experience

6.1.1 Exposure information from claims notified to date

We have reviewed the actual exposure information available for claims notified to date. This has been conducted by using the exposure dates stored in the claims database at an individual claim level and identifying the number of person-years of exposure in each exposure year.

Figure 6.1: Exposure (person-years) of all Liable Entities' mesothelioma claimants to date



The chart shows that, currently, the peak year of exposure for claims reported to date is in 1972.

It should be recognised that there is a degree of bias in this analysis in that the claims notified to date will tend to have arisen from the earlier periods of exposure.

Over time, we expect the right-hand side of this curve to develop and the peak year of exposure to trend towards the early-1970s to mid-1970s, and an increase in the absolute level at all periods of exposure as more claims are notified and the associated exposures from these are included in the analysis.

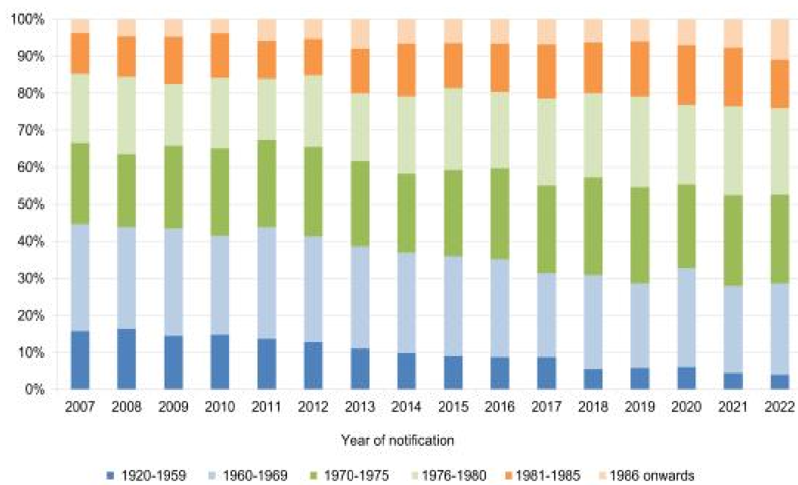
The relatively low level of exposure from 1987 onwards (about 5% of the total) is not unexpected given that all asbestos products ceased being manufactured by the Liable Entities by 1987. The exposure after that date likely results from usage of products already produced and sold before that date.

The chart above is a cumulative chart of the position to date and does not show trends in the allocation of claims to exposure years over time.

For example, one would expect that more recently reported claims should be associated with, on average, later exposures; and that claims reported in future years would continue that trend towards later exposure periods.

To understand better these trends, we have analysed claimants' exposures for each past claim report year.

Figure 6.2: Exposure (person years) of all mesothelioma claimants to date by report year and exposure period



As can be seen in the chart above, there has been a general increasing shift towards the exposure period after 1970, evident by the downwards trends in the chart from left to right indicating that an increasing proportion of the claimants' exposure relates to more recent exposure periods.

For example, pre-1970 exposures made up approximately 45% of mesothelioma claims exposures in 2007/08 but less than 30% of claims exposures in 2022/23.

We would expect that such a trend (towards claims emerging from later exposure periods) should continue for some time to come.

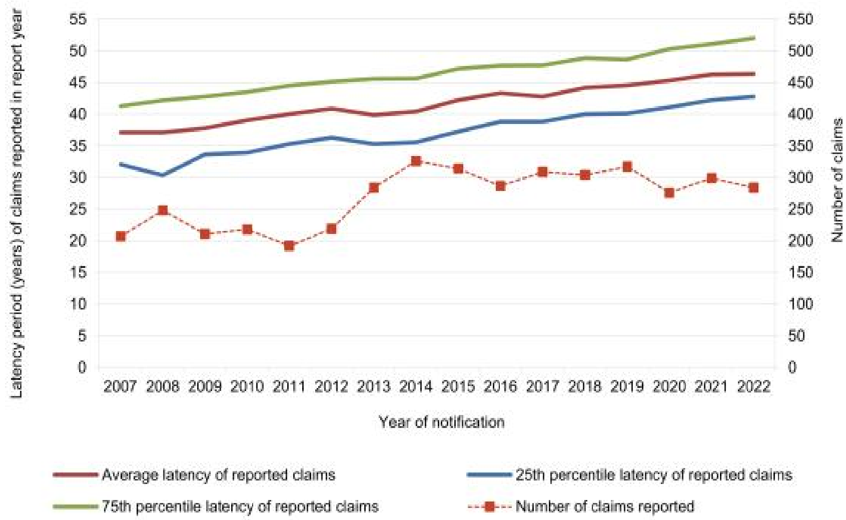
6.2 Mesothelioma: direct claims

6.2.1 Latency period of reported claims

We have analysed the actual latency period of the reported claims of the Liable Entities. In the charts that follow, we have measured the average actual latency period from the average date of exposure to the date of notification of a claim.

The chart below shows the average latency observed for mesothelioma claims and the 25th percentile and 75th percentile observations.

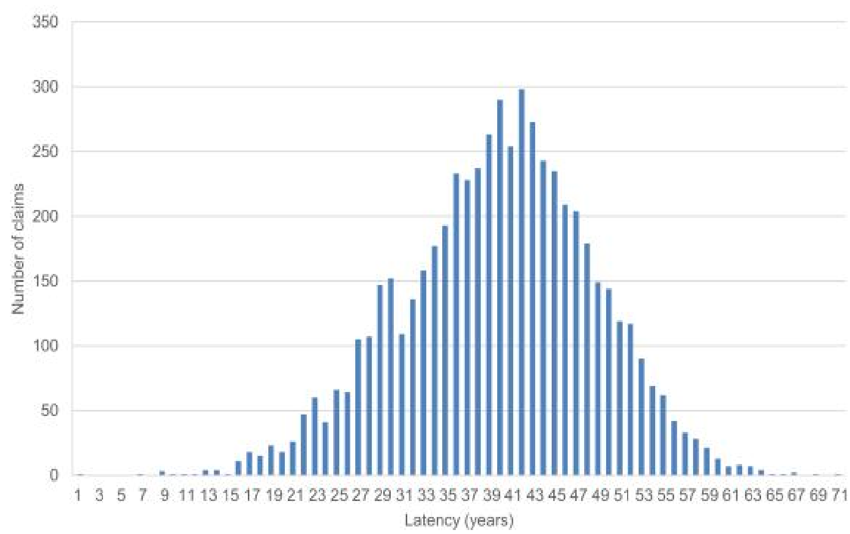
Figure 6.3: Latency of mesothelioma direct claims



The observed average latency period from the average exposure is currently approximately 46 years for direct claims, increasing at an average rate of 0.6 years for each passing year.

The observed average latency of claims reported in future report years should also be expected to show a further upward trend in the coming years.

Figure 6.4: Latency distribution of mesothelioma direct claims

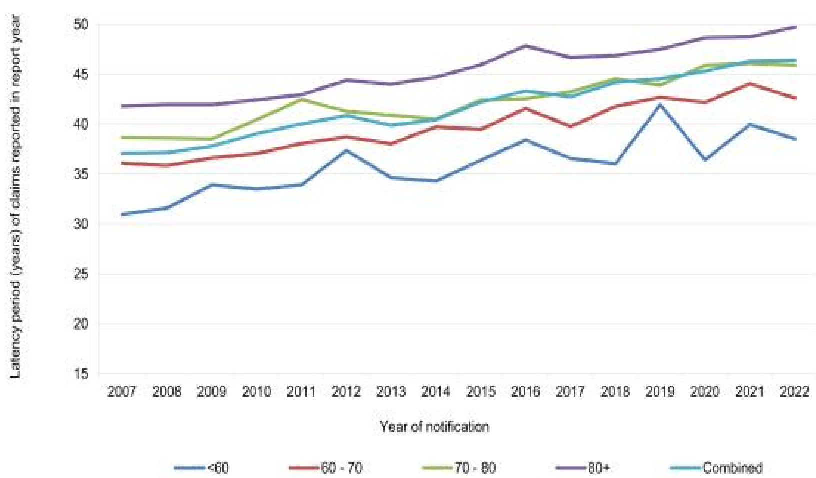


Our latency model assumes a "normal distribution" and the chart seems to (in broad terms) support that assumption at this time.

For direct claims, the mean latency to date is 39.8 years, the median latency to date is 40 years, and the mode of the latency is 42 years. The standard deviation to date is 8.8 years.

The following chart shows how the average reported latencies vary between each of the age groups.

Figure 6.5: Latency of mesothelioma direct claims by age of claimant

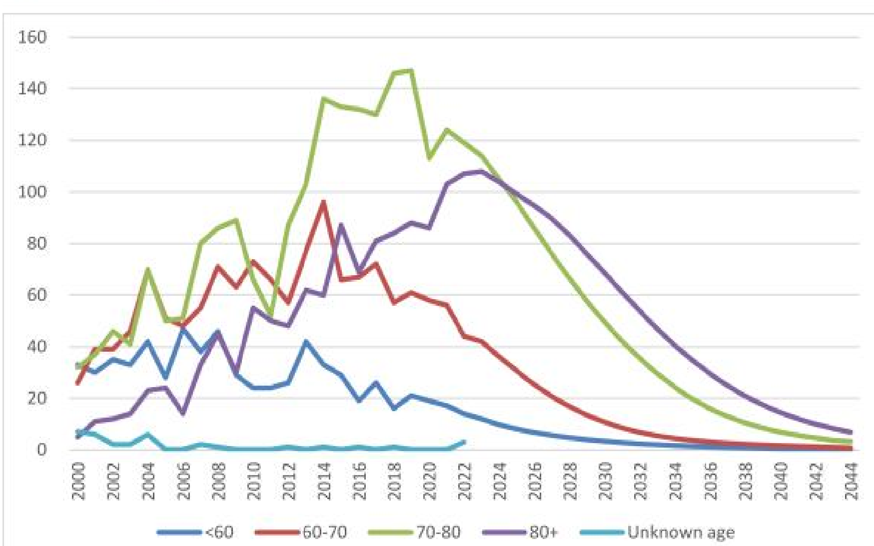


Our latency model for mesothelioma direct claims from first exposure assumes a mean latency of 40 years and a standard deviation of 9 years.

6.2.2 Overall future incidence pattern and IBNR claim numbers

The following chart shows the pattern of future notifications which have resulted from the application of our methodology.

Figure 6.6: Projected future claim notifications for mesothelioma direct claims



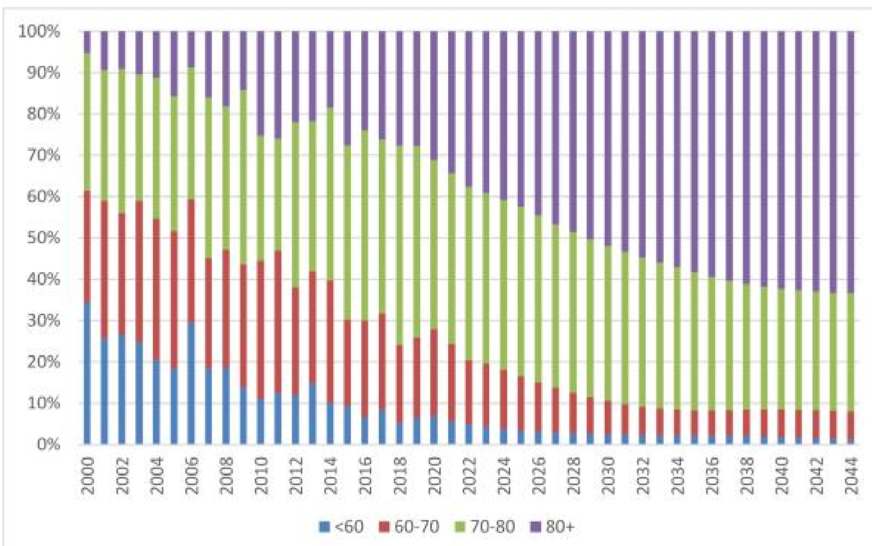
6.2.3 Assumed change in future mix of claims by claimant age

We have assumed a mix of direct claims by claimant age for 2023/24 as follows:

- 4.4% (12 claims) for ages less than 60,
- 15.2% (42 claims) for ages 60-70,
- 41.3% (114 claims) for ages 70-80,
- 39.1% (108 claims) for ages over 80.

The following chart shows the change in mix of claims by claimant age over time both historically and projected into the future periods.

Figure 6.7: Mix of claims by claimant age for mesothelioma direct claims



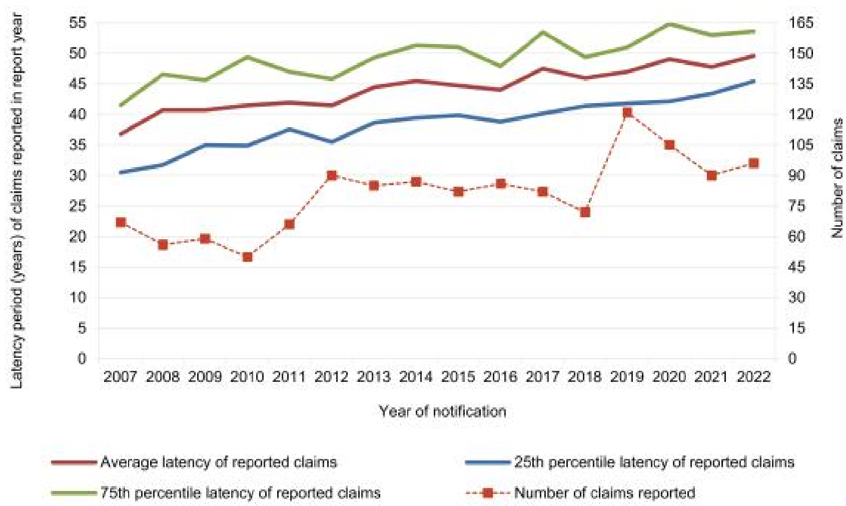
6.3 Mesothelioma: cross claims

6.3.1 Latency period of reported claims

We have analysed the actual latency period of the reported claims of the Liable Entities. In the charts that follow, we have measured the average actual latency period from the average date of exposure to the date of notification of a claim.

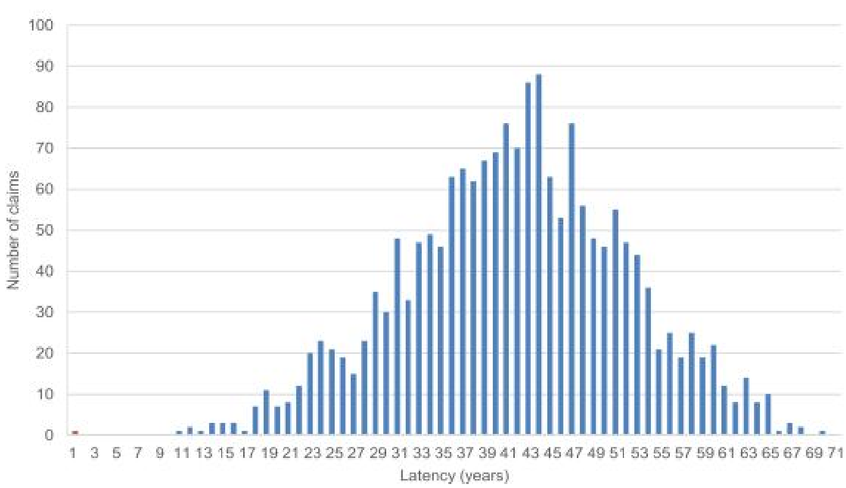
The chart below shows the average latency observed for mesothelioma claims and the 25th percentile and 75th percentile observations.

Figure 6.8: Latency of mesothelioma cross claims



The observed average latency period from the average exposure is currently approximately 50 years for cross claims, and it is generally increasing at about 0.85 years for each passing year.

Figure 6.9: Latency distribution of mesothelioma cross claims

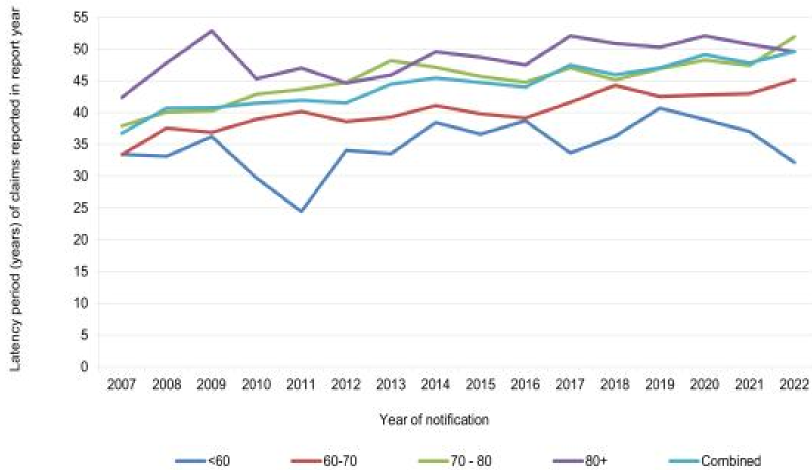


Our latency model assumes a "normal distribution" and the chart seems to (in broad terms) support that assumption at this time, whilst noting that smaller claim numbers will lead to more volatility (and a lower 'goodness of fit').

For cross claims, the mean latency to date is 41.8 years, the median latency is 42 years and the mode of the latency is 44 years. The standard deviation to date is around 10.2 years.

The following chart shows how the average reported latencies vary between each of the age groups.

Figure 6.10: Latency of mesothelioma cross claims by age of claimant



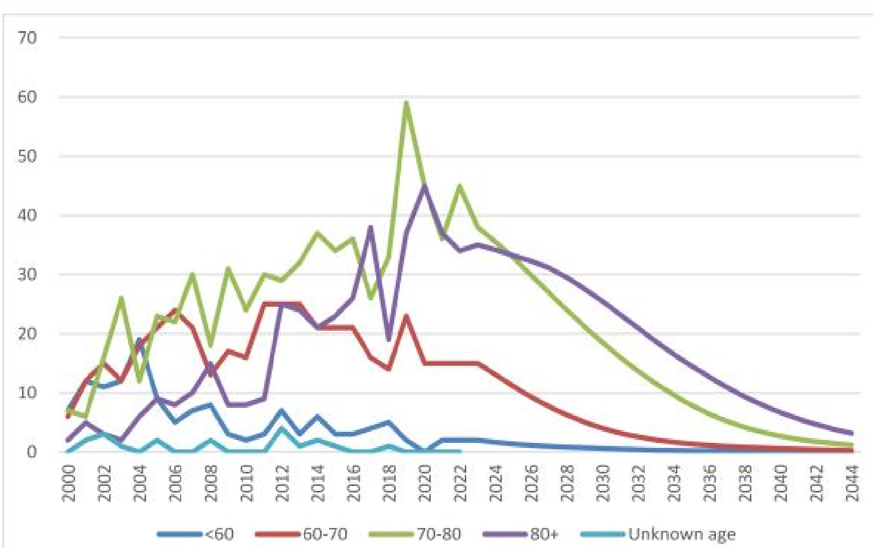
Note: There were no claims for the <60 age cohort in 2020/21. As a result the chart displays a "linear interpolation" between the 2019/20 and 2021/22 data points.

Our latency model for mesothelioma cross claims from first exposure assumes a mean latency of 41 years and a standard deviation of 10 years.

6.3.2 Overall future incidence pattern and IBNR claim numbers

The following chart shows the pattern of future notifications which have resulted from the application of our methodology.

Figure 6.11: Projected future claim notifications for mesothelioma cross claims



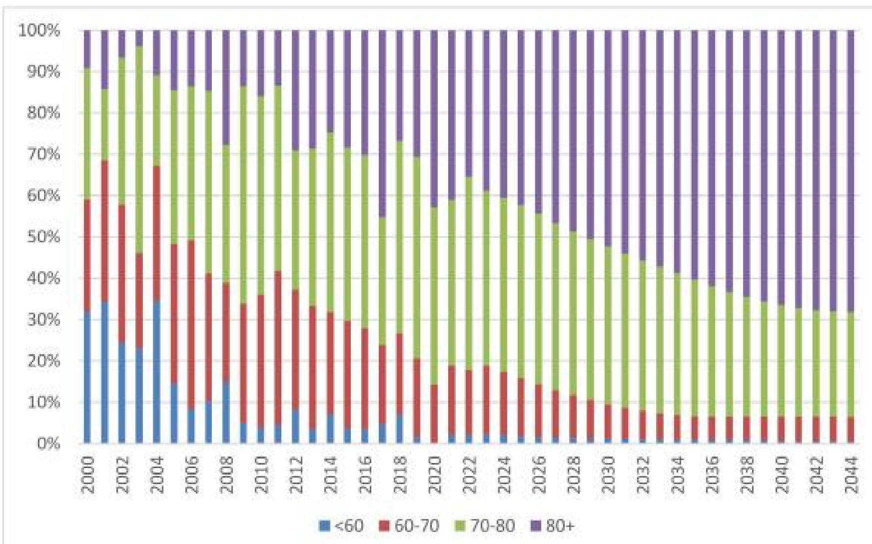
6.3.3 Assumed change in future mix of claims by claimant age

We have assumed a mix of cross claims by claimant age for 2023/24 as follows:

- 2.2% (2 claims) for ages less than 60,
- 16.7% (15 claims) for ages 60-70,
- 42.2% (38 claims) for ages 70-80,
- 38.9% (35 claims) for ages over 80.

The following chart shows the change in mix of claims by claimant age over time both historically and projected into the future periods.

Figure 6.12: Mix of claims by claimant age for mesothelioma cross claims



6.4 Non-mesothelioma experience

6.4.1 Latency period of reported claims

The trend in latency periods for other disease types is shown in the following charts.

Figure 6.13: Latency of asbestosis claims

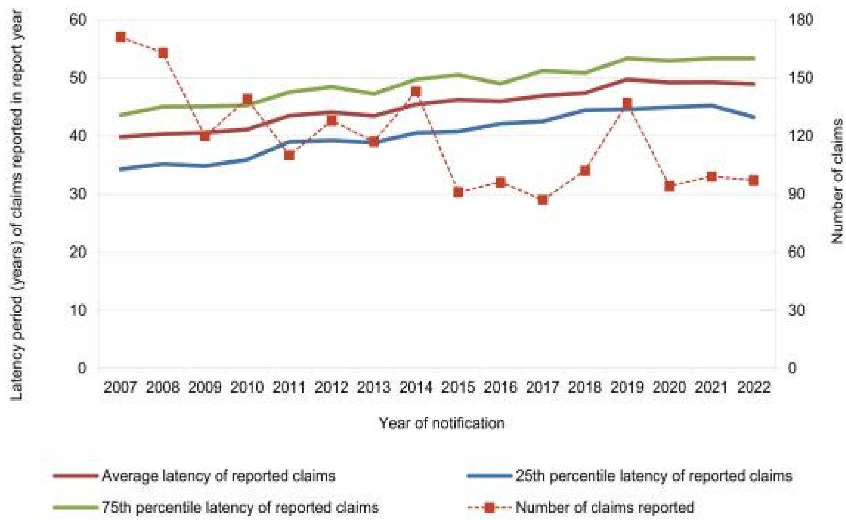


Figure 6.14: Latency of lung cancer claims

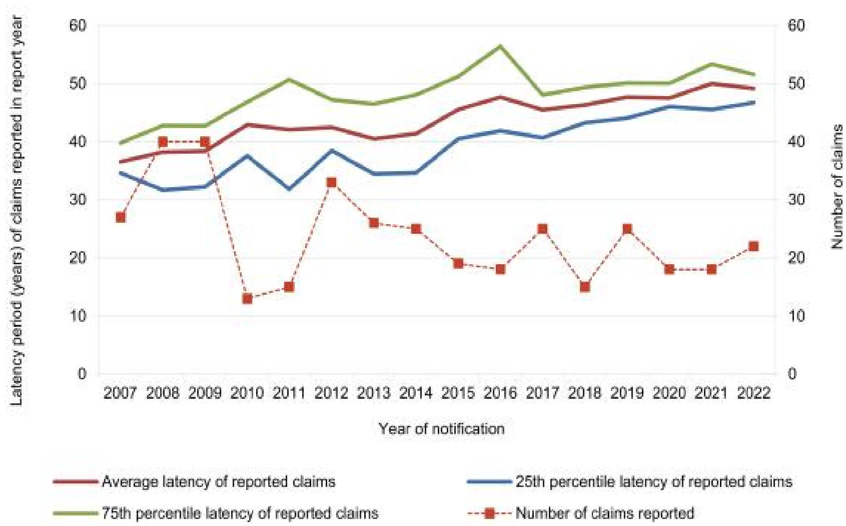
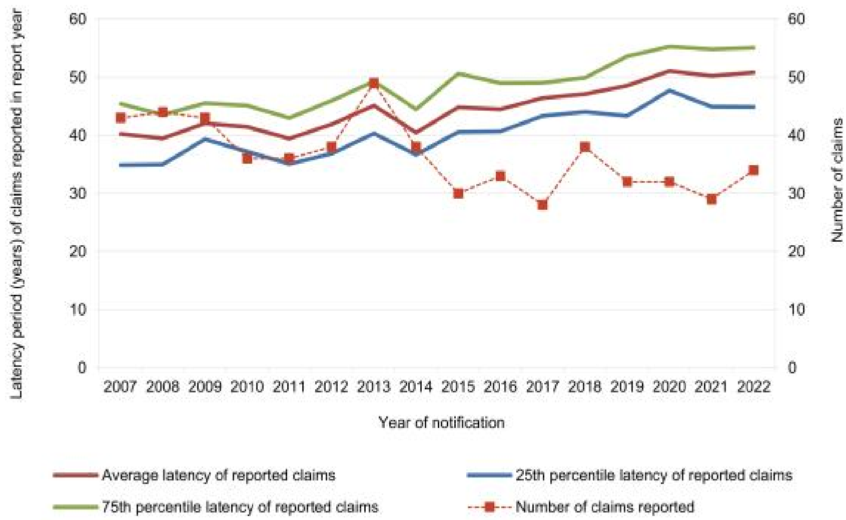


Figure 6.15: Latency of ARPD & Other claims



The average observed latency periods for the other disease types show a more surprising trend, appearing to be longer than epidemiological literature has tended to suggest.

A summary of our underlying latency assumptions by disease type are shown below. The mean and standard deviation values quoted are applied to a normal distribution model.

Table 6.1: Assumed underlying latency distribution parameters from average date of exposure to date of notification

	Mean latency (years)	Standard deviation of latency (years)
Asbestosis	35	8
Lung Cancer	35	10
ARPD & Other	32	10
Wharf	n/a	n/a
Workers compensation	n/a	n/a

These assumptions are unchanged from the previous valuation.

6.4.2 Modelled assumptions for peak year of claim incidence

Based on the application of our exposure model and our latency model, and the assumptions contained explicitly or implicitly within those models, the peak year of notification of claims reporting against the Liable Entities for each disease type (excluding mesothelioma) is modelled to be as follows:

Table 6.2: Modelled peak year of claim notifications

	Current valuation	Previous valuation
Asbestosis	2008/09	2008/09
Lung Cancer	2010/11	2010/11
ARPD & Other	2007/08	2007/08
Wharf	2008/09	2008/09
Workers Compensation	[illegible]	[illegible]

Workers Compensation	2007/08	2007/08

These modelled assumptions are unchanged and reflect no changes to the exposure data and no changes to the latency model assumptions at this time.

We note that whilst the "modelled peak" derived from our model is as shown above, this does not automatically translate to, nor does it imply that, the "highest claims reporting year" will be those years. This is because variation from year to year is expected due to normal 'statistical variation' in claim numbers.

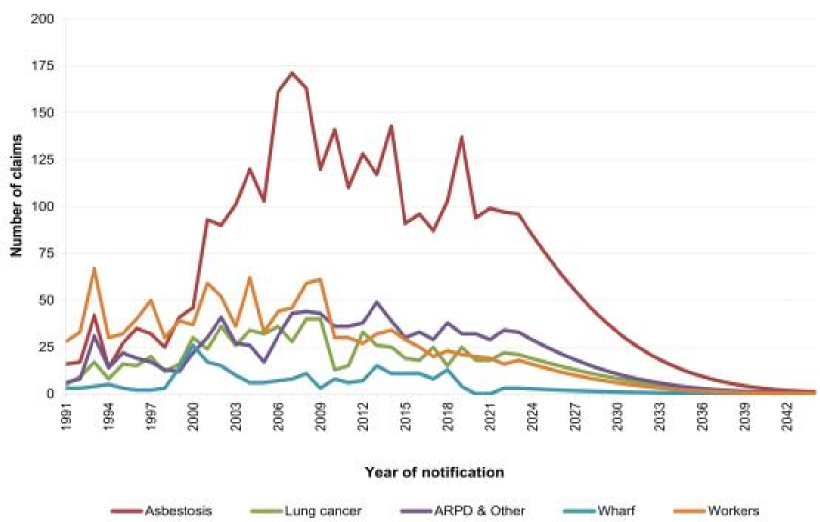
6.4.3 Projected incidence patterns

We have projected the future number of claim notifications from the curve we have derived using our exposure model and our latency model.

We have applied this curve to the base number of claims we have estimated for each disease type for 2023/24 as summarised in Section 5.7.

The following chart shows the pattern of future notifications which have resulted from the application of our exposure and latency model and the recalibration of the curve to our revised expectations of claims reporting activity for 2023/24.

Figure 6.16: Projected future claim notifications for other disease types



7. Claims Experience: Average Claims and Legal Costs

7.1 Overview

We have analysed the average claim awards, average plaintiff/other costs and average defendant legal costs by disease type in arriving at our valuation assumptions.

The table below shows how the average settlement cost for non-nil attritional (i.e. non-large) claims has varied by settlement year. All data have been converted into mid 2022/23 money terms using a historical base inflation index of 4% per annum.

We refer to these amounts as "inflated average attritional awards" in the charts and tables that follow.

The average amounts shown hereafter relate to the average amount of the contribution made by the Liable Entities, and does not reflect the total award payable to the plaintiff unless this is clearly stated to be the case.

In particular, for Workers Compensation the average award reflects the average contribution by the Liable Entities for claims in which they are joined but relates only to that amount of the award determined against the Liable Entities which is not met by a Workers Compensation Scheme or Policy.

Table 7.1: Average attritional non-nil claim award (inflated to mid 2022/23 money terms)

Settlement Year	Mesothelioma	Asbestosis	Lung Cancer	ARPD & Other	Wharf	Workers Compensation
2007	406,517	140,934	197,698	84,976	85,195	470,818
2008	461,392	148,474	146,158	155,016	250,499	95,242
2009	411,822	166,782	169,029	146,956	98,020	167,284
2010	418,687	136,207	219,729	115,571	59,725	0
2011	440,915	168,095	192,497	150,276	117,137	1,385,509
2012	433,747	181,362	173,134	128,554	52,082	125,821
2013	443,988	140,616	147,626	138,500	147,762	28,466
2014	412,980	135,929	188,481	98,644	109,518	95,800
2015	387,585	132,383	153,093	135,251	177,354	0
2016	349,463	99,343	51,634	92,432	46,687	0
2017	368,745	127,488	142,365	80,994	95,712	294,024
2018	375,024	109,180	75,645	133,329	64,727	0
2019	376,043	122,414	94,486	154,027	110,918	56,243
2020	320,359	142,451	147,338	128,226	70,377	0
2021	376,451	153,689	173,819	87,314	0	0
2022	355,949	144,688	172,595	70,842	0	89,370

7.2 Mesothelioma claims

7.2.1 Claim sizes for 2022/23 by claim type and age of claimant

The following table shows the comparison of the average cost of claims settled in 2022/23 for direct and cross claims, split by age cohort.

This table demonstrates the significant difference between the average costs of claims between direct claims and cross claims.

This also explains why the separation of the mesothelioma category between direct claims and cross claims is important if the mix of claims by number is, or has been, changing.

Table 7.2: Average attritional awards (inflated to mid 2022/23 money terms) for direct and cross claims by age of claimant for claims settled in 2022/23

	Direct Claims				Cross Claims			
Age	# settled (non-nil)	Average Claim Size	Mar22 val assumption inflated to 2022/23	Actual / Expected	# settled (non-nil)	Average Claim Size	Mar22 val assumption inflated to 2022/23	Actual / Expected
<60	13	779,553	730,800	107%	0	0	216,300	0%
60 - 70	48	595,168	520,800	114%	13	111,543	142,800	78%
70 - 80	121	427,013	452,550	94%	31	74,143	95,550	78%
80+	91	346,342	384,300	90%	45	71,487	90,300	79%
Overall	**273**	**446,476**	**455,050**	**98%**	**89**	**78,263**	**99,797**	**78%**

7.2.2 Additional allowance for mesothelioma claims for the potential costs from overseas exposures (*Talifero vs Amaca)*

We have made an allowance of $6,000 per mesothelioma claim (in mid 2022/23 money terms).

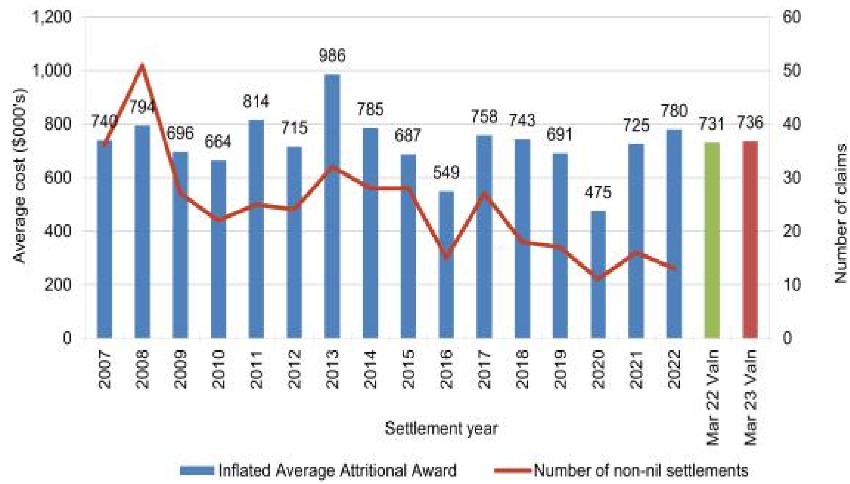
This amount has been applied across all mesothelioma claims, both direct claims and cross claims), to allow for the potential costs arising from overseas exposures consequent to the decision in *Talifero vs Amaca*. This adjustment is already included in the mesothelioma assumptions shown later in this section.

Our per-claim adjustment is only applied to mesothelioma claims.

7.2.3 Mesothelioma: direct claims experience and assumptions

The charts below show the average claim size by age cohort since 2007/08 for direct mesothelioma claims.

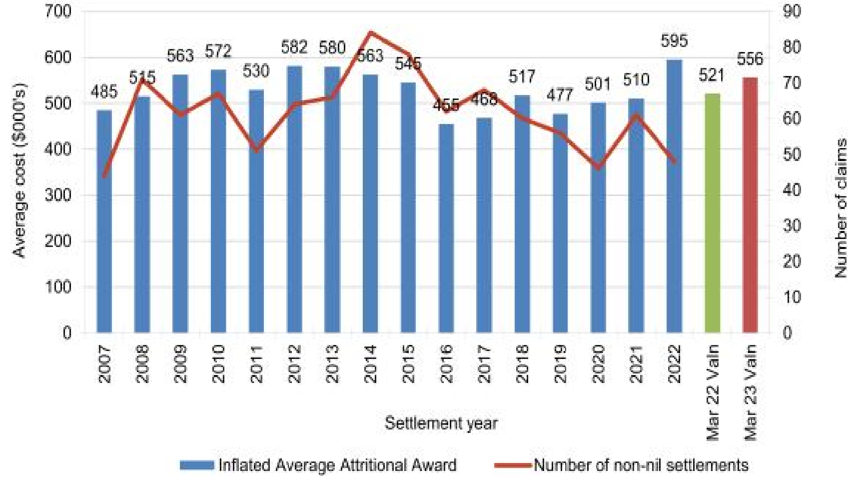
Figure 7.1: Average attritional awards (inflated to mid 2022/23 money terms) for <60 years age cohort



For claimants under the age of 60:

- The average size for 2022/23 was $780,000.
- The last three years have averaged $674,000; the last four years have averaged $679,000; the last five years have averaged $695,000, the last six years have averaged $711,000; the last seven years have averaged $691,000.
- We have taken a longer-term view noting the smaller numbers of claims in this age group.
- We have therefore selected an assumption of $736,000, inclusive of the $6,000 Talifero adjustment.

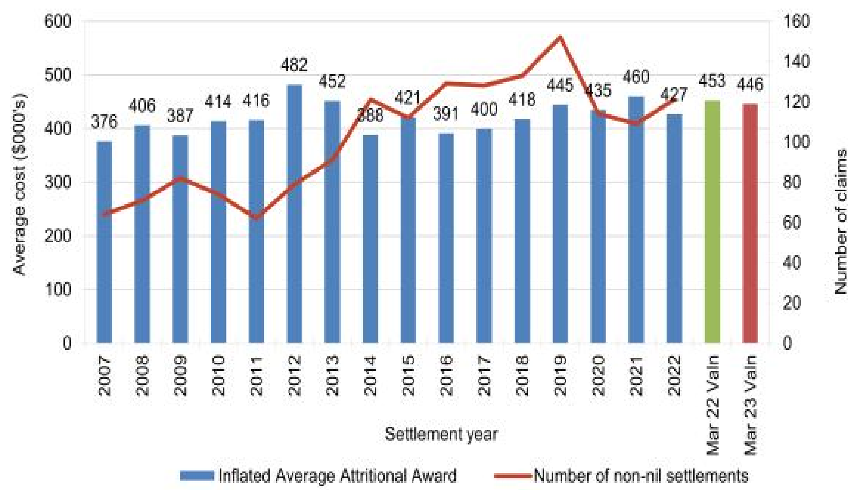
Figure 7.2: Average attritional awards (inflated to mid 2022/23 money terms) for 60-70 years age cohort



For claimants aged 60-70:

- The average size for 2022/23 was $595,000.
- The last three years have averaged $534,000; the last four years have averaged $519,000; the last five years have averaged $519,000, the last six years have averaged $508,000; the last seven years have averaged $500,000.
- We have taken a longer-term view noting the smaller numbers of claims in this age group. Whilst giving partial credit to the most recent data point.
- We have therefore selected an assumption of $556,000, inclusive of the $6,000 Talifero adjustment.

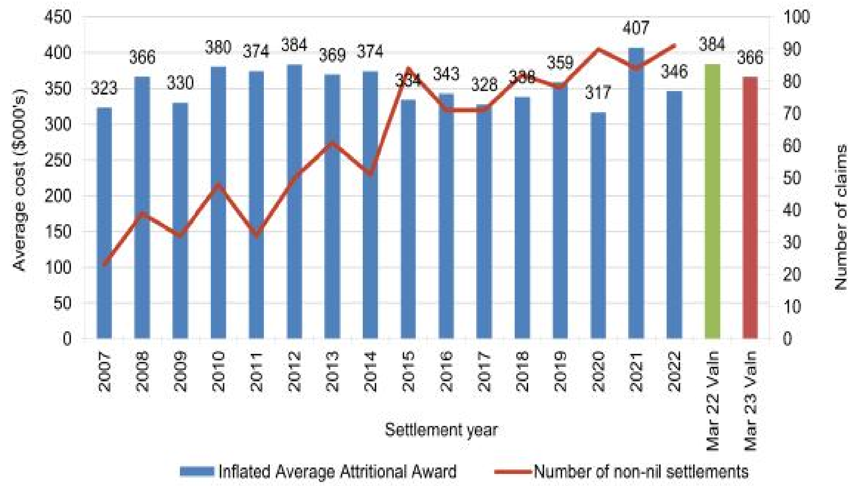
Figure 7.3: Average attritional awards (inflated to mid 2022/23 money terms) for 70-80 years age cohort



For claimants aged 70-80:

- The average size for 2022/23 was $427,000.
- The last three years have averaged $440,000; the last four years have averaged $441,000; the last five years have averaged $436,000, the last six years have averaged $430,000; the last seven years have averaged $425,000.
- This segment is the largest segment by both number of claims and total expenditure.
- We have therefore selected an assumption of $446,000, inclusive of the $6,000 Talifero adjustment.

Figure 7.4: Average attritional awards (inflated to mid 2022/23 money terms) for 80+ years age cohort



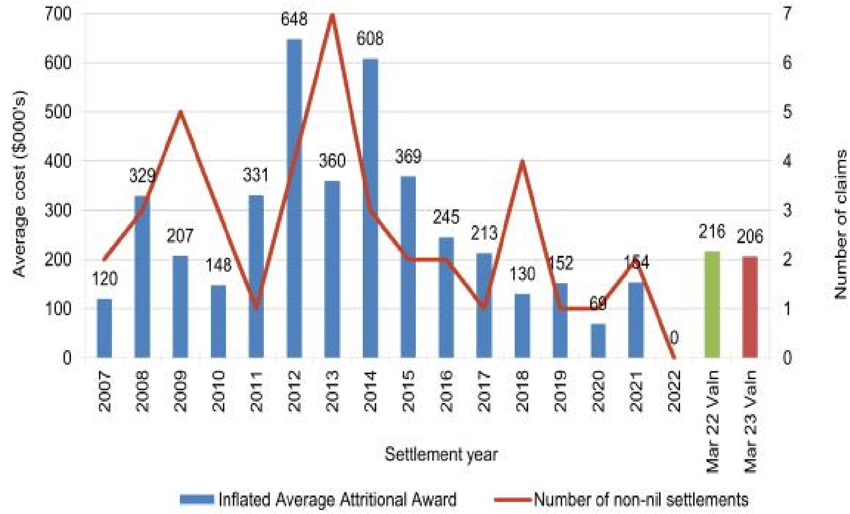
For claimants aged 80+:

- The average size for 2022/23 was $346,000, a considerable reduction from the 2021/22 experience which had been the highest average to date (and following on from the lowest average to date in 2020/21).
- The last three years have averaged $356,000; the last four years have averaged $356,000; the last five years have averaged $353,000, the last six years have averaged $349,000; the last seven years have averaged $348,000.
- We have therefore selected an assumption of $366,000, inclusive of the $6,000 Talifero adjustment.

7.2.4 Mesothelioma cross claims experience and assumptions

The charts below show the average claim size by age cohort since 2007/08 for cross claims.

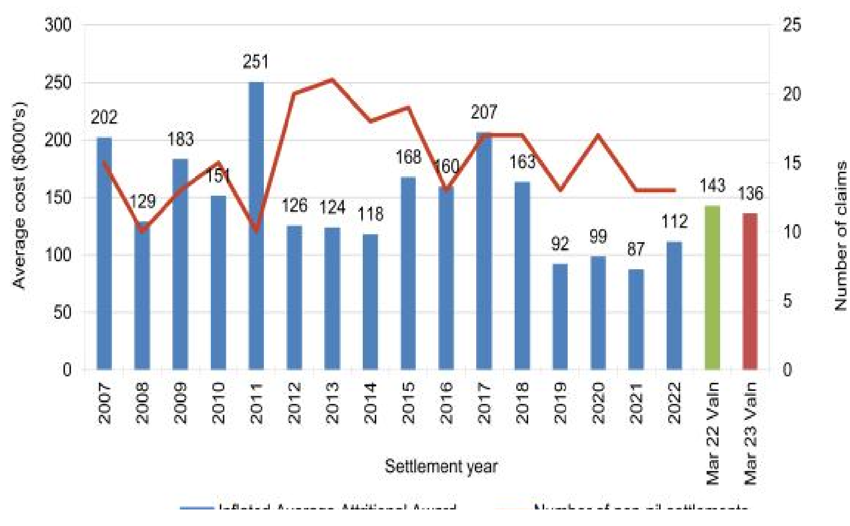
Figure 7.5: Average attritional awards (inflated to mid 2022/23 money terms) for <60 years age cohort



For claimants under the age of 60:

- There were no claims settled in 2022/23.
- There are typically between 1 and 4 claims in this age cohort. As such, the claim size experience can be volatile from year to year depending on the specific circumstances of a small number of claims.
- We have therefore selected an assumption of $206,000, inclusive of the $6,000 Talifero adjustment, whilst noting this assumption is not material to the overall valuation given the small number of claims.

Figure 7.6: Average attritional awards (inflated to mid 2022/23 money terms) for 60-70 years age cohort

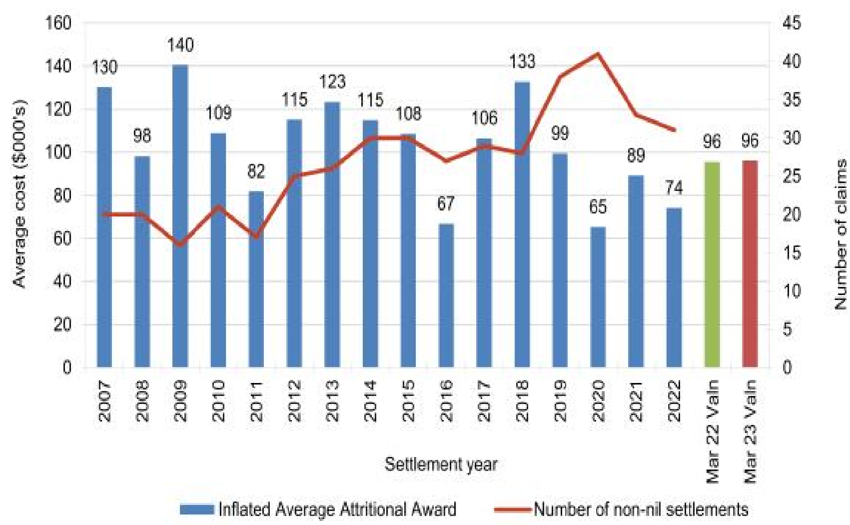


Inflated Average Attritional Award   Number of non-nil settlements

For claimants aged 60-70:

- The average size for 2022/23 was $112,000.
- The last three years have averaged $99,000; the last four years have averaged $97,000; the last five years have averaged $113,000, the last six years have averaged $131,000; the last seven years have averaged $134,000.
- We have taken a longer-term view noting the smaller numbers of claims in this age group.
- We have therefore selected an assumption of $136,000, inclusive of the $6,000 Talifero adjustment.

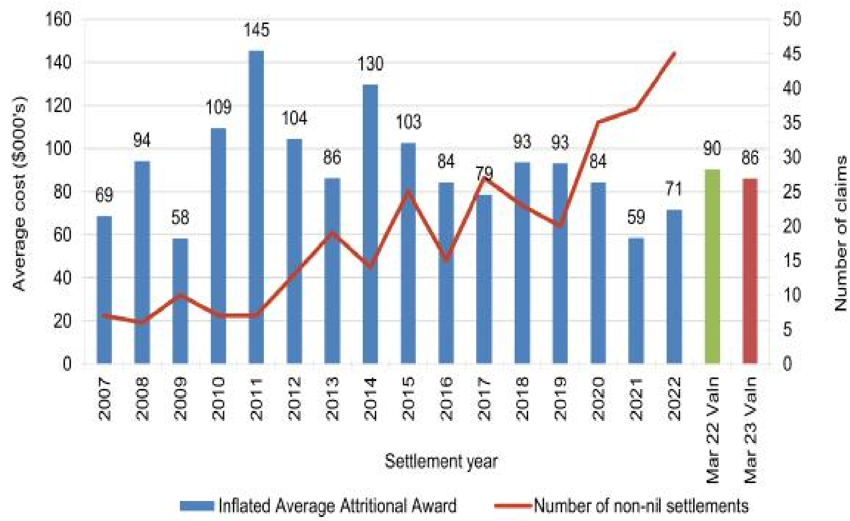
Figure 7.7: Average attritional awards (inflated to mid 2022/23 money terms) for 70-80 years age cohort



For claimants aged 70-80:

- The average size for 2022/23 was $74,000.
- The last three years have averaged $75,000; the last four years have averaged $82,000; the last five years have averaged $90,000, the last six years have averaged $93,000; the last seven years have averaged $89,000.
- We have therefore selected an assumption of $96,000, inclusive of the $6,000 Talifero adjustment.

Figure 7.8: Average attritional awards (inflated to mid 2022/23 money terms) for 80+ years age cohort



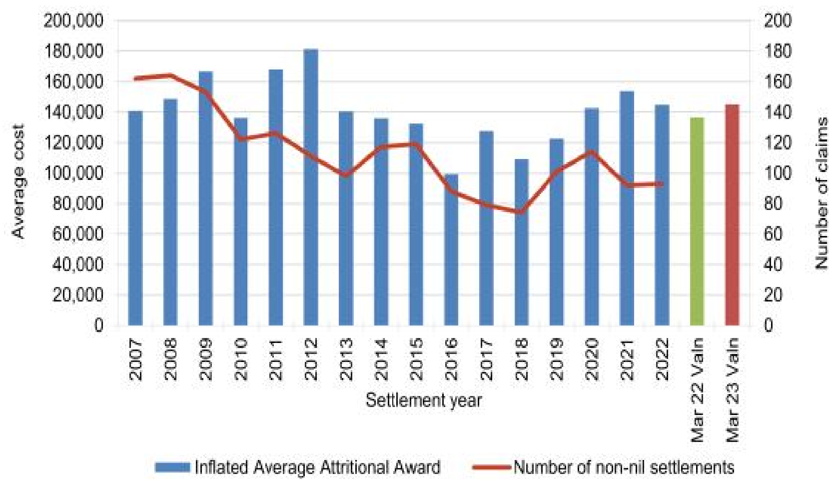
For claimants aged 80+:

- The average size for 2022/23 was $71,000.
- The last three years have averaged $71,000; the last four years have averaged $74,000; the last five years have averaged $77,000, the last six years have averaged $77,000; the last seven years have averaged $78,000.
- We have therefore selected an assumption of $86,000, inclusive of the $6,000 Talifero adjustment.

7.3 Asbestosis claims

For asbestosis, it can be seen from Table 7.1 that the period since 2007/08 has had volatile average claim size experience.

Figure 7.9: Average awards (inflated to mid 2022/23 money terms) and number of non-nil claims settlements for asbestosis claims



Claim sizes showed a generally downward trend from 2012/13 to 2018/19, although they have since exhibited upward trends in the last five years.

The average of the past three years is $147,000; the average of the past four years is $140,000 and the average of the past five years is $136,000.

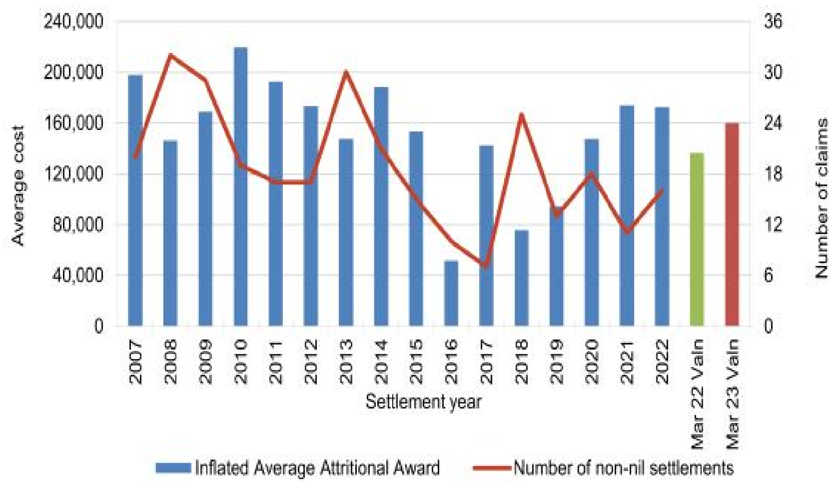
In setting an assumption, we have given more credit to the higher experience observed in the three most recent years as compared with the preceding four years.

Taking all of the above factors into consideration, we have adopted a valuation assumption of $145,000 in mid 2022/23 money terms.

7.4 Lung cancer claims

The average award for lung cancer claims has exhibited some volatility in the past six years, although this is not unexpected given the small volume of claim settlements (approximately 10 to 30 claims per annum).

Figure 7.10: Average awards (inflated to mid-2022/23 money terms) and number of non-nil claims settlements for lung cancer claims



The experience in the last two years have each been impacted by one unusually large claim, which materially impacts the observed average claim size given there are typically between 10 and 15 non-nil claim settlements.

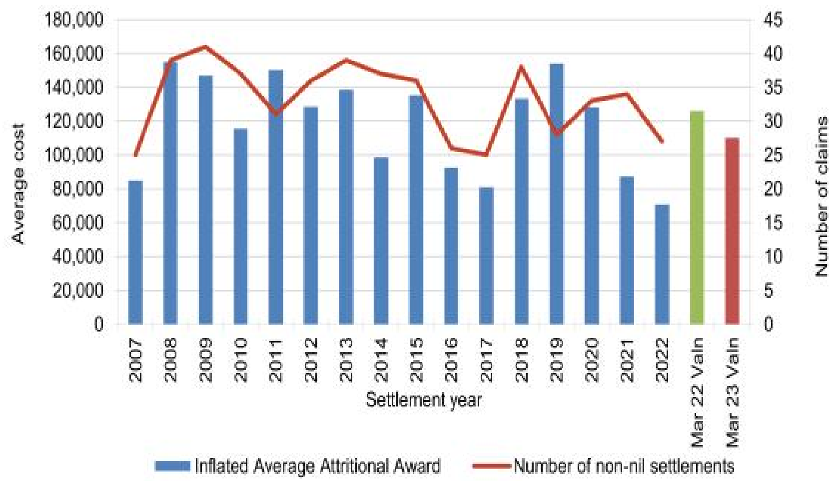
The average of the past three years is $163,000; the average of the past four years is $147,000 and the average of the past five years is $126,000.

Taking all of the above factors into consideration, and giving increased credibility to the more recent elevated claims experience having now observed two years of such experience, we have adopted a valuation assumption of $160,000 in mid 2022/23 money terms.

7.5 ARPD & Other claims

The average award size has shown considerable volatility over time.

Figure 7.11: Average awards (inflated to mid 2022/23 money terms) and number of non-nil claims settlements for ARPD & Other claims



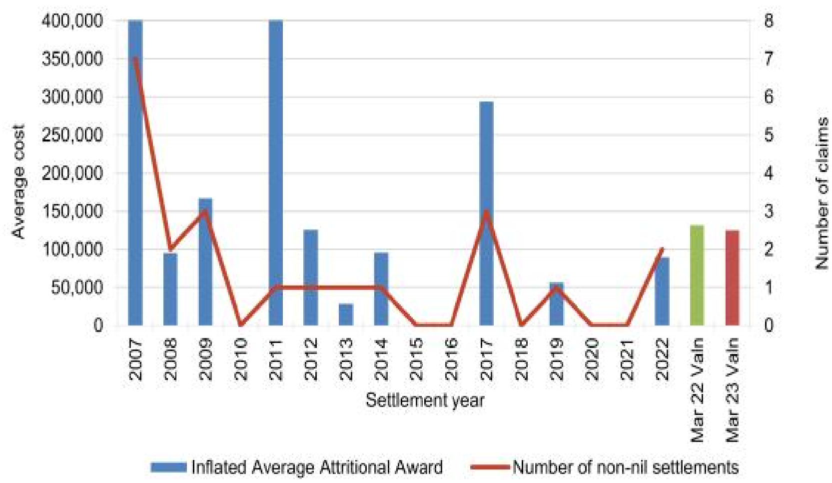
The average of the past three years is \$97,000; the average of the past four years is \$110,000 and the average of the past five years is \$116,000.

Taking all of the above factors into consideration, we have adopted a valuation assumption of \$110,000 for ARPD & Other claims in mid 2022/23 money terms.

7.6 Workers Compensation claims

The average award for non-nil Workers Compensation claims has shown a large degree of volatility, reflecting the very small number of non-nil claims.

Figure 7.12: Average awards (inflated to mid 2022/23 money terms) and number of non-nil claims settlements for Workers Compensation claims



It should be noted that the high average claim size in 2011/12 is due to one claim of $900,000 (in 2011/12 values). Furthermore, we understand that this claim payment was recovered from the workers compensation insurer at a later date.

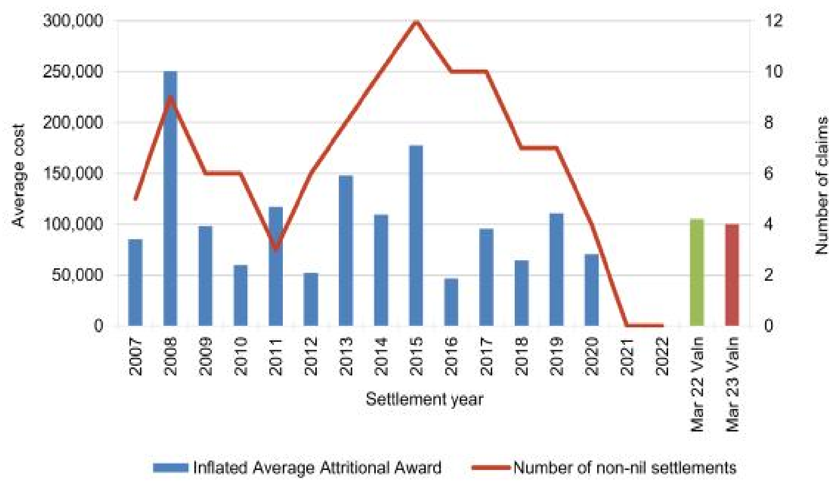
Taking all of the above factors into consideration, we have adopted a valuation assumption of $125,000 in mid 2022/23 money terms.

This assumption is not material to the overall liability given the high proportion of claims (in excess of 95%) which are settled with no retained liability against the Liable Entities.

7.7 Wharf claims

For wharf claims, the average of the past three years has been $70,000; the average of the past four years has been $96,000 and the average of the past five years has been $84,000.

Figure 7.13: Average awards (inflated to mid 2022/23 money terms) and number of non-nil claims settlements for wharf claims



The experience in 2008/09 was impacted by one large claim of almost $600,000 (in 2008/09 values).

At this valuation, we have adopted a valuation assumption of $100,000 in mid 2022/23 money terms.

Given the small volume of wharf claims, this assumption is not financially significant to the overall results.

7.8 Mesothelioma large claim size and incidence rates

There have been 78 mesothelioma claims settled with awards in excess of $1m in 2006/07 money terms. There were 2 large claims settled in 2022/23 at a total cost of $4.77m.

There has only ever been one cross claim that has been a large claim (settled in 2000/01).

Given this, the assumed large claim incidence rate for cross claims has been set at 0% for all age cohorts.

The following analysis is therefore only applicable for direct claims.

In selecting a large claim incidence rate or an expected annual number of large claims for direct claims, we have analysed the number of large claims by year of notification, separately for each of the four age groups.

We have also shown the incidence rate of large claims for each of the age groups.

Figure 7.14: Number of large claims settled by year of notification

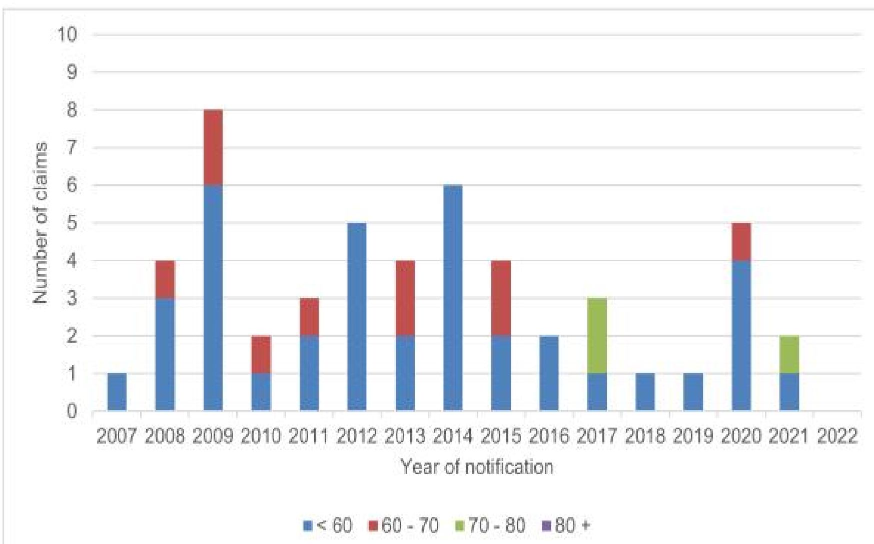
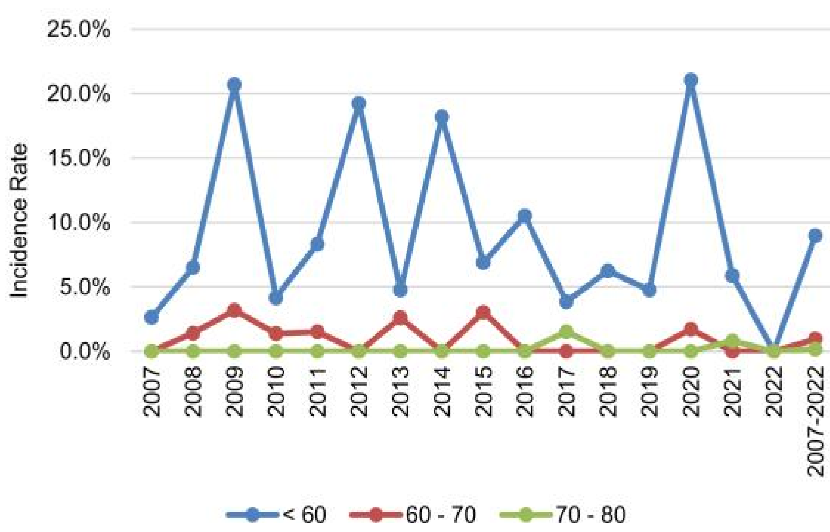


Figure 7.15: Large claims incidence rate by age of claimant



There have been no large claims settled to date for claimants over the age of 80.

We have continued to assume a future large claim incidence rate of 10.00% for claimants under 60 years of age, 1.00% for claimants between 60 and 70 years of age, and 0.10% for claimants between 70 and 80 years of age.

For the average large claim size, we have adopted a valuation assumption of $2.68m in mid 2022/23 money terms and we have adopted the same average claim size for all age groups. This is based on analysis that shows small variation in average claim size for large claims between claimants in each of the age cohorts

The actual incidence of, and settlement of, large claims is not readily predictable and therefore deviations will occur from year to year due to random fluctuations because of the small numbers of large claims (between 0 and 8 large claims per annum).

7.9 Summary average claim cost assumptions

The following table provides a summary of our average claim cost assumptions at this valuation, and those assumed at the previous valuation.

Table 7.3: Summary average claim cost assumptions

	Current Valuation	Previous Valuation	% change
Mesothelioma: Direct <60	736,000	730,800	1%
Mesothelioma: Direct 60-70	556,000	520,800	7%
Mesothelioma: Direct 70-80	446,000	452,550	-1%
Mesothelioma: Direct 80+	366,000	384,300	-5%
Mesothelioma: Cross <60	206,000	216,300	-5%
Mesothelioma: Cross 60-70	136,000	142,800	-5%
Mesothelioma: Cross 70-80	96,000	95,550	0%
Mesothelioma: Cross 80+	86,000	90,300	-5%
Asbestosis	145,000	136,500	6%
Lung Cancer	160,000	136,500	17%
ARPD & Other	110,000	126,000	-13%
Wharf	100,000	105,000	-5%
Workers Compensation	125,000	131,250	-5%
Mesothelioma Large Claims (award only) (direct claims)	Average Size: $2.68m. Direct frequency: 10.00% (<60), 1.00% (60-70), 0.1% (70-80)	Average Size: $2.71m. Direct frequency: 10.00% (<60), 1.00% (60-70), 0.1% (70-80)	

Note: Both the current valuation assumption and the previous valuation assumption are expressed in mid 2022/23 money terms.

Note: For mesothelioma, the current and previous valuation assumptions include an allowance of $6,000 for the decision in Talifero vs Amaca.

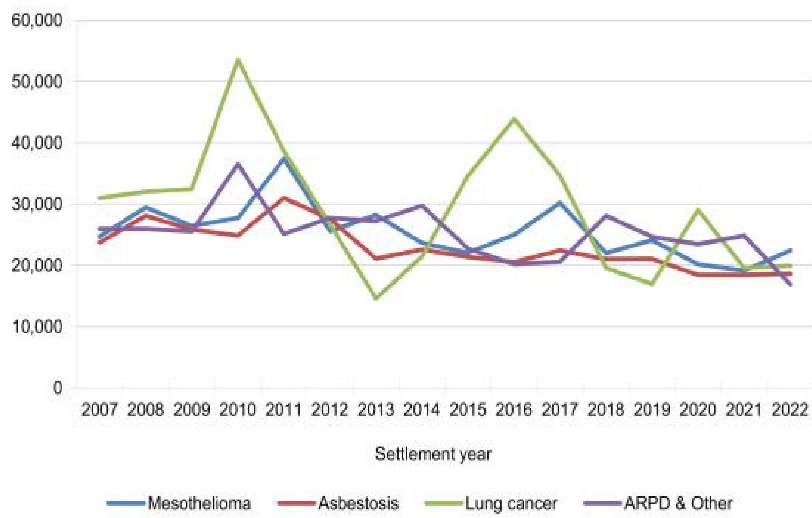
7.10 Defence legal costs

7.10.1 Non-nil claims

The average defence legal costs for non-nil claims by settlement year have been relatively stable over the last ten years for mesothelioma, asbestosis and ARPD & Other, albeit showing some general downward drift over time.

The average defence costs for lung cancer have shown a greater degree of variability, although this is not unexpected given the small volume of claim settlements (approximately 10 to 30 claims per annum).

Figure 7.16: Average defence legal costs (inflated to mid 2022/23 money terms) for non-nil claims settlements by settlement year



Note: The chart does not include average defence costs for Wharf and Worker claims due to the smaller number of claims involved and the variability that exists as a consequence.

7.10.2 Large claims

The average inflated defence legal costs across all large claims to date has been $188,000 although this has generally been trending downwards over time.

We have allowed for defence legal costs of $105,000 per large claim having regard to more recent experience.

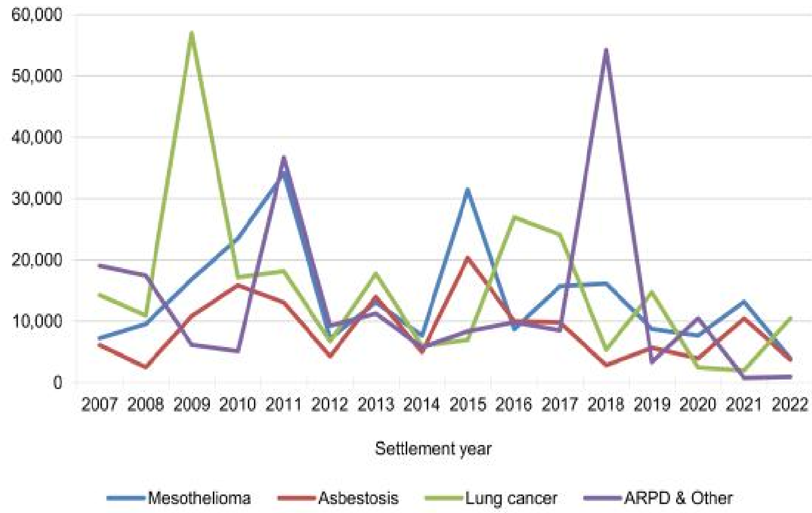
7.10.3 Nil claims

The average defence legal costs for nil claims by settlement year has been volatile for all disease types.

For mesothelioma, the volatility is a consequence of low nil settlement rate, meaning that there may be 20 to 30 nil claims in any year.

For the other disease types, the number of nil claims might typically be of the order of 5 to 10 claims per annum for each disease type (excluding workers compensation).

Figure 7.17: Average defence legal costs (inflated to mid 2022/23 money terms) for nil claims settlements by settlement year



Note: The chart does not include average defence costs for Wharf and Worker claims due to the smaller number of claims involved and the variability that exists as a consequence.

7.11 Summary average defendant legal costs assumptions

The following table provides a summary of our defendant legal costs assumptions at this valuation, and those assumed at the previous valuation.

We have adopted different legal cost assumptions for mesothelioma for the four age groups and separately for direct and cross claims, based on analysis which indicates there is variation (which in part will be related to the average size of claims in each age group and claim type).

Table 7.4: Summary average defendant legal costs assumptions

	Current Valuation		Previous Valuation	
	Non Nil Claims	Nil Claims	Non Nil Claims	Nil Claims
Mesothelioma: Direct <60	35,000	22,000	37,260	22,770
Mesothelioma: Direct 60-70	28,000	22,000	26,910	22,770
Mesothelioma: Direct 70-80	25,000	16,000	24,840	16,560
Mesothelioma: Direct 80+	21,000	11,000	21,735	11,385
Mesothelioma: Cross <60	30,000	10,000	31,050	10,350
Mesothelioma: Cross 60-70	21,000	10,000	22,770	10,350
Mesothelioma: Cross 70-80	16,000	10,000	16,560	10,350
Mesothelioma: Cross 80+	15,000	10,000	15,525	10,350
Asbestosis	19,000	7,000	19,665	7,245
Lung Cancer	22,000	15,000	22,770	15,525
ARPD & Other	23,000	10,000	23,805	10,350
Wharf	15,000	5,000	15,525	5,175
Workers Compensation	15,000	1,000	15,525	1,035
Mesothelioma Large	105,000	0	108,675	0

Note: Both the current valuation assumption and the previous valuation assumption are expressed in mid 2022/23 money terms.

8. Claims Experience: Nil Settlement Rates

8.1 Overview

We have analysed the nil settlement rates, being the number of nil settlements expressed as a percentage of the total number of settlements (nil and non-nil).

We have shown the nil rate for mesothelioma both in aggregate and separately for each of direct claims and cross claims.

Table 8.1: Nil settlement rates

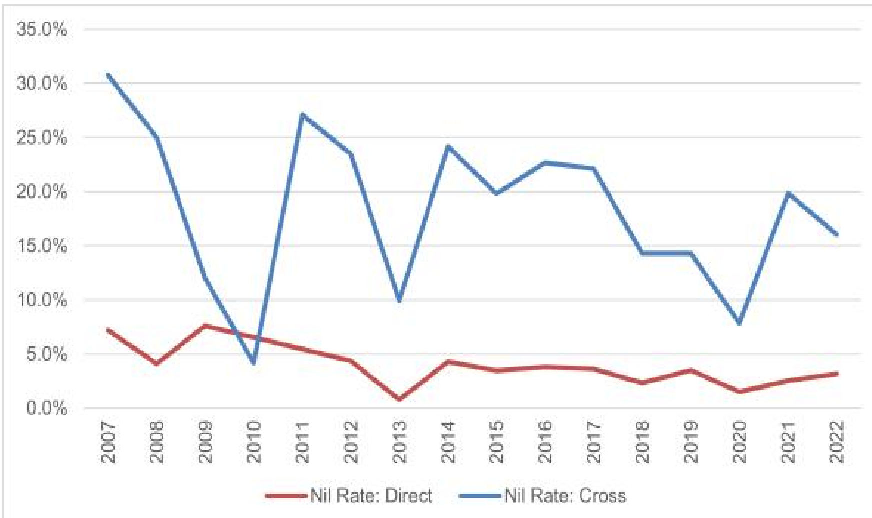
Settlement Year	Mesothelioma	Asbestosis	Lung Cancer	ARPD & Other	Wharf	Workers Compensation	Meso: Direct	Meso: Cross
2007	13%	9%	31%	19%	72%	85%	7%	31%
2008	8%	9%	24%	13%	0%	95%	4%	25%
2009	8%	8%	29%	2%	14%	83%	8%	12%
2010	6%	6%	41%	14%	0%	100%	7%	4%
2011	10%	7%	32%	11%	0%	67%	5%	27%
2012	9%	15%	23%	20%	40%	99%	4%	23%
2013	3%	8%	3%	13%	20%	99%	1%	10%
2014	9%	11%	16%	8%	9%	97%	4%	24%
2015	7%	6%	25%	8%	8%	100%	3%	20%
2016	20%	13%	57%	16%	9%	100%	4%	23%
2017	8%	16%	59%	7%	9%	88%	4%	22%
2018	5%	15%	17%	5%	22%	100%	2%	14%
2019	6%	9%	32%	20%	0%	96%	3%	14%
2020	3%	7%	14%	6%	0%	100%	1%	8%
2021	7%	3%	45%	3%	0%	100%	3%	20%
2022	7%	8%	20%	7%	0%	90%	3%	16%

Note: Mesothelioma cross claims nil settlement rate for 2016/17 was 55%. This has been restated in the above table to 23%, reflecting the removal of 54 Queensland statutory recovery claims that were closed for nil in that year.

8.2 Mesothelioma claims

Nil settlement rates vary between direct claims and cross claims as shown in the chart below.

Figure 8.1: Mesothelioma nil settlement rate for direct claims and cross claims



In considering the future nil settlement rate assumption for direct claims, we observe:

- The nil settlement rate for the past three years has averaged 2.4%, for the past four years has averaged 2.7% and for the past five years has averaged 2.6%. All of these averages are impacted by the 2020/21 experience.
- The nil settlement rate for 2022/23 was 3.2%, an increase from the previous year (2.5% nil settlement rate).
- The average nil settlement rate from 2007/08 to 2022/23 has been 3.8%.

Taking all of these factors into consideration, we have maintained our assumption for a future nil settlement rate of 3%.

In considering the future nil settlement rate assumption for cross claims, we observe:

- The nil settlement rate for the 2016/17 year of 55% was due to 54 Queensland statutory recovery claims being closed at nil cost in December 2016. Our chart has removed these as they are a one-off correction.
- The nil settlement rate for the past three years has averaged 14.6%, for the past four years has averaged 14.6% and for the past five years has averaged 14.5%. These have been materially impacted by the low nil settlement rate for 2020/21 (7.8%).
- The nil settlement rate for 2022/23 was 16.0% and was in line with the previous assumption.
- The average nil settlement rate from 2007/08 to 2022/23 has been 18.2%.

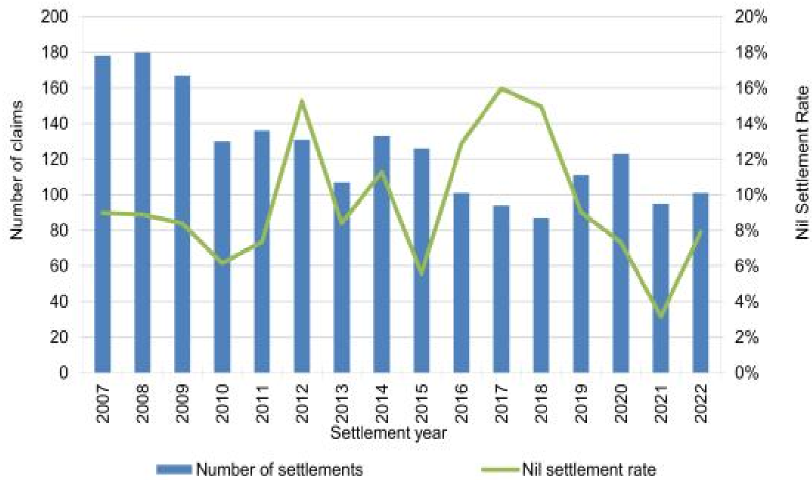
Taking all of these factors into consideration, we have maintained our assumption for a future nil settlement rate of 16%.

The nil settlement rate assumptions have been applied equally to all age groups.

8.3 Asbestosis claims

As with mesothelioma, the historical asbestosis nil settlement rate has been volatile.

Figure 8.2: Asbestosis nil claims experience



In considering the future nil settlement rate assumption, we note the following:

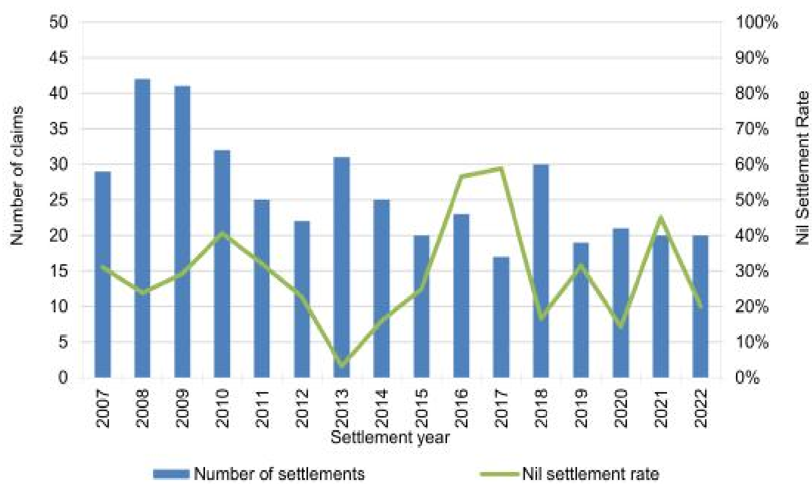
- The nil settlement rate for the past three years has averaged 6%, for the past four years has averaged 7% and for the past five years has averaged 8%. All of these averages have been impacted by the experience in 2021/22.
- The nil settlement rate for 2022/23 was 8%. This was in line with the previous valuation assumption.

Taking all of these factors into consideration, we have assumed a future nil settlement rate of 8%, unchanged from the previous valuation assumption.

8.4 Lung cancer claims

Given the small volumes of claims, volatility in the nil settlement rate for lung cancer claims is to be expected.

Figure 8.3: Lung cancer nil claims experience



In considering the future nil settlement rate assumption, we note the following:

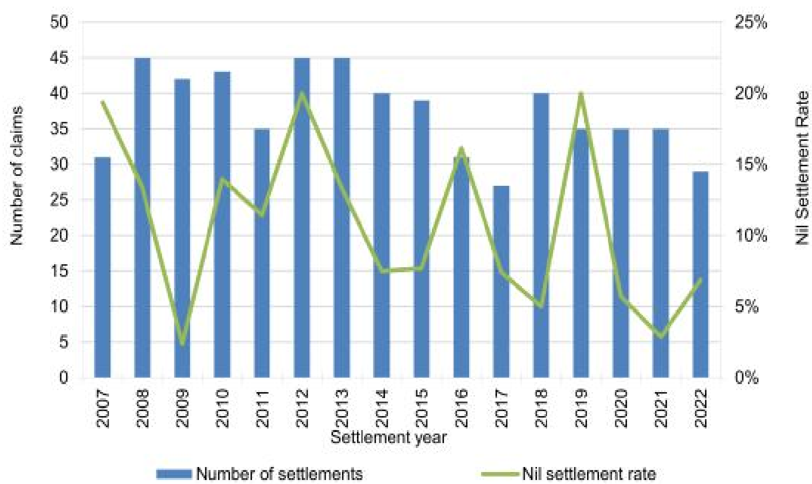
- The nil settlement rate for the past three years has averaged 26%, for the past four years has averaged 28% and for the past five years has averaged 25%.
- The nil settlement rate for 2022/23 was 20%.

Taking all of these factors into consideration, we have assumed a future nil settlement rate of 26%, a reduction from the previous valuation assumption of 30%.

8.5 ARPD & Other claims

As with other disease types, there has been significant volatility in the historical nil settlement rate, given the low numbers of claims for this disease.

Figure 8.4: ARPD & Other nil claims experience



The nil settlement rate for the past three years has averaged 5%, for the past four years has averaged 9% and for the past five years has averaged 8%.

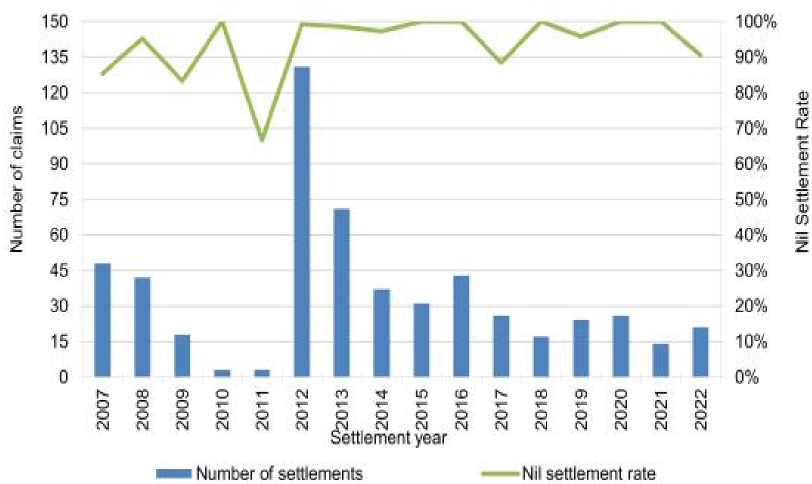
We have selected 8% as our nil settlement rate assumption, unchanged from the previous valuation assumption.

8.6 Workers Compensation claims

The nil settlement rates for Workers Compensation claims have been high and reflect the portion of claims whose costs are fully met by a Workers Compensation Scheme or Policy. The proportion of such claims which are fully met by insurance has been relatively stable since 1997/98, typically varying between 80% and 100%.

The nil settlement rate has been in excess of 90% for nine out of the past ten years, and it has been above 80% for ten out of the past ten years.

Figure 8.5: Workers Compensation nil claims experience



We have selected 96% as our nil settlement rate assumption, unchanged from our previous valuation assumption.

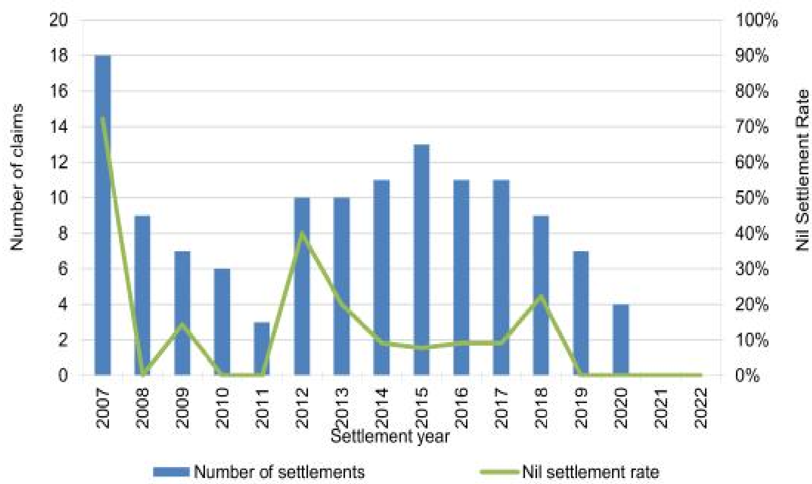
The overall financial impact of this assumption is not material.

8.7 Wharf claims

During the past eleven years, the nil settlement rate has exhibited considerably volatility for wharf claims, varying between 0% and 40%.

The nil settlement rate for the past three years has averaged 0%, for the past four years it has averaged 0% and for the past five years it has averaged 10%.

Figure 8.6: Wharf nil claims experience



Noting the very low number of claims being reported and being assumed to be reported in future years, we have selected a nil settlement rate assumption of 0%, a reduction from the previous valuation assumption of 10%.

Given the low volume of claims activity for wharf claims, this assumption is highly subjective but is also not material to the overall liability assessment.

8.8 Summary assumptions

The following table provides a summary of our nil settlement rate assumptions at this valuation, and those assumed at the previous valuation.

Table 8.2: Summary nil settlement rate assumptions

	Current Valuation	Previous Valuation
Mesothelioma: Direct	3.0%	3.0%
Mesothelioma: Cross	16.0%	16.0%
Asbestosis	8.0%	8.0%
Lung Cancer	26.0%	30.0%
ARPD & Other	8.0%	8.0%
Wharf	0.0%	10.0%
Workers Compensation	96.0%	96.0%

9. Economic and Other Assumptions

9.1 Overview

The two main economic assumptions required for our valuation are:

- The underlying claims inflation assumptions adopted to project the future claims settlement amounts and related costs.
- The discount rate adopted for the present value determinations.

We also discuss the basis of derivation of other valuation assumptions, being:

- The cross-claim recovery rate; and
- The pattern of settlement of future reported claims and pending claims.

9.2 Claims inflation

We are required to make assumptions about the future rate of inflation of claims costs.

We have adopted a standard Australian actuarial claims inflation model for liabilities of the type considered in this report that is based on:

- An underlying, or base, rate of general economic inflation relevant to the liabilities, in this case based on wage/salary (earnings) inflation; and
- A rate of superimposed inflation, i.e. the rate at which claims costs inflation exceeds base inflation.

9.2.1 Base inflation

We have adopted a long-term base (wage) inflation assumption of 3.50% per annum, unchanged from our assumption at 31 March 2022.

In maintaining this long-term assumption at 31 March 2023, we have had regard to the current level of annualised wage inflation (3.4% at 31 December 2022) and noting that our wage inflation assumption is intended to be a long-term assumption. Wage inflation in Australia has averaged approximately 3.1% per annum for the period 2000-2022.

We note that Consumer Price Inflation is currently tracking above wage inflation with a reported annual rate of 7.8% at 31 December 2022 and 7.0% at 31 March 2023.

As a result of the current higher levels of inflation observed in Australia, we have determined it appropriate to adopt a higher near-term assumption of wage inflation for the next two financial years (FY24 and FY25), having regard to various economists' forecasts of the timing of reversion to more usual inflationary conditions. We have adopted an assumption of 4.00% per annum for wage inflation for the next two financial years.

9.2.2 Superimposed inflation

Superimposed inflation is a term commonly used by Australian actuaries to measure the rate at which average claims costs escalate in excess of a base (usually wage) inflation measure.

As a result, superimposed inflation is a "catch-all" for a range of potential factors affecting claims costs, including (but not limited to):

- Courts making compensation payments in relation to new heads of damage;
- Courts changing the levels of compensation paid for existing heads of damage;
- Advancements in medical treatments – for example, this could lead to higher medical treatment costs (e.g. the cost of the use of new drug treatments);
- Allowance for medical costs to rise faster than wages because of the use of enhanced medical technologies;
- Changes in retirement age – this would increase future economic loss awards;
- Changes in the relative share of the liability to be borne by the Liable Entities' (which we refer to as "the contribution rate") and which might result from changes in the number of defendants joined in claims;
- Changes in the mix of claims costs by different heads of damage; and
- Changes in the mix of claimants by age of claimant.

Additionally, superimposed inflation also captures those characteristics of claims experience which might have different relative claim sizes but which are currently modelled in aggregate (rather than explicitly and separately modelled). This includes factors such as:

- Changes in the mix of claims between direct and cross claims (if the future pattern of incidence changes relative to that currently assumed);
- Changes in the mix of claims between renovator and non-renovator claims; and
- Changes in the mix of claims by the numbers of defendants to each claim.

Whilst the future rate of superimposed inflation is uncertain, and not predictable from one year to the next, it is of note that the average claim costs appear to have been relatively stable in recent years (after adjusting for wage inflation) and that, if anything, average claim sizes have trended downwards generally. As discussed elsewhere in this report, this reflects the changing mix of claimants by claimant age (shifting towards older claimants).

Furthermore, the emergence of new or expanding heads of damage does not tend to proceed smoothly but progresses in "steps", depending on the outcome of legislative and other developments.

We have reviewed the rate of inflation of claims costs by settlement year for the past 20 years for mesothelioma direct claims and cross claims separately, and separately for each age

cohort. We have assessed this by analysing inflated claim costs and therefore the following table measures the trend in the rate of superimposed inflation.

Table 9.1: Annualised rate of superimposed inflation for mesothelioma claims cohorts for various averaging periods

	Direct				Cross			
Period	<60	60-70	70-80	80+	<60	60-70	70-80	80+
2000-2022	0.1%	1.0%	1.0%	0.8%		2.7%	n/a	0.6%
2002-2022	-0.4%	0.4%	0.2%	-0.7%		-5.7%	-5.6%	-2.0%
2004-2022	-0.3%	0.8%	0.1%	0.2%		-1.4%	-1.2%	-3.7%
2007-2022	0.3%	1.4%	0.8%	0.5%		-3.9%	-3.7%	0.3%
2010-2022	1.3%	0.3%	0.3%	-0.8%		-2.5%	-3.1%	-3.5%
2015-2022	1.8%	1.3%	0.2%	0.5%		-5.7%	-5.3%	-5.0%
2018-2022	1.2%	3.6%	0.6%	0.6%		-9.1%	-13.5%	-6.5%

Note: The green shading in the above table indicates those data points with values exceeding 1.5% per annum superimposed inflation (being our valuation assumption).

Note: The column for <60 cross claims is blank as there were no claims settled in 2022/23.

For cross claims, the rate of superimposed inflation has been less than 1.5% across most cohorts and almost all averaging periods.

For direct claims, the rate of superimposed inflation has generally been less than 1.5% across most age cohorts and most averaging periods. At the previous valuation, the 70-80 and 80+ age cohorts were indicating strong levels of superimposed inflation, primarily driven by higher claims experience in the then-most recent year's experience. These trends have moderated given the favourable experience in 2022/23.

The actuarial approach for this report is to take an average view for superimposed inflation to be applied over the long-term, noting that there will necessarily be deviations from this average on an annual basis and that cashflows are projected for the next 50 or more years.

Weighing all of the evidence together, we have maintained an assumed long-term rate of future superimposed inflation of claims awards of 1.50% per annum.

This assumption is applied to the claim awards for all categories of claim and age cohorts.

The outcome of this assumption is a "superimposed inflation allowance" of approximately \$140m on a discounted central estimate basis and approximately \$200m on an inflated and undiscounted central estimate basis.

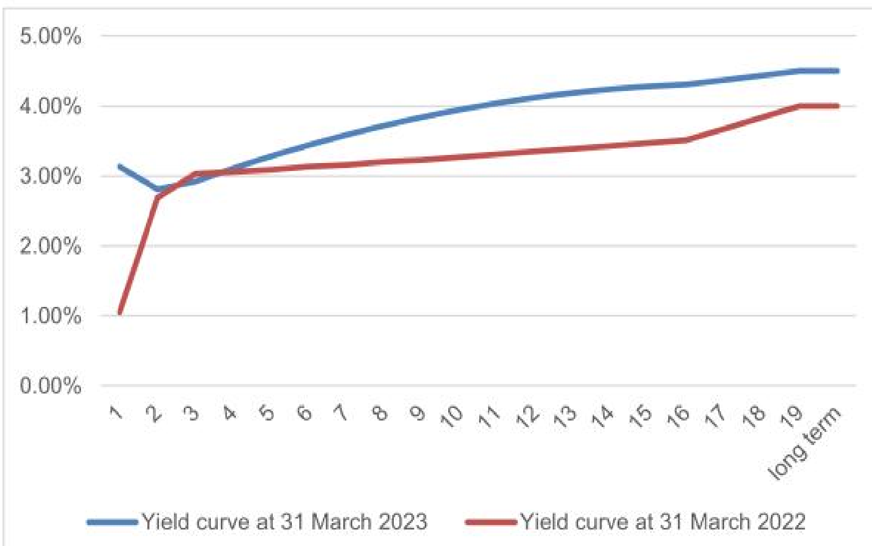
9.3 Discount rates: Commonwealth bond zero coupon yields

We have calculated the zero coupon yield curve at 31 March 2023 underlying the prices, coupons and durations of Commonwealth Government Bonds for the purpose of discounting the liabilities for this report.

The use of such discount rates is consistent with standard Australian actuarial practice for such liabilities, is in accordance with the Institute of Actuaries of Australia's Professional Standard PS302 and is also consistent with our understanding of the Australian accounting standards.

The chart below shows the assumptions for the current valuation and the previous valuation.

Figure 9.1: Zero coupon yield curve by duration

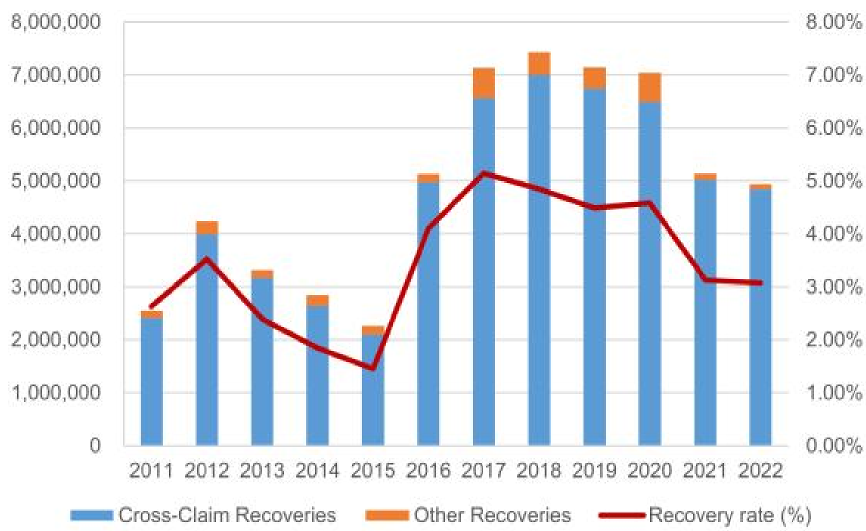


At this valuation, we have increased the long-term assumption from 4.00% to 4.50% per annum.

9.4 Cross claim recovery rates

The following chart shows how the experience of cross claim recoveries has varied over the last twelve years, both in monetary terms and expressed as a percentage of gross payments.

Figure 9.2: Cross claim recovery experience



Cross claim recoveries reduced year on year from 2012/13 to 2015/16, both in absolute terms and as a percentage of gross payments.

The four years from 2017/18 to 2020/21 were broadly stable at around $7m and thereafter falling to around $5m per annum.

In light of the average rate of recovery over the last six years, and the lower level of recoveries both in dollar terms and percentage terms in the last two years, we have lowered our assumption to 3.50% (2022: 4.00%) at this valuation.

Should cross claim recovery experience continue at the levels observed in the last two years, this assumption might require further changes at the next valuation.

By way of illustration of the potential financial impact, a 25 basis point reduction in the cross claim recovery rate (to 3.25%) might add around $4m to the Discounted Central Estimate.

9.5 Settlement Patterns

Triangulation methods are used to derive the past pattern of settlement of claims and are used in forming a view on future settlement patterns.

The following triangles provide an illustrative example of how we perform this:

Figure 9.3: Settlement pattern derivation for mesothelioma claims: paid as % of ultimate cost

Yr of Notification	0	1	2	3	4	5	6	7	8	9	10	11	12
2006	61.7%	93.7%	97.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2007	53.3%	97.1%	98.5%	99.8%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2008	67.3%	96.5%	97.7%	99.3%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2009	57.8%	88.6%	92.9%	99.4%	99.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2010	71.7%	96.4%	98.7%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2011	57.1%	96.9%	98.1%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
2012	55.7%	97.7%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
2013	65.3%	94.9%	98.6%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
2014	65.8%	96.6%	98.6%	99.5%	100.0%	100.0%	100.0%	100.0%	100.0%				
2015	65.5%	96.2%	99.4%	99.7%	99.9%	100.0%	100.0%	100.0%					
2016	57.3%	98.2%	99.2%	99.9%	100.0%	100.0%	100.0%						
2017	55.6%	97.2%	98.8%	99.4%	99.4%	99.9%							
2018	56.1%	97.1%	99.1%	99.3%	99.9%								
2019	58.9%	93.2%	97.3%	99.4%									
2020	46.2%	91.4%	95.5%										
2021	52.1%	94.8%											
2022	52.8%												

Figure 9.4: Settlement pattern derivation for non-mesothelioma claims: paid as % of ultimate cost

Yr of Notification	0	1	2	3	4	5	6	7	8	9	10	11	12
2006	22.7%	72.0%	91.5%	94.7%	99.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2007	28.9%	83.1%	93.0%	99.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2008	26.1%	84.5%	95.6%	97.3%	98.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2009	40.4%	77.7%	94.1%	95.9%	96.1%	97.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2010	26.1%	84.7%	95.7%	97.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2011	36.8%	90.1%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
2012	38.1%	87.9%	97.1%	98.5%	98.5%	98.7%	98.7%	98.7%	98.7%	100.0%	100.0%		
2013	28.4%	84.2%	95.8%	97.6%	99.0%	99.9%	99.9%	99.9%	100.0%	100.0%			
2014	32.7%	90.6%	97.2%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%				
2015	46.8%	89.8%	95.9%	99.6%	99.6%	100.0%	100.0%	100.0%					
2016	22.7%	74.4%	91.4%	94.0%	100.0%	100.0%	100.0%						
2017	38.5%	92.3%	97.6%	98.9%	100.0%	100.0%							
2018	20.8%	81.2%	93.8%	98.1%	98.9%								
2019	24.3%	83.4%	96.5%	97.9%									
2020	32.3%	79.7%	85.5%										
2021	27.8%	78.5%											
2022	25.6%												

We have estimated the settlement pattern for future claim reporting as follows:

Table 9.2: Settlement pattern of claims awards by delay from claim reporting

Delay (years)	Mesothelioma	Non-mesothelioma
0	53.0%	28.0%
1	41.0%	55.0%
2	4.0%	10.5%
3	1.5%	4.0%
4	0.5%	1.0%
5	0.0%	0.5%
6	0.0%	0.5%
7	0.0%	0.5%
8	0.0%	0.0%
9	0.0%	0.0%
Mean term	**1.06**	**1.51**

The assumed settlements patterns have been modified (lengthened) sightly since the previous valuation.

For mesothelioma, we have adopted one pattern because analysis of the average time to settlement for each of the four age groups was not materially different to the overall average time to settlement.

10. Valuation Results

10.1 Central estimate liability

At 31 March 2023, our projected central estimate of the liabilities of the Liable Entities (the Discounted Central Estimate) to be met by the AICF Trust is $1,508.0m (2022: $1,622.3m).

We have not allowed for the future Operating Expenses of the AICF Trust or the Liable Entities in the liability assessment.

The following table shows a summary of our central estimate liability assessment and compares the current assessment with our previous valuation.

Table 10.1: Comparison of central estimate of liabilities

	31 March 2023 $m			31 March 2022 $m
	Gross of insurance recoveries	Insurance recoveries	Net of insurance recoveries	Net of insurance recoveries
Total uninflated and undiscounted cashflows	**1,384.2**	**49.6**	**1,334.6**	**1,389.9**
Wage inflation allowance	396.0	7.7	388.3	402.2
Superimposed inflation allowance	201.8	3.9	197.9	211.5
Total inflated and undiscounted cashflows	**1,982.0**	**61.2**	**1,920.8**	**2,003.6**
Discounting allowance at risk-free rates	(424.0)	(11.2)	(412.8)	(381.3)
Net present value of cashflows	**1,558.0**	**50.0**	**1,508.0**	**1,622.3**

10.2 Comparison with previous valuation

In the absence of any change to the claim projection assumptions from our 31 March 2022 valuation, we would have projected a Discounted Central Estimate liability of $1,467.8m as at 31 March 2023.

The decrease of $154.5m relative to the valuation result at 31 March 2022 is due to:

- A decrease of $146.6m for the impact of actual claims payments (which reduce the liability). The chart below separately shows the impact of the expected payments (a reduction of $165.9m) and the variance between actual and expected payments (an increase of $19.3m);
- An increase of $16.2m for the "unwind of discount"; and
- A decrease of $24.1m resulting from increases to the yield curve between 31 March 2022 and 31 March 2023.

Our liability assessment at 31 March 2023 of $1,508.0m therefore represents an increase of $40.2m arising from changes to the actuarial assumptions. The increase is principally a consequence of:

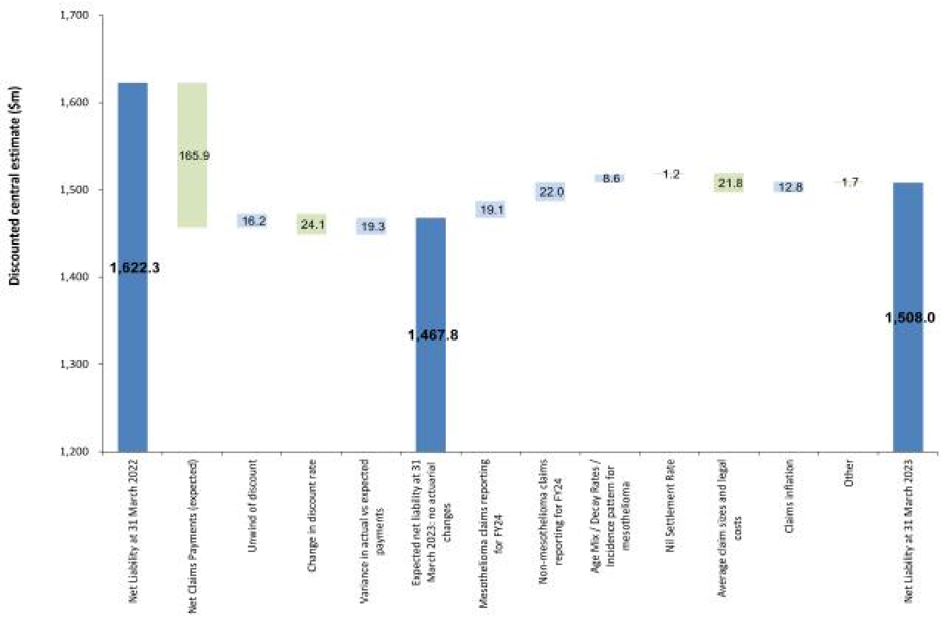
- Increases to the assumed number of mesothelioma claims for 2023/24 together with adjustments for the impact of a revised mix of claims by age;
- An increased allowance for future non-mesothelioma claim numbers; and
- An allowance for higher near-term wage inflation assumptions for the next two financial years;

offset by

- A reduction in the assumed average claim cost and legal cost assumptions, primarily for mesothelioma.

The following chart shows an analysis of the change in our liability assessment from 31 March 2022 to 31 March 2023 on a discounted basis.

Figure 10.1: Analysis of change in central estimate liability (discounted basis)



Note: Green bars signal that this factor has given rise to a decrease in the liability whilst light blue bars signal that this factor has given rise to an increase in the liability.

10.3 Comparison of valuation results since 30 September 2006

We have analysed how our valuation results have changed since the Initial Report (as defined in the Amended Final Funding Agreement) at 30 September 2006.

The table below shows the results over time.

We have used the inflated and undiscounted results as the comparison. We consider this to be the most appropriate assessment as it removes the impacts of changes in discount rates and the "unwind of the discount".

Table 10.2: Comparison of net undiscounted valuation results since 30 September 2006

	FY2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Valuation result at end of previous financial year	3,169	2,811	3,027	3,124	2,906	2,661	2,525	2,513	2,805	2,743	2,427	2,200	2,381	2,219	2,215	2,034	2,004
Net payments made (actual)	-32	-55	-93	-86	-76	-76	-86	-113	-121	-129	2	-124	-143	-142	-139	-149	-147
Expected valuation result (no actuarial changes)	3,137	2,756	2,934	3,038	2,830	2,585	2,439	2,400	2,684	2,614	2,429	2,076	2,238	2,077	2,076	1,885	1,857
Actual valuation at end of financial year	2,811	3,027	3,124	2,906	2,661	2,525	2,513	2,805	2,743	2,427	2,200	2,381	2,219	2,215	2,034	2,004	1,921
Impact of actuarial valuation changes	-326	271	190	-132	-169	-60	74	405	59	-187	-229	305	-19	138	-42	119	63
Cumulative changes since 30 September 2006	**-326**	**-55**	**135**	**3**	**-166**	**-226**	**-152**	**253**	**312**	**125**	**-104**	**201**	**182**	**320**	**278**	**397**	**460**

Note: For FY2007, the starting valuation ($3,169m) is the valuation at 30 September 2006, not the valuation at 31 March 2006.

The table shows that whilst there have been nine years where there have been increases and eight years where there have been decreases arising from changes to actuarial valuation assumptions, over the period from 30 September 2006 to 31 March 2023 the valuation has increased by approximately $460m (14.5% of the valuation contained in the Initial Report).

The valuation impact at 31 March 2023 has been an increase of approximately $63m.

In terms of net cashflows, actual net payments of $1,709m (including commutation receipts of $191m) have been made since 30 September 2006. This compares with an estimate of $1,860m projected for the same period (1 October 2006 to 31 March 2023) in the valuation at 30 September 2006. Some of the commutation receipts are in relation to payments that would otherwise have been projected to be due after 31 March 2023.

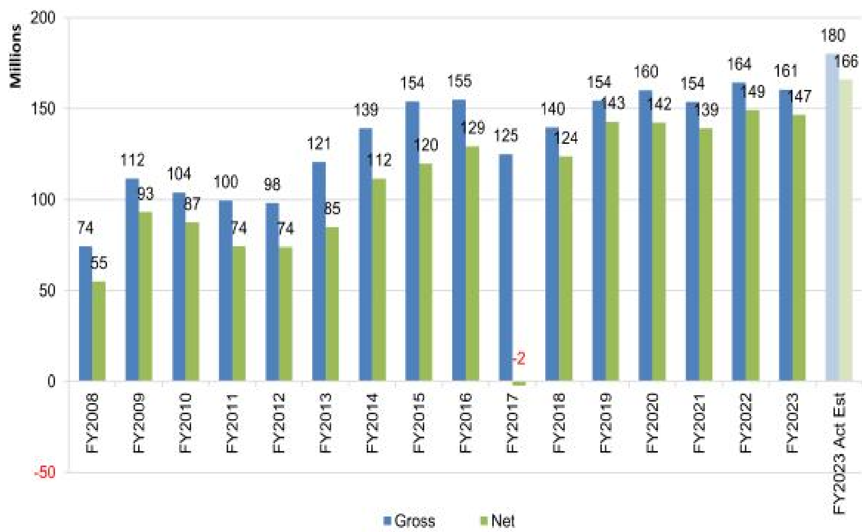
Gross cashflows over the same period have been $2m (0.1%) above those projected in the valuation at 30 September 2006 ($2,157m vs $2,155m).

10.4 Cashflow projections

10.4.1 Historical cashflow expenditure

The following chart shows the historical expenditure by the Liable Entities relating to asbestos-related claim settlements since the formation of AICFL.

Figure 10.2: Historical claim-related expenditure of the Liable Entities ($m)



Gross cashflow payments in the 12 months to 31 March 2023 were $160.6m. This was $19.6m (11%) lower than the gross cashflow projected for 2022/23 in our 31 March 2022 valuation ($180.2m).

Net cashflow payments in the 12 months to 31 March 2023 were $146.6m. This was $19.3m (12%) lower than the net cashflow projected for 2022/23 in our 31 March 2022 valuation report ($165.9m).

10.4.2 Key changes in cashflow projections by period of cashflow

The following table summarises how the projected cashflows compare between the current and previous valuation.

Table 10.3: Comparison of projected cashflows by period

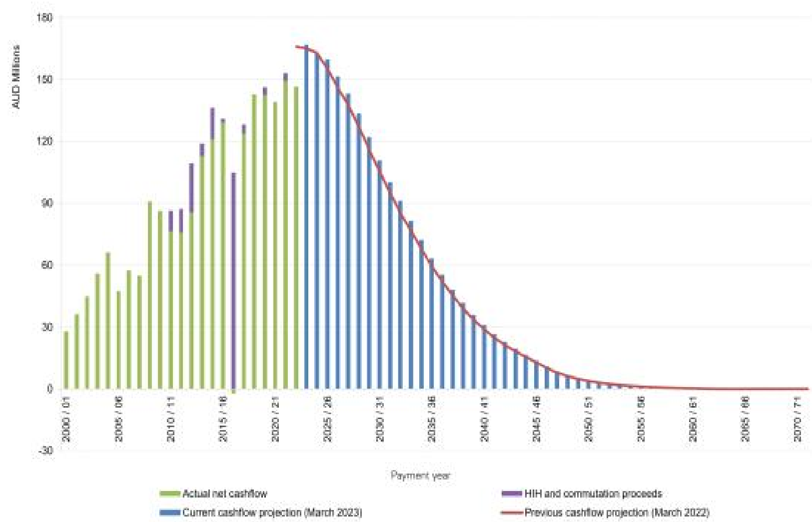
Cashflow Projections ($m)	Previous Valuation	Current Valuation	Valuation change	Valuation change (%)
FY23 - FY25	494	476	-18	-3.6%
FY26 - FY30	682	710	28	4.1%
FY31 - FY40	660	701	41	6.2%
FY41 - FY45	109	117	8	7.1%
1 April 2045 onwards	59	64	5	8.1%
Total	**2,004**	**2,067**	**64**	**3.2%**

Note: Figures may not add "on sight" due to rounding.

10.4.3 Future cashflow projections

The following chart shows the projected net cashflows underlying our current valuation and the projected net cashflow projection underlying our previous valuation at 31 March 2022.

Figure 10.3: Annual cashflow projections – inflated and undiscounted ($m)



Given the extremely long-tailed nature of asbestos-related liabilities, a small change in an individual assumption can have a significant impact upon the cashflow profile of the liabilities.

10.5 Amended Final Funding Agreement calculations

The Amended Final Funding Agreement sets out the basis on which payments will be made to the AICF Trust.

Additionally, there are a number of other figures specified within the Amended Final Funding Agreement that we are required to calculate. These are:

- Discounted Central Estimate;
- Term Central Estimate; and
- Period Actuarial Estimate.

Table 10.4: Amended Final Funding Agreement calculations

	$m
Discounted Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,508.0
Period Actuarial Estimate (net of cross-claim recoveries, gross of Insurance and Other Recoveries) comprising:	488.6
Discounted value of cashflow in 2023/24	*172.0*
Discounted value of cashflow in 2024/25	*162.3*
Discounted value of cashflow in 2025/26	*154.3*
Term Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,484.6

The actual funding amount due at a particular date will depend upon a number of factors, including:

- the net asset position of the AICF Trust at that time;
- the free cash flow amount of the James Hardie Group in the preceding financial year; and
- the Period Actuarial Estimate in the latest Annual Actuarial Report.

10.6 Insurance Recoveries

Our liability valuation has made allowance for a discounted central estimate of Insurance Recoveries of $50.0m.

This estimate is comprised as follows:

Table 10.5: Insurance recoveries at 31 March 2023

$m	Undiscounted central estimate	Discounted central estimate
Gross liability (net of cross claim recoveries)	**1,982.0**	**1,558.0**
Product liability recoveries	54.4	44.8
Bad and doubtful debt allowance (product)	(0.5)	(0.4)
Public liability recoveries	7.4	5.6
Bad and doubtful debt allowance (public)	(0.1)	(0.0)
Insurance recovery asset	**61.2**	**50.0**
Net liability	**1,920.8**	**1,508.0**
Insurance recovery rate	3.1%	3.2%
Bad and doubtful debt rate	1.0%	0.8%
Value of Insurance Policies per Facility Agreement		**44.4**

The combined bad and doubtful debt rate is 0.8% on a discounted basis (2022: 0.9%).

The AICF Facility Agreement requires the Approved Actuary to calculate the discounted central estimate value of certain Insurance Policies, being those specified in Schedule 5 of the AICF Facility Agreement.

At 31 March 2023 the discounted central estimate of the Insurance Policies, as specified in Schedule 5 of the AICF Facility Agreement, is $44.4m (2022: $53.0m).

11. Uncertainty

11.1 Overview

There is uncertainty involved in any valuation of the liabilities of an insurance company or a self-insurer. The sources of such uncertainty include, but are not limited to:

- Parameter error – this is the risk that the parameters and assumptions chosen ultimately prove not to be reflective of future experience.
- Model error – this is the risk that the model selected for the valuation of the liabilities ultimately proves not to be adequate for the projection of the liabilities.
- Legal and social developments – this is the risk that the legal environment in which claims are settled changes relative to its current and historical position thereby causing significantly different awards.
- Future actual rates of inflation being different from that assumed.
- The general economic environment being different from that assumed.
- Potential sources of exposure – this is the risk that there exist sources of exposure which are as yet unknown or unquantifiable, or for which no liabilities have yet been observed, but which may trigger future claims.

In the case of asbestos liabilities, these uncertainties are exacerbated by the extremely long latency period from exposure to onset of disease and notification of a claim. Asbestos-related claims often take in excess of 40 years from original exposure to become notified and then settled, compared with an average delay from exposure to settlement of 4-5 years for many other compensation-type liabilities such as Comprehensive Third-Party injury liabilities or other Workers Compensation liabilities.

Specific forms of uncertainty relating to asbestos-related disease liabilities include:

- The difficulty in quantifying the extent and pattern of past asbestos exposures and the number and incidence of the ultimate number of lives that may be affected by asbestos related diseases arising from such past asbestos exposures;
- The timing of the peak level and future pattern of incidence of claims reporting for mesothelioma;
- The propensity of individuals affected by diseases arising from such exposure to file common law claims against defendants;
- The extent to which the Liable Entities will be joined in such future common law claims;
- The mix of claimants by age, in particular noting the shift towards older claimants and which has had a downwards effect on average claim sizes in recent years;

which has had a downwards effect on average claim sizes in recent years;

- The mix of mesothelioma claims between direct claims and cross claims;
- The fact that the ultimate severity of the impact of the disease and the quantum of the claims that will be awarded will be subject to the outcome of events that have not yet occurred, including:
  - medical and epidemiological developments, including those relating to life expectancy in general;
  - court interpretations;
  - legislative changes;
  - changes to the form and range of benefits for which compensation may be awarded ("heads of damage");
  - public attitudes to claiming;
  - the potential for future procedural reforms in NSW and other States affecting the legal costs incurred in managing and settling claims;
  - potential third-wave exposures; and
  - social and economic conditions such as inflation.

11.2 Sensitivity testing

As we have noted above, there are many sources of uncertainty. Actuaries often perform "sensitivity testing" to identify the impact of different assumptions on future experience, thereby providing an indication of the degree of parameter error risk to which the valuation assessment is exposed.

Sensitivity testing may be considered as being a mechanism for testing "what will the liabilities be if instead of choosing [x] for assumption [a] we choose [y]?" It is also a mechanism for identifying how the result will change if experience turns out different in a particular way relative to that which underlies the central estimate expectations. As such, it provides an indication of the level of variability inherent in the valuation.

We have performed some sensitivity tests of the results of our central estimate valuation. We have sensitivity tested the following factors:

- **number of claims notified**: 10% above and below our central estimate assumption.
- **average claim cost of a non-nil claim**: 5% above and below our central estimate assumption.
- **nil settlement rate**: 2 percentage points above and below our central estimate assumption.
- **superimposed inflation**: being 0% per annum or 3% per annum over all future years.
- **mesothelioma incidence pattern**: we have tested the impact of shifting out the pattern of incidence by two further years.

There are other factors which influence the liability assessment and which could be sensitivity tested, including:

- The cross-claim recovery rate;
- The variation in timing of claim notifications (but with no change in the overall number of notifications); and
- The pattern and delay of claim settlements from claim notification.

We have not sensitivity tested these factors, viewing them as being of less financial significance individually.

We have not sensitivity tested the value of Insurance Recoveries as uncertainties typically relate to legal risk and disputation risk, and it is not possible to parameterise a sensitivity test in an informed manner.

We have not included a sensitivity test for the impact of changes in discount rates although, as noted in this Report, changes in discount rates can introduce significant volatility to the Discounted Central Estimate result reported at each year-end.

11.3 Results of sensitivity testing

The chart below shows the impact of various individual sensitivity tests on the Discounted Central Estimate of the liabilities, and of a combined sensitivity test of a number of factors.

Although we have tested multiple scenarios of each assumption, one cannot gauge an overall potential range by simply adding these tests together. Accordingly, we have prepared a range based on a combination of factors.

Figure 11.1: Sensitivity testing results – Impact around the Discounted Central Estimate (in $m)

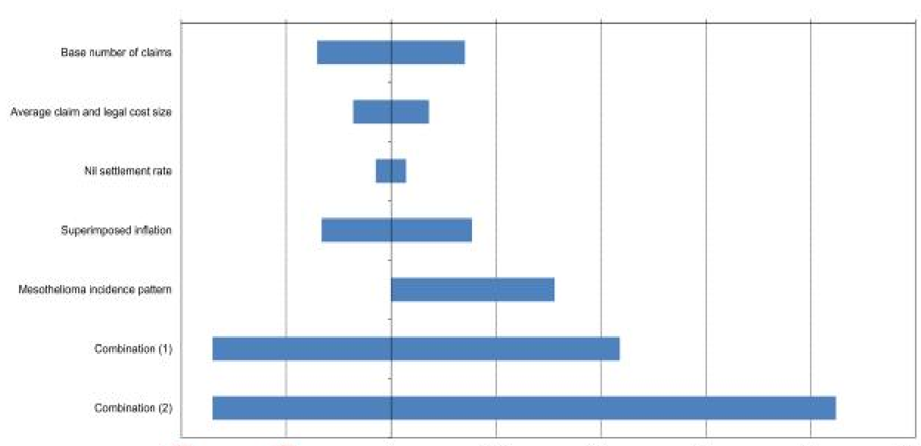
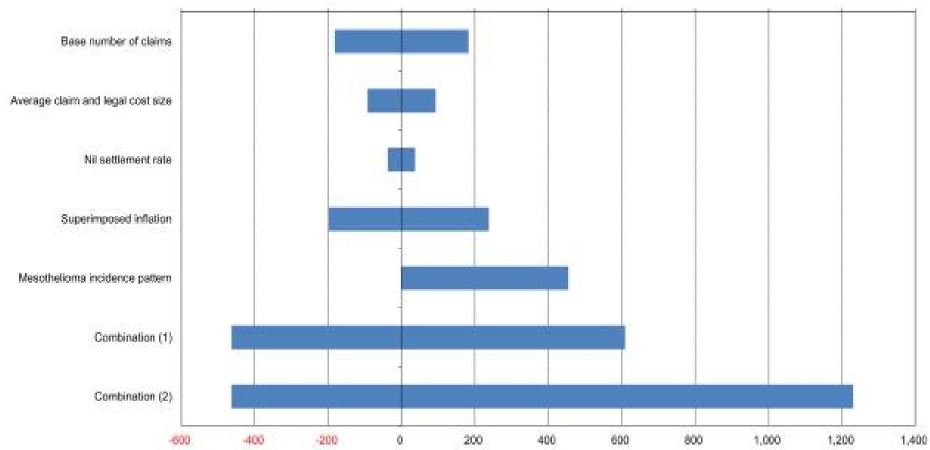


Figure 11.2: Sensitivity testing results – Impact around the undiscounted central estimate (in $m)



The single most sensitive assumption shown in the chart is the incidence pattern of mesothelioma claims reporting against the Liable Entities. Shifting the pattern of incidence by 2 years could add approximately $312m (21%) on a discounted basis to our valuation (as shown in Figure 11.1 by the scenario labelled "mesothelioma incidence pattern").

Table 11.1: Summary results of sensitivity analysis ($m)

	Undiscounted	Discounted
Central estimate	1,920.8	1,508.0
Low Scenario	1,457.8	1,167.5
High Scenario	3,151.4	2,357.0

Whilst the table above indicates a range around the discounted central estimate of liabilities of -$341m to +$849m, the actual cost of liabilities could fall outside that range depending on the actual experience.

We further note that these sensitivity test ranges are not intended to correspond to a specified probability of sufficiency nor are they intended to indicate an upper bound or a lower bound of all possible outcomes.

A Projected inflated and undiscounted cashflows ($m)

Payment Year	Mesothelioma Claims	Asbestosis Claims	Lung Cancer Claims	ARPD & Other Claims	Legal and Other Costs	Workers Compensation Claims	Workers Compensation Legal and Other Costs	Wharf Claims	Wharf Legal and Other Costs	Baryulgil	Cross Claim Recoveries	Gross	Insurance	Net
2023 / 2024	140.9	16.6	3.4	2.7	16.2	0.1	0.0	0.3	0.1	0.2	5.7	174.7	7.8	166.9
2024 / 2025	138.4	14.1	2.8	3.3	15.9	0.1	0.0	0.3	0.1	0.2	5.6	169.7	7.0	162.7
2025 / 2026	136.1	13.4	2.7	3.3	15.4	0.1	0.0	0.3	0.1	0.2	5.5	166.0	6.2	159.8
2026 / 2027	129.3	12.3	2.5	3.1	14.5	0.1	0.0	0.3	0.0	0.1	5.2	157.0	5.5	151.5
2027 / 2028	122.1	11.2	2.3	2.8	13.3	0.1	0.0	0.3	0.0	0.1	4.9	147.4	4.2	143.2
2028 / 2029	114.4	10.2	2.1	2.5	12.3	0.1	0.0	0.2	0.0	0.1	4.5	137.5	4.1	133.4
2029 / 2030	105.3	9.1	1.9	2.3	11.2	0.1	0.0	0.2	0.0	0.1	4.2	126.0	3.9	122.1
2030 / 2031	95.9	8.0	1.7	2.0	10.2	0.1	0.0	0.2	0.0	0.1	3.8	114.5	3.7	110.7
2031 / 2032	87.4	7.1	1.5	1.7	9.2	0.0	0.0	0.2	0.0	0.1	3.4	103.8	3.5	100.3
2032 / 2033	78.9	6.2	1.4	1.5	7.9	0.0	0.0	0.1	0.0	0.1	3.1	93.0	1.9	91.2
2033 / 2034	70.8	5.3	1.2	1.3	7.0	0.0	0.0	0.1	0.0	0.0	2.8	83.0	1.5	81.5
2034 / 2035	63.0	4.6	1.1	1.1	6.1	0.0	0.0	0.1	0.0	0.0	2.4	73.6	1.4	72.1
2035 / 2036	55.7	3.9	0.9	0.9	5.3	0.0	0.0	0.1	0.0	0.0	2.2	64.7	1.3	63.4
2036 / 2037	49.0	3.3	0.8	0.8	4.6	0.0	0.0	0.1	0.0	0.0	1.9	56.6	1.2	55.5
2037 / 2038	42.8	2.7	0.7	0.6	4.0	0.0	0.0	0.1	0.0	0.0	1.6	49.3	1.1	48.2
2038 / 2039	37.3	2.3	0.6	0.5	3.4	0.0	0.0	0.1	0.0	0.0	1.4	42.7	1.0	41.7
2039 / 2040	32.4	1.9	0.5	0.4	2.9	0.0	0.0	0.0	0.0	0.0	1.2	36.9	0.9	36.0
2040 / 2041	28.1	1.5	0.4	0.3	2.4	0.0	0.0	0.0	0.0	0.0	1.1	31.8	0.8	31.0
2041 / 2042	24.3	1.2	0.3	0.3	2.1	0.0	0.0	0.0	0.0	0.0	0.9	27.3	0.7	26.6
2042 / 2043	21.0	1.0	0.3	0.2	1.8	0.0	0.0	0.0	0.0	0.0	0.8	23.5	0.6	22.9
2043 / 2044	18.1	0.8	0.2	0.2	1.5	0.0	0.0	0.0	0.0	0.0	0.7	20.1	0.5	19.6
2044 / 2045	15.6	0.6	0.2	0.1	1.2	0.0	0.0	0.0	0.0	0.0	0.6	17.2	0.5	16.8
2045 / 2046	12.9	0.5	0.1	0.1	1.0	0.0	0.0	0.0	0.0	0.0	0.5	14.2	0.4	13.8
2046 / 2047	10.3	0.4	0.1	0.1	0.8	0.0	0.0	0.0	0.0	0.0	0.4	11.2	0.3	10.9
2047 / 2048	8.1	0.3	0.1	0.1	0.6	0.0	0.0	0.0	0.0	0.0	0.3	8.9	0.3	8.6
2048 / 2049	6.4	0.2	0.1	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.2	7.0	0.2	6.8
2049 / 2050	5.0	0.2	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.2	5.5	0.2	5.3
2050 / 2051	4.0	0.1	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.1	4.3	0.1	4.2
2051 / 2052	3.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	3.4	0.1	3.3
2052 / 2053	2.5	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	2.6	0.1	2.6
2053 / 2054	1.9	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	2.1	0.0	2.0
2054 / 2055	1.5	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	1.6	0.0	1.6
2055 / 2056	1.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0	1.2
2056 / 2057	0.9	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	1.0
2057 / 2058	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8
2058 / 2059	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.6
2059 / 2060	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.5
2060 / 2061	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4
2061 / 2062	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2
2062 / 2063	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2063 / 2064	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2064 / 2065	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2065 / 2066	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2066 / 2067	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2067 / 2068	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2068 / 2069	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2069 / 2070	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2070 / 2071	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**1,667.0**	**139.1**	**29.9**	**32.3**	**172.9**	**0.9**	**0.3**	**3.1**	**0.6**	**1.4**	**65.5**	**1,982.0**	**61.2**	**1,920.8**

B Projected inflated and discounted cashflows ($m)

Payment Year	Mesothelioma Claims	Asbestosis Claims	Lung Cancer Claims	ARPD & Other Claims	Legal and Other Costs	Workers Compensation Claims	Workers Compensation Legal and Other Costs	Wharf Claims	Wharf Legal and Other Costs	Baryulgil	Cross Claim Recoveries	Gross	Insurance	Net
2023 / 2024	138.7	16.3	3.3	2.6	15.9	0.1	0.0	0.3	0.1	0.2	5.6	172.0	7.7	164.3
2024 / 2025	132.4	13.5	2.7	3.2	15.2	0.1	0.0	0.3	0.1	0.2	5.3	162.3	6.7	155.6
2025 / 2026	126.5	12.4	2.5	3.1	14.3	0.1	0.0	0.3	0.1	0.2	5.1	154.3	5.7	148.6
2026 / 2027	116.7	11.1	2.2	2.8	13.1	0.1	0.0	0.3	0.0	0.1	4.7	141.7	5.0	136.8
2027 / 2028	106.8	9.8	2.0	2.5	11.7	0.1	0.0	0.2	0.0	0.1	4.2	128.9	3.7	125.2
2028 / 2029	96.8	8.7	1.8	2.1	10.4	0.1	0.0	0.2	0.0	0.1	3.8	116.4	3.5	112.9
2029 / 2030	86.0	7.5	1.6	1.8	9.2	0.1	0.0	0.2	0.0	0.1	3.4	103.0	3.2	99.8
2030 / 2031	75.6	6.3	1.4	1.6	8.1	0.0	0.0	0.1	0.0	0.1	3.0	90.3	2.9	87.3
2031 / 2032	66.4	5.4	1.2	1.3	7.0	0.0	0.0	0.1	0.0	0.0	2.6	78.9	2.7	76.2
2032 / 2033	57.7	4.5	1.0	1.1	5.8	0.0	0.0	0.1	0.0	0.0	2.3	68.0	1.4	66.7
2033 / 2034	49.8	3.8	0.9	0.9	4.9	0.0	0.0	0.1	0.0	0.0	1.9	58.4	1.1	57.3
2034 / 2035	42.6	3.1	0.7	0.7	4.1	0.0	0.0	0.1	0.0	0.0	1.7	49.7	1.0	48.7
2035 / 2036	36.1	2.5	0.6	0.6	3.4	0.0	0.0	0.1	0.0	0.0	1.4	42.0	0.9	41.2
2036 / 2037	30.5	2.0	0.5	0.5	2.9	0.0	0.0	0.0	0.0	0.0	1.2	35.3	0.7	34.5
2037 / 2038	25.6	1.6	0.4	0.4	2.4	0.0	0.0	0.0	0.0	0.0	1.0	29.4	0.6	28.8
2038 / 2039	21.4	1.3	0.3	0.3	1.9	0.0	0.0	0.0	0.0	0.0	0.8	24.4	0.6	23.9
2039 / 2040	17.8	1.0	0.3	0.2	1.6	0.0	0.0	0.0	0.0	0.0	0.7	20.2	0.5	19.7
2040 / 2041	14.8	0.8	0.2	0.2	1.3	0.0	0.0	0.0	0.0	0.0	0.6	16.7	0.4	16.3
2041 / 2042	12.2	0.6	0.2	0.1	1.0	0.0	0.0	0.0	0.0	0.0	0.5	13.7	0.3	13.4
2042 / 2043	10.1	0.5	0.1	0.1	0.8	0.0	0.0	0.0	0.0	0.0	0.4	11.3	0.3	11.0
2043 / 2044	8.4	0.4	0.1	0.1	0.7	0.0	0.0	0.0	0.0	0.0	0.3	9.3	0.2	9.0
2044 / 2045	6.9	0.3	0.1	0.1	0.6	0.0	0.0	0.0	0.0	0.0	0.3	7.6	0.2	7.4
2045 / 2046	5.5	0.2	0.1	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.2	6.0	0.2	5.8
2046 / 2047	4.1	0.1	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.2	4.5	0.1	4.4
2047 / 2048	3.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	3.4	0.1	3.3
2048 / 2049	2.4	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	2.6	0.1	2.5
2049 / 2050	1.8	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	1.9	0.1	1.9
2050 / 2051	1.3	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	1.4
2051 / 2052	1.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	1.1
2052 / 2053	0.8	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8
2053 / 2054	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.6
2054 / 2055	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.5
2055 / 2056	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3
2056 / 2057	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3
2057 / 2058	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2
2058 / 2059	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
2059 / 2060	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
2060 / 2061	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
2061 / 2062	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2062 / 2063	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2063 / 2064	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2064 / 2065	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2065 / 2066	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2066 / 2067	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2067 / 2068	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2068 / 2069	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2069 / 2070	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2070 / 2071	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**1,301.8**	**114.0**	**24.1**	**26.4**	**137.9**	**0.8**	**0.2**	**2.5**	**0.5**	**1.2**	**51.4**	**1,558.0**	**50.0**	**1,508.0**

C Glossary of terms used in the Amended Final Funding Agreement

The following provides a glossary of terms which are referenced in the Amended Final Funding Agreement and upon which we have relied in preparing our report.

The operation of these definitions cannot be considered in isolation but instead need to be considered in the context of the totality of the Amended Final Funding Agreement.

AICF means the trustee of the Asbestos Injuries Compensation Fund from time to time, in its capacity as trustee, initially being Asbestos Injuries Compensation Fund Limited.

These terms also need to be read in conjunction with the Deed of Amendment dated 19 December 2017 which added a new clause (13.4A) and which is effective from 1 January 2018.

AICF Funded Liability means:

(a) any Proven Claim;

(b) Operating Expenses;

(c) Claims Legal Costs;

(d) any claim that was made or brought in legal proceedings against a Former James Hardie Company commenced before 1 December 2005;

(e) Statutory Recoveries within the meaning and subject to the limits set out in the Amended Final Funding Agreement;

(f) a claim or category of claim which James Hardie and the NSW Government agree in writing is a "AICF Funded Liability" or a category of "AICF Funded Liability".

but in the cases of paragraphs (a), (c) and (d) excludes any such liabilities or claims to the extent that they have been recovered or are recoverable under a Worker's Compensation Scheme or Policy.

Claims Legal Costs means all costs, charges, expenses and outgoings incurred or expected to be borne by AICF or the Former James Hardie Companies, in respect of legal advisors, other advisors, experts, court proceedings and other dispute resolution methods in connection with Personal Asbestos Claims and Marlew Claims but in all cases excluding any costs included as a component of calculating a Proven Claim.

Concurrent Wrongdoer in relation to a personal injury or death claim for damages under common law or other law (excluding any law introduced or imposed in breach of the restrictions on adverse regulatory or legislative action against the James Hardie Group under the Amended Final Funding Agreement, and which breach has been notified to the NSW Government in accordance with Amended Final Funding Agreement), means a person whose acts or omissions, together with the acts or omissions of one or more Former James Hardie Companies or Marlew or any member of the James Hardie Group (whether or not together with any other persons) caused, independently of each other or jointly, the damage or loss to another person that is the subject of that claim.

Contribution Claim means a cross-claim or other claim under common law or other law (excluding any law introduced or imposed in breach of the restrictions on adverse regulatory or legislative action against the James Hardie Group under the Amended Final Funding Agreement, and which breach has been notified to the NSW Government in accordance with Amended Final Funding Agreement):

(a) for contribution by a Concurrent Wrongdoer against a Former James Hardie Company or a member of the James Hardie Group in relation to facts or circumstances which give rise to a right of a person to make a Personal Asbestos Claim or a Marlew Claim; or

(b) by another person who is entitled under common law (including by way of contract) to be subrogated to such a first mentioned cross-claim or other claim;

Discounted Central Estimate means the central estimate of the present value (determined using the discount rate used within the relevant actuarial report) of the liabilities of the Former James Hardie Companies and Marlew in respect of expected Proven Claims and Claims Legal Costs, calculated in accordance with the Amended Final Funding Agreement.

Excluded Claims are any of the following liabilities of the Former James Hardie Companies:

(i) personal injury or death claims arising from exposure to Asbestos outside Australia;

(ii) personal injury or death claims arising from exposure to Asbestos made outside Australia;

(iii) claims for economic loss (other than any economic loss forming part of the calculation of an award of damages for personal injury or death) or loss of property, including those relating to land remediation and/or Asbestos or Asbestos products removal, arising out of or in connection with Asbestos or Asbestos products manufactured, sold, distributed or used by or on behalf of the Liable Entities;

(iv) any Excluded Marlew Claim;

(v) any liabilities of the Liable Entities other than AICF Funded Liabilities.

Excluded Marlew Claim means a Marlew Claim:

(a) covered by the indemnities granted by the Minister of Mineral Resources under the deed between the Minister, Fuller Earthmoving Pty Limited and James Hardie Industries Limited dated 11 March 1996; or

(b) by a current or former employee of Marlew in relation to an exposure to Asbestos in the course of such employment to the extent:

    (i) the loss is recoverable under a Worker's Compensation Scheme or Policy; or

(ii) the Claimant is not unable to recover damages from a Marlew Joint Tortfeasor in accordance with the Marlew Legislation;

(c) by an individual who was or is an employee of a person other than Marlew arising from exposure to Asbestos in the course of such employment by that other person where such loss is recoverable from that person or under a Worker's Compensation Scheme or Policy; or

(d) in which another defendant (or its insurer) is a Marlew Joint Tortfeasor from whom the plaintiff is entitled to recover compensation in proceedings in the Dust Diseases Tribunal, and the Claimant is not unable to recover damages from that Marlew Joint Tortfeasor in accordance with the Marlew Legislation.

Former James Hardie Companies means Amaca, Amaba and ABN 60.

Insurance and Other Recoveries means any proceeds which may reasonably be expected to be recovered or recoverable for the account of a Former James Hardie Company or to result in the satisfaction (in whole or part) of a liability of a Former James Hardie Company (of any nature) to a third party, under any product liability insurance policy or public liability insurance policy or commutation of such policy or under any other contract, including any contract of indemnity, but excluding any such amount recovered or recoverable under a Worker's Compensation Scheme or Policy.

Liable Entities see Former James Hardie Companies.

Marlew means Marlew Mining Pty Ltd (in liquidation), ACN 000 049 650, previously known as Asbestos Mines Pty Ltd.

Marlew Claim means, subject to the limitation on Statutory Recoveries, a claim which satisfies one of the following paragraphs and which is not an Excluded Marlew Claim:

(a) any present or future personal injury or death claim by an individual or the legal personal representative of an individual, for damages under common law or other law (excluding any law introduced or imposed in breach of the restrictions on adverse regulatory or legislative action against the James Hardie Group under the Amended Final Funding Agreement, and which breach has been notified to the NSW Government in accordance with the Amended Final Funding Agreement) which:

(i) arose or arises from exposure to Asbestos in the Baryulgil region from Asbestos Mining Activities at Baryulgil conducted by Marlew, provided that:

A. the individual's exposure to Asbestos occurred wholly within Australia; or

B. where the individual has been exposed to Asbestos both within and outside Australia, the amount of damages included in the Marlew Claim shall be limited to the amount attributable to the proportion of the exposure which caused or contributed to the loss or damage giving rise to the Marlew Claim which occurred in Australia;

(ii) is commenced in New South Wales in the Dust Diseases Tribunal; and

(iii) is or could have been made against Marlew had Marlew not been in external administration or wound up, or could be made against Marlew on the assumption (other than as contemplated under the Marlew legislation) that Marlew will not be in the future in external administration;

(b) any claim made under compensation to relatives legislation by a relative of a deceased individual (or personal representative of such a relative) or (where permitted by law) the legal personal representative of a deceased individual in each case where the individual, but for such individual's death, would have been entitled to bring a claim of the kind described in paragraph (a); or

(c) a Contribution Claim relating to a claim described in paragraphs (a) or (b).

Marlew Joint Tortfeasor means any person who is or would be jointly and severally liable with Marlew in respect of a Marlew Claim, had Marlew not been in external administration or wound up, or on the assumption that Marlew will not in the future be, in external administration or wound up other than as contemplated under the Marlew Legislation.

Payable Liability means any of the following:

(a) any Proven Claim (whether arising before or after the date of this deed);

(b) Operating Expenses;

(c) Claims Legal Costs;

(d) any liability of a Former James Hardie Company to the AICFL, however arising, in respect of any amounts paid by the AICFL in respect of any liability or otherwise on behalf of the Former James Hardie Company;

(e) any claim that was made or brought in legal proceedings against a Former James Hardie Company commenced before 1 December 2005;

(f) if regulations are made pursuant to section 30 of the Transaction Legislation and if and to the extent the AICFL and James Hardie have notified the NSW Government that any such liability is to be included in the scope of Payable Liability, any liability of a Former James Hardie Company to pay amounts received by it from an insurer in respect of a liability to a third party incurred by it for which it is or was insured under a contract of insurance entered into before 2 December 2005; and

(g) Statutory Recoveries within the meaning and subject to the limits set out in the Amended Final Funding Agreement,

but in the cases of paragraphs (a), (c) and (e) excludes any such liabilities or claims to the extent that they have been recovered or are recoverable under a Worker's Compensation Scheme or Policy.

Period Actuarial Estimate means, in respect of a period, the central estimate of the present value (determined using the discount rate used in the relevant actuarial report) of the liabilities of the Former James Hardie Companies and Marlew in respect of expected Proven Claims and Claims Legal Costs (in each case which are reasonably expected to become payable in that period), before allowing for Insurance and Other Recoveries, calculated in accordance with the Amended Final Funding Agreement.

Personal Asbestos Claim means any present or future personal injury or death claim by an individual or the legal personal representative of an individual, for damages under common law or under other law (excluding any law introduced or imposed in breach of the restrictions on adverse regulatory or legislative action against the James Hardie Group under the Amended Final Funding Agreement, and which breach has been notified to the NSW Government under the Amended Final Funding Agreement) which:

(a) arises from exposure to Asbestos occurring in Australia, provided that:

(i) the individual's exposure to Asbestos occurred wholly within Australia; or

(ii) where the individual has been exposed to Asbestos both within and outside Australia, damages included in the Marlew Claim shall be limited to the amount attributable to the proportion of the exposure which caused or contributed to the loss or damage giving rise to the Personal Asbestos Claim which occurred in Australia;

(b) is made in proceedings in an Australian court or tribunal; and

(c) is made against:

(i) all or any of the Liable Entities; or

(ii) any member of the James Hardie Group from time to time;

(d) any claim made under compensation to relatives legislation by a relative of a deceased individual (or personal representative of such a relative) or (where permitted by law) the legal personal representative of a deceased individual in each case where the individual, but for such individual's death, would have been entitled to bring a claim of the kind described in paragraph (a); or

(e) a Contribution Claim made in relation to a claim described in paragraph (a) or (b)

but excludes all claims covered by a Worker's Compensation Scheme or Policy.

Proven Claim means a proven Personal Asbestos Claim in respect of which final judgment has been given against, or a binding settlement has been entered into by, a Former James Hardie Company, to the extent to which that entity incurs liability under that judgment or settlement, or a Proven Marlew Claim.

Statutory Recoveries means any statutory entitlement of the NSW Government or any Other Government or any governmental agency or authority of any such government ("Relevant Body") to impose liability on or to recover an amount or amounts from any person in respect of any payments made or to be made or benefits provided by a Relevant Body in respect of claims (other than as a defendant or in settlement of any claim, including a cross-claim or claim for contribution).

Term means the period

(i) from the date on which the principal obligations under the Amended Final Funding Agreement will commence to 31 March 2045,

(ii) as may be extended in accordance with the terms of the Amended Final Funding Agreement.

Term Central Estimate means the central estimate of the present value (determined using the discount rate used in the relevant Annual Actuarial Report) of the liabilities of the Former James Hardie Companies and Marlew in respect of expected Proven Claims and Claims Legal Costs (in each case reasonably expected to become payable in the relevant period) after allowing for Insurance and Other Recoveries during that period, from and including the day following the end of the Financial Year preceding that Payment Date up to and including the last day of the Term (excluding any automatic or potential extension of the Term, unless or until the Term has been extended).

Workers Compensation Scheme or Policy means any of the following:

(a) any worker's compensation scheme established by any law of the Commonwealth or of any State or Territory;

(b) any fund established to cover liabilities under insurance policies upon the actual or prospective insolvency of the insurer (including without limitation the Insurer Guarantee Fund established under the Worker's Compensation Act 1987 (NSW)); and

(c) any policy of insurance issued under or pursuant to such a scheme.

KPMG

kpmg.com.au