

# Results for Announcement to the Market

## James Hardie Industries plc

ARBN 097 829 895

Nine Months Ended 31 December 2021				
Key Information	Nine Months Ended 31 December			
	FY 2022 US\$M	FY 2021 US\$M	Movement	
Net Sales From Ordinary Activities	2,646.5	2,101.7	Up	26%
Profit From Ordinary Activities After Tax Attributable to Shareholders	406.9	164.8	Up	147%
Net Profit Attributable to Shareholders	406.9	164.8	Up	147%
Net Tangible Assets per Ordinary Share	US\$2.05	US\$1.97	Up	4%

### Dividend Information

- A FY2022 first half ordinary dividend ("FY2022 first half dividend") of US40.0 cents per security was paid to CUFS holders on 17 December 2021.
- The record date to determine entitlements to the FY2022 first half dividend was 19 November 2021 (on the basis of proper instruments of transfer received by the Company's registrar, Computershare Investor Services Pty Ltd, Level 4, 60 Carrington Street, Sydney NSW 2000, Australia, by 5:00pm if securities are not CHESS approved, or security holding balances established by 5:00pm or such later time permitted by ASTC Operating Rules if securities are CHESS approved).
- The FY2022 first half dividend and future dividends will be unfranked for Australian taxation purposes.
- The Company was required to deduct Irish DWT of 25% of the gross dividend amount from this dividend and will be required to for future dividends, unless the beneficial owner has completed and returned a non-resident declaration form (DWT Form).
- The Australian currency equivalent amount of the FY2022 first half dividend paid to CUFS holders was 54.9280 Australian cents.
- No dividend reinvestment plan was in operation for the FY2022 first half ordinary dividend.
- The FY2021 special dividend ("FY2021 special dividend") of US0.70 cents per security was paid to CUFS holders on 30 April 2021.

### Movements in Controlled Entities during the nine months Ended 31 December 2021

There were no movements in controlled entities during the nine months ended 31 December 2021.

### Associates and Joint Venture Entities

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

### Review

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

### Results for the Third Quarter and Nine Months Ended 31 December 2021

#### Contents

1. Media Release
2. Management's Analysis of Results
3. Management Presentation
4. Condensed Consolidated Financial Statements

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 2021 Annual Report which can be found on the company website at <https://ir.jameshardie.com.au/>.

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## **James Hardie Industries Announces Third Quarter Fiscal Year 2022 Results**

**Global Net Sales +22% to US\$900.0 Million for the Third Quarter**

**Adjusted Net Income +25% to US\$154.1 Million for the Third Quarter**

**Raises Fiscal Year 2022 Adjusted Net Income Guidance Range to US\$620 Million and US\$630 Million from US\$605 Million and US\$625 Million**

**Fiscal Year 2023 Adjusted Net Income Guidance Range of US\$740 Million to US\$820 Million**

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**James Hardie Industries plc (ASX: JHX; NYSE: JHX)**, the world's #1 producer and marketer of high-performance fiber cement and fiber gypsum building solutions, announced results for its third quarter fiscal year 2022, the three-month period ending 31 December 2021.

### **Third Quarter Fiscal Year 2022 Highlights, Compared to Third Quarter Fiscal Year 2021, as Applicable:**

- North America Fiber Cement Segment Net Sales increased +24% to US\$644.9 million and Adjusted EBIT increased +18% to US\$183.3 million, with an Adjusted EBIT margin of 28.4%
- Europe Building Products Segment Net Sales increased +14% to €97.6 million and Adjusted EBIT increased +18% to €10.4 million, with an Adjusted EBIT margin of 10.7%
- Asia Pacific Fiber Cement Segment Net Sales increased +20% to A\$196.5 million and Adjusted EBIT increased +17% to A\$53.6 million, with an Adjusted EBIT margin of 27.3%
- Global Adjusted EBIT increased +22% to US\$204.1 million, with an Adjusted EBIT margin of 22.7%
- Global Net Sales increased +22% on Global Volume growth of +9%, as all three regions continue to deliver on the global strategy of driving high value product mix penetration

In the third quarter, we continued to deliver growth above market and strong returns. As outlined during our investor day in May 2021, we described our three critical strategic initiatives for fiscal year 2022 through fiscal year 2024: (1) market directly to homeowners to accelerate demand creation, (2) penetrate and drive profitable growth in existing and new segments, especially in Repair & Remodel, and (3) commercialize global innovations by expanding into new categories. Further, we discussed our focus on driving a high value product mix in all three regions.

James Hardie Interim CEO, Harold Wiens said, "I am pleased to report the James Hardie team has continued to execute well on our stated global strategy. This is reflected in strong Price/Mix growth in all three regions, including North America Price/Mix growth of +12%, Europe Price/Mix growth of +13% and Asia Pacific Price/Mix growth of +11%. The team's success in delivering high value products, which underpins Price/Mix, is the result of (1) enabling our customers to make more money by selling more James Hardie products and, (2) marketing directly to the homeowners to create demand of our high value products through our customers."

Mr Wiens continued, “The team and I are also pleased to have recently announced the release of the Hardie™ Architectural Collection. This collection is being debuted at the International Builders Show in Orlando this week and comprises an innovative portfolio of new products that lets the world reimagine what’s possible for home exteriors.”

Commenting on the third quarter results, Mr. Wiens stated, “The team’s execution on delivering our high value product mix strategy resulted in Global Net Sales increasing +22% to US\$900.0 million with Global volume growth of +9%.” Mr. Wiens continued, “Global Adjusted EBIT increased +22% to US\$204.1 million. The focus on a high value product mix combined with the execution of LEAN, has enabled us to absorb high input cost pressures and invest significantly in marketing, innovation and talent”.

Mr. Wiens concluded, “I believe our strategy, along with a world class leadership team and 5,000 committed and hard-working employees, will drive James Hardie to meet our mission of being a high-performance global company that delivers organic growth above market with strong returns.”

### **Third Quarter Fiscal Year 2022 Results Compared to Third Quarter Fiscal Year 2021 Results**

*Global:* Global Net Sales increased +22% to US\$900.0 million, while Global Adjusted EBIT increased +22% to US\$204.1 million. Global Adjusted Net Income increased +25% to US\$154.1 million, compared to US\$123.3 million. Global Adjusted EBIT margin of 22.7% was achieved through continued operational improvements and the delivery of a high value product mix, offset by high inflation and our ongoing reinvestment in growth initiatives.

*North America Fiber Cement Segment:* Net Sales increased +24% to US\$644.9 million, driven by the continued execution of our high value product mix strategy that delivered Price/Mix growth of +12%, with strong volume growth of +12% in the quarter. In addition to high value product mix, LEAN manufacturing initiatives continued to generate improved performance across the Company’s North American manufacturing network, helping to deliver +18% Adjusted EBIT growth to US\$183.3 million. Strong Adjusted EBIT margin of 28.4% was achieved through the delivery of a high value product mix offset by the impact of high inflation and our ongoing reinvestment in growth initiatives.

North America President, Sean Gadd remarked, “Our North America business delivered an outstanding quarter for Net Sales and EBIT, led by the team’s execution of the high value product mix strategy. With our commercial team partnering closely with our customers, our focus on creating demand by marketing directly to the homeowner, and the additional capacity provided by our on-time ramp up of our Prattville facility, we are well positioned to sustain growth above market and strong returns. I am particularly pleased with the momentum in Price/Mix throughout Fiscal Year 2022, which demonstrates the success of our strategy. I believe our North America business is well positioned for continued growth.”

*Europe Building Products Segment:* Net sales increased +14% to €97.6 million, as we partnered with our customers to drive a high value product mix, which resulted in Price/Mix growth of +13%. Fiber cement Net Sales grew +22% and Fiber Gypsum Net Sales grew +13%. Adjusted EBIT increased +18% to €10.4 million, with an Adjusted EBIT margin of 10.7%. The Adjusted EBIT margin was reduced by 440 basis points due to the impact of €4.3 million hyperinflation on key energy prices.

Chief Financial Officer, Jason Miele remarked, “The European team’s execution on our high value product mix strategy is resulting in strong Price/Mix that is transforming the business. Momentum in margin expansion this quarter was significantly impacted by hyperinflation, however the European team has

adjusted to these market dynamics and are on-track to return EBIT Margin to the mid-teens in the fourth quarter.”

*Asia Pacific Fiber Cement Segment:* Net sales increased +20% to A\$196.5 million. Adjusted EBIT increased +17% to A\$53.6 million, at an Adjusted EBIT margin of 27.3%. Strong Adjusted EBIT margin of 27.3% was achieved through the delivery of high value product mix offset by the impact of high inflation and our ongoing reinvestment in growth initiatives.

Mr. Wiens remarked, “The APAC team has delivered a strong set of results. The team’s focus on the high value products strategy and partnering closely with our customers allowed the business to deliver 11% Price/Mix.”

### **Capital Resources**

Strong operating cash flow generation of US\$553.3 million in the first nine months was driven by continuous improvement in our LEAN manufacturing performance, strong profitable organic sales growth and the integration of our supply chain with our customers. Working capital decreased by US\$19.9 million during the first nine months of fiscal year 2022. We have achieved global LEAN savings of US\$185.8 million since the inception of LEAN, including US\$131.0 million LEAN savings in North America.

James Hardie CFO, Jason Miele, stated, “We continued to deliver strong cash flow generation in the first nine months, with operating cash flow of US\$553.3 million.”

Commenting on Global capacity additions, Executive Vice President Global Operations, Ryan Kilcullen stated, “We are on the path to delivering a transformational global capacity expansion program. This capacity expansion program reflects our confidence in our ability to drive growth for our high value products by continuing to penetrate new and existing markets through innovation and marketing directly to the homeowners.”

### **Sustainability**

At James Hardie, we are all committed to Building Sustainable Communities. This commitment is to 1) the smallest of communities - the individual household, 2) the James Hardie community, 3) the local communities in which we live and operate and 4) the largest of all communities, the global ecosystem. To build sustainable communities, we aim to transform the way the world builds with products that are, safer, higher performing, more beautiful and more sustainable. Commenting on sustainability, Mr. Wiens stated “Sustainability and ESG are a part of our strategy, it is not a separate and distinct initiative, but rather it is woven into how we operate and core to our strategy.”

For more on our commitment to Sustainability including our goals, see our FY21 Sustainability Report at <https://ir.jameshardie.com.au/esg/sustainability>

## Outlook and Earnings Guidance

Based on the continued, strong execution of the global strategy across all three regions and the expectation for continued residential and market growth in the USA, the Company is raising its guidance for fiscal year 2022, ending 31 March 2022. Management raises fiscal year 2022 Adjusted Net Income guidance range to US\$620 million and US\$630 million. The comparable prior year Adjusted Net Income for fiscal year 2021 was US\$458.0 million.

Management is pleased to announce fiscal year 2023 Adjusted Net Income guidance range of US\$740 million and US\$820 million.

James Hardie's guidance is based on current estimates and assumptions and is subject to several known and unknown uncertainties and risks, including those related to the COVID-19 pandemic. James Hardie continues to assess the impacts and the uncertainties of the COVID-19 pandemic on the geographic locations in which it operates, and the continuing impact of the pandemic on the Company's business and future financial performance remains uncertain.

## Key Financial Information

	Q3 FY22	Q3 FY21	Change	9 Month FY22	9 Months FY21	Change
<b>Group (US\$ millions)</b>						
Net Sales	900.0	738.6	22%	2,646.5	2,101.7	26%
Adjusted EBIT	204.1	167.9	22%	590.3	455.9	29%
Adjusted EBIT Margin	22.7%	22.7%	Flat	22.3%	21.7%	0.6 pts
Adjusted Net Income	154.1	123.3	25%	443.2	333.1	33%
Operating Cash Flow				553.3	678.4	-18%
<b>North America Fiber Cement (US\$ millions)</b>						
Net Sales	644.9	518.1	24%	1,857.3	1,484.9	25%
Adjusted EBIT	183.3	155.6	18%	535.1	435.1	23%
Adjusted EBIT Margin	28.4%	30.0%	-1.6 pts	28.8%	29.3%	-0.5 pts
<b>Asia Pacific Fiber Cement (A\$ millions)</b>						
Net Sales	196.5	163.3	20%	577.2	472.6	22%
Adjusted EBIT	53.6	45.9	17%	164.6	133.6	23%
Adjusted EBIT Margin	27.3%	28.1%	-0.8 pts	28.5%	28.4%	0.1 pts
<b>Europe Building Products (€ millions)</b>						
Net Sales	97.6	85.3	14%	305.5	246.0	24%
Adjusted EBIT	10.4	8.8	18%	38.1	20.2	89%
Adjusted EBIT Margin	10.7%	10.2%	0.5 pts	12.5%	8.4%	4.1 pts

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## Further Information

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Readers are referred to the Company's Condensed Consolidated Financial Statements and Management's Analysis of Results for the three and nine months ended 31 December 2021 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

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James Hardie will conduct a teleconference and audio webcast for analysts, investors, and media on Monday 7 February 2022, 8:45am Sydney, Australia time (Sunday 6 February 2022, 4:45pm New York City, USA time). Analysts, investors, and media can access the management briefing via the following:

- All participants wishing to join the teleconference will need to pre-register by navigating to: <https://s1.c-conf.com/diamondpass/10018895-ch97ks.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 two hours after the Live Webcast concludes at <https://ir.jameshardie.com.au>

## Use of Non-GAAP Financial Information; Australian Equivalent Terminology

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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 three and nine months ended 31 December 2021.

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 Condensed 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 three and nine months ended 31 December 2021.



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## Forward-Looking Statements

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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 year ended 31 March 2021; 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.

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### Investor/Media/Analyst Enquiries:

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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

## Management's Analysis of Results

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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 Condensed 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 pre-tax special items (items listed above) and tax special 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 7 February 2022, are available from the Investor Relations area of our website at <http://www.ir.jameshardie.com.au>

### **Investor/Media/Analyst Inquiries:**

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## 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 includes 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.

## 3rd Quarter Financial Highlights

US\$ Millions (except per share data)	Three Months Ended 31 December		
	FY22	FY21	Change
Net sales	\$ 900.0	\$ 738.6	22%
Gross margin (%)	35.8	36.8	(1.0 pts)
EBIT	202.2	131.8	53%
EBIT margin (%)	22.5	17.8	4.7 pts
Adjusted EBIT <sup>1</sup>	204.1	167.9	22%
Adjusted EBIT margin (%) <sup>1</sup>	22.7	22.7	— pts
Net income	135.4	68.6	97%
Adjusted Net income <sup>1</sup>	154.1	123.3	25%
Earnings per share - diluted	\$ 0.30	\$ 0.15	
Adjusted earnings per share - diluted <sup>1</sup>	\$ 0.35	\$ 0.28	

<sup>1</sup> See section titled "Non-GAAP Financial Measures" for a reconciliation to the equivalent GAAP measure

- **Net sales** increased 22% to US\$900.0 million, driven by Price/Mix growth of 13% as we continue to execute our global strategy of driving high value product mix, and global volume growth of 9%. Our Price/Mix is the result of 1) enabling our customers to make more money by selling more James Hardie products and, 2) marketing directly to the homeowners to create demand of our high value products through our customers.
- **Adjusted EBIT** increased 22% to US\$204.1 million with an adjusted EBIT margin of 22.7%. On a global basis, the shift to driving growth with a high value product mix combined with the continued execution of LEAN, enabled us to absorb very high input cost pressures this quarter, while investing significantly in marketing and innovation which led to an increase in SG&A of 15%.

The Company's critical strategic initiatives for the next three years remain unchanged and our global management team is committed to executing our strategies which include: (1) marketing directly to homeowners to accelerate demand creation, (2) penetrating and driving profitable growth in existing and new segments, especially Repair and Remodel, and (3) commercializing global innovations by expanding into new categories.

As part of our commercializing global innovations strategic initiative, we recently announced the release of our Hardie™ Architectural Collection, which includes the launch of two new products, including Hardie® Architectural Panel - Sculpted Clay and Hardie® Architectural Panel - Sea Grass.

The third quarter consolidated results delivered strong results and growth above market, as we are continuing to deliver on these stated strategic goals.

## North America Fiber Cement Segment

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

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change	9 Months FY22	9 Months FY21	Change
Volume (mmsf)	776.8	693.8	12%	2,296.7	1,990.2	15%
Fiber cement net sales	644.9	518.1	24%	1,857.3	1,484.9	25%
Gross profit			22%			25%
Gross margin (%)			(0.7 pts)			— pts
EBIT	183.3	155.6	18%	535.1	432.6	24%
EBIT margin (%)	28.4	30.0	(1.6 pts)	28.8	29.1	(0.3 pts)
Restructuring expenses	—	—		—	2.5	(100)%
Adjusted EBIT	183.3	155.6	18%	535.1	435.1	23%
Adjusted EBIT margin (%)	28.4	30.0	(1.6 pts)	28.8	29.3	(0.5 pts)

### Q3 FY22 vs Q3 FY21

Net sales increased 24%, primarily driven by strong exteriors volume growth of 13%, as well as interiors volume growth of 3%. Price/Mix increased 12% driven by the continued execution of our strategy to drive a high value product mix and our strategic price increase in January 2021.

The decrease in gross margin is comprised of the following components:

Higher average net sales price	6.2 pts
Higher production and distribution costs	(6.9 pts)
Total percentage point change in gross margin	(0.7 pts)

Higher production and distribution costs resulted from higher input costs, primarily pulp, and higher freight costs.

SG&A expenses increased 40%, primarily driven by higher marketing costs, as well as a higher headcount as we continue to invest for growth. As a percentage of sales, SG&A expenses increased 1.0 percentage point.

EBIT margin decreased 1.6 percentage points to 28.4%, driven by higher SG&A expenses as a percentage of sales and lower gross margin.

## Nine Months FY22 vs Nine Months FY21

Net sales increased 25%, primarily driven by strong exteriors volume growth of 17%, as well as interiors volume growth of 5%. Price/Mix increased 10% driven by the execution of our strategy to drive a high value product mix and our strategic price increase in January 2021.

Gross margin was flat between the corresponding periods resulting from the following components:

Higher average net sales price	4.8 pts
Higher production and distribution costs	(4.8 pts)
Total percentage point change in gross margin	— pts

Higher production and distribution costs primarily resulted from higher input costs, freight costs and start-up costs related to our Prattville and Summerville plants.

SG&A expenses increased 33%, driven by our strategy to market directly to the homeowner and strategic investments in growth initiatives, compared to cost containment actions taken in the prior year. As a percentage of sales, SG&A expenses increased 0.5 percentage points.

Restructuring expenses of US\$2.5 million in the prior year consist solely of severance costs related to a reduction in headcount across the region in order to strategically realign our resources.

EBIT margin decreased 0.3 percentage points to 28.8%, driven by higher SG&A expenses as a percentage of sales.

## 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	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change	9 Months FY22	9 Months FY21	Change
Volume (mmsf)	154.4	141.8	9%	471.0	397.0	19%
Fiber cement net sales	143.3	119.1	20%	429.5	332.5	29%
Gross profit			18%			34%
Gross margin (%)			(0.5 pts)			1.4 pts
EBIT	39.1	33.5	17%	122.4	91.1	34%
EBIT margin (%)	27.3	28.1	(0.8 pts)	28.5	27.4	1.1 pts
Restructuring expenses	—	—		—	3.4	(100)%
Adjusted EBIT	39.1	33.5	17%	122.4	94.5	30%
Adjusted EBIT margin (%)	27.3	28.1	(0.8 pts)	28.5	28.4	0.1 pts

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

A\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change	9 Months FY22	9 Months FY21	Change
Volume (mmsf)	154.4	141.8	9%	471.0	397.0	19%
Fiber cement net sales	196.5	163.3	20%	577.2	472.6	22%
Gross profit			19%			27%
Gross margin (%)			(0.5 pts)			1.4 pts
EBIT	53.6	45.9	17%	164.6	128.7	28%
EBIT margin (%)	27.3	28.1	(0.8 pts)	28.5	27.4	1.1 pts
Restructuring expenses	—	—		—	4.9	(100)%
Adjusted EBIT	53.6	45.9	17%	164.6	133.6	23%
Adjusted EBIT margin (%)	27.3	28.1	(0.8 pts)	28.5	28.4	0.1 pts

## Q3 FY22 vs Q3 FY21 (A\$)

Net sales increased 20%, primarily due to strong performance and volume growth in Australia and New Zealand, where Price/Mix in these regions increased 13% due to the continued execution of our high value product mix strategy.

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

Higher average net sales price	4.8 pts
Higher production and distribution costs	(5.3 pts)
Total percentage point change in gross margin	<u>(0.5 pts)</u>

Higher production and distribution costs were driven by higher input costs, primarily pulp, as well as higher costs related to producing a higher value product mix, partially offset by favorable plant performance.

SG&A expenses increased, driven by our reinvestment in growth, primarily in Australia. These growth initiatives included higher marketing expenses and consulting fees related to improvements in systems and technology. As a percentage of sales, SG&A expenses increased 0.3 percentage points.

EBIT margin of 27.3% represents a decrease of 0.8 percentage points, primarily driven by lower gross margin and higher SG&A expenses as a percentage of sales.

## Nine Months FY22 vs Nine Months FY21 (A\$)

Net sales increased 22%, as all three regions experienced strong volume growth, compared to lower volumes in the prior year due to the COVID-19 government enforced lockdowns in the Philippines and New Zealand. The 3% increase in the average net sales price was driven by our execution of our high value product mix strategy in Australia and New Zealand as Price/Mix increased 10%. This was offset by geographic mix, as a higher proportion of our sales were in the Philippines which have a lower average net sales price. Volumes in the Philippines increased 40%.

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

Higher average net sales price	2.4 pts
Higher production and distribution costs	(1.0 pts)
Total percentage point change in gross margin	<u>1.4 pts</u>

Higher production and distribution costs were driven by higher input costs and higher manufacturing costs related to producing a high value product mix. This increase was partially offset by favorable plant performance including LEAN manufacturing savings in Australia, the efficiencies realized from shifting to an import model for the New Zealand region and a higher proportion of sales in the Philippines which have a lower cost.

SG&A expenses increased, primarily driven by higher marketing expenses and our investment in additional headcount to drive growth. As a percentage of sales, SG&A expenses increased 1.2 percentage points.

In the prior year, restructuring expenses of A\$4.9 million consist solely of severance costs, primarily associated with our strategic decision to shift our New Zealand regional production to our two Australia based plants, and a reduction in headcount across the region to realign our resources.

EBIT margin of 28.5% represents an increase of 1.1 percentage points, primarily driven by higher gross margin and lower restructuring expenses, partially offset by higher SG&A expenses as a percentage of sales.

## 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	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change	9 Months FY22	9 Months FY21	Change
Volume (mmsf)	223.2	221.3	1%	710.7	623.4	14%
Fiber cement net sales	15.8	13.3	19%	57.7	38.4	50%
Fiber gypsum net sales <sup>1</sup>	96.0	88.1	9%	302.0	245.9	23%
Net sales	111.8	101.4	10%	359.7	284.3	27%
Gross profit			(5%)			23%
Gross margin (%)			(4.1 pts)			(0.7 pts)
EBIT	11.9	10.3	16%	44.9	18.7	140%
EBIT margin (%)	10.7	10.2	0.5 pts	12.5	6.6	5.9 pts
Restructuring expenses	—	—		—	5.1	(100)%
Adjusted EBIT	11.9	10.3	16%	44.9	23.8	89%
Adjusted EBIT margin (%)	10.7	10.2	0.5 pts	12.5	8.4	4.1 pts

<sup>1</sup> Also includes cement bonded board net sales

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

€ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change	9 Months FY22	9 Months FY21	Change
Volume (mmsf)	223.2	221.3	1%	710.7	623.4	14%
Fiber cement net sales	13.8	11.3	22%	48.9	33.1	48%
Fiber gypsum net sales <sup>1</sup>	83.8	74.0	13%	256.6	212.9	21%
Net sales	97.6	85.3	14%	305.5	246.0	24%
Gross profit			(2%)			21%
Gross margin (%)			(4.1 pts)			(0.7 pts)
EBIT	10.4	8.8	18%	38.1	15.7	143%
EBIT margin (%)	10.7	10.2	0.5 pts	12.5	6.6	5.9 pts
Restructuring expenses	—	—		—	4.5	(100)%
Adjusted EBIT	10.4	8.8	18%	38.1	20.2	89%
Adjusted EBIT margin (%)	10.7	10.2	0.5 pts	12.5	8.4	4.1 pts

<sup>1</sup> Also includes cement bonded board net sales



## Q3 FY22 vs Q3 FY21 (€)

Net sales increased 14%, driven by increases in fiber cement and fiber gypsum net sales of 22% and 13%, respectively. The increase in net sales was due to Price/Mix improvement of 13% resulting from our continued execution of a shift to a higher value mix in both our product lines.

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

Higher average net sales price	6.9 pts
Higher production and distribution costs	(11.0 pts)
Total percentage point change in gross margin	<u>(4.1 pts)</u>

Production and distribution costs were unfavorable primarily due to higher input costs, primarily energy, paper and packaging costs. Higher energy costs, driven mainly by hyperinflation in natural gas, had an unfavorable impact of approximately €4.3 million in the current quarter.

SG&A expenses decreased primarily due to the favorable impact of reversing a bad debt allowance, combined with a focus to moderate spending to offset the higher energy costs. As a percentage of sales, SG&A expenses decreased 4.1 percentage points.

EBIT margin of 10.7% increased 0.5 percentage points, driven by lower SG&A expenses as a percentage of sales, offset by a lower gross margin.

## Nine Months FY22 vs Nine Months FY21 (€)

Net sales increased 24%, driven by increases in fiber cement and fiber gypsum net sales of 48% and 21%, respectively. The increase in net sales was partly driven by low volumes in Q1 of the prior year resulting from the COVID-19 government enforced shutdowns in the UK and France. Additionally, the execution of our push/pull strategy and the introduction of our new Hardie® VL Plank product led to higher net sales. Price/Mix increased 10%, due to our shift to a higher value mix in both our fiber cement and fiber gypsum product lines.

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

Higher average net sales price	5.0 pts
Higher production and distribution costs	(5.7 pts)
Total percentage point change in gross margin	<u>(0.7 pts)</u>

Higher production and distribution costs were driven by higher input costs (primarily energy, paper and packaging costs), partially offset by the unfavorable absorption of manufacturing costs on lower production volumes in the prior year, which included the impact of the COVID-19 related closures of our manufacturing plants in Orejo, Spain and Siglingen, Germany. Higher energy costs, driven mainly by the hyperinflation in natural gas, had an unfavorable impact of approximately €5.7 million in the current year.

SG&A expenses decreased from prior year as described above, which more than offset our investment in headcount growth and marketing. As a percentage of sales, SG&A expenses decreased 4.5 percentage points.

In the prior year, restructuring expenses of €4.5 million consist solely of severance costs, primarily associated with the reduction of headcount across the region to strategically realign our resources.

EBIT margin of 12.5% increased 5.9 percentage points, driven by lower SG&A expenses as a percentage of sales and lower restructuring expenses, partially offset by lower gross margin.

## General Corporate

Results for General Corporate were as follows:

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change %	9 Months FY22	9 Months FY21	Change %
General Corporate SG&A expenses	\$ 21.7	\$ 23.6	(8)	\$ 86.9	\$ 77.2	13
Asbestos:						
Asbestos adjustments loss (gain)	1.6	35.8	(96)	(10.8)	115.8	(109)
AICF SG&A expenses	0.3	0.3	—	0.9	0.9	—
General Corporate costs	\$ 23.6	\$ 59.7	(60)	\$ 77.0	\$ 193.9	(60)

General Corporate SG&A expenses for the quarter and nine month period decreased US\$1.9 million and increased US\$9.7 million, respectively. For the nine month period, the increase was primarily driven by an investment in global growth initiatives, including talent and costs related to building our brand, partially offset by a decrease in stock compensation expenses.

Asbestos adjustments primarily reflect 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, partially offset by gains and losses on foreign currency forward contracts related to future AICF payments.

Readers are referred to Note 6 of our 31 December 2021 condensed consolidated financial statements for further information on asbestos.

## Interest, net

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change %	9 Months FY22	9 Months FY21	Change %
Gross interest expense	\$ 11.3	\$ 16.1	(30)	\$ 32.6	\$ 46.6	(30)
Capitalized interest	(0.5)	(2.4)	(79)	(1.2)	(7.3)	(84)
Interest income	—	—		(0.1)	(0.1)	—
Net AICF interest income	(0.2)	(0.1)	100	(0.5)	(0.3)	67
<b>Interest expense, net</b>	<b>\$ 10.6</b>	<b>\$ 13.6</b>	<b>(22)</b>	<b>\$ 30.8</b>	<b>\$ 38.9</b>	<b>(21)</b>

Gross interest expense for the quarter and nine months decreased US\$4.8 million and US\$14.0 million, respectively, primarily due to the redemption of our 2025 senior unsecured notes in the fourth quarter of fiscal year 2021. The decrease in capitalized interest is due to a lower average amount of accumulated capital expansion project spend, primarily due to the commissioning of our Prattville, Alabama plant.

## Income Tax

	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change	9 Months FY22	9 Months FY21	Change
Income tax expense (US\$ Millions)	56.2	49.6	13%	162.4	124.4	31%
Effective tax rate (%)	29.3	42.0	(12.7 pts)	28.5	43.0	(14.5 pts)
Adjusted income tax expense <sup>1</sup> (US\$ Millions)	39.2	30.9	27%	115.7	83.6	38%
Adjusted effective tax rate <sup>1</sup> (%)	20.3	20.0	0.3 pts	20.7	20.1	0.6 pts

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

The effective tax rate for the quarter and nine month period decreased 12.7 and 14.5 percentage points, respectively, primarily due to Asbestos and other tax adjustments and a change in geographic mix.

The Adjusted effective tax rate for the quarter and nine month period increased 0.3 and 0.6 percentage points, respectively, primarily due to a change in geographic mix.

## Net Income

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY22	Q3 FY21	Change %	9 Months FY22	9 Months FY21	Change %
<b>EBIT</b>						
North America Fiber Cement <sup>1</sup>	\$ 183.3	\$ 155.6	18	\$ 535.1	\$ 435.1	23
Asia Pacific Fiber Cement <sup>1</sup>	39.1	33.5	17	122.4	94.5	30
Europe Building Products <sup>1</sup>	11.9	10.3	16	44.9	23.8	89
Research and Development	(8.5)	(7.9)	(8)	(25.2)	(20.3)	(24)
General Corporate <sup>2</sup>	(21.7)	(23.6)	8	(86.9)	(77.2)	(13)
<b>Adjusted EBIT</b>	<b>204.1</b>	<b>167.9</b>	<b>22</b>	<b>590.3</b>	<b>455.9</b>	<b>29</b>
<b>Net income</b>						
Adjusted interest expense, net <sup>2</sup>	10.8	13.7	(21)	31.3	39.2	(20)
Other expense	—	—		0.1	—	100
Adjusted income tax expense <sup>3</sup>	39.2	30.9	27	115.7	83.6	38
<b>Adjusted net income</b>	<b>\$ 154.1</b>	<b>\$ 123.3</b>	<b>25</b>	<b>\$ 443.2</b>	<b>\$ 333.1</b>	<b>33</b>

<sup>1</sup> Excludes restructuring expenses

<sup>2</sup> Excludes Asbestos-related expenses and adjustments

<sup>3</sup> Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos and other tax adjustments

Adjusted net income for the quarter of US\$154.1 million increased 25%, driven by strong performance in all operating segments, partially offset by higher adjusted income tax expense.

Adjusted net income for the nine month period of US\$443.2 million increased 33%, driven by strong performance in all operating segments, partially offset by higher adjusted income tax expense and an increase in General Corporate SG&A expenses of US\$9.7 million.

## COVID-19

We continue to monitor the impacts and the uncertainties of the COVID-19 pandemic on the geographic locations in which we operate, and are managing our business to ensure the continuity of operations and safety of our employees. The continuing impact of the pandemic on our business and future financial performance still remains uncertain.

## Cash Flow

US\$ Millions	Nine Months Ended 31 December			
	FY22	FY21	Change	Change %
Net cash provided by operating activities	\$ 553.3	\$ 678.4	\$ (125.1)	(18)
Net cash used in investing activities	171.4	85.1	86.3	101
Net cash used in financing activities	417.3	130.6	286.7	220

Significant sources and uses of cash during the first nine months of fiscal year 2022 included:

- Cash provided by operating activities:
  - Higher net sales and profitability in each of our regions led to net income, adjusted for non-cash items, of US\$634.0 million;
  - Working capital decreased by US\$19.9 million primarily due to increase in inventory levels; and
  - Asbestos claims paid of US\$91.2 million.
- Cash used in investing activities:
  - Capital expenditures of US\$174.5 million, including the following capacity expansion projects: Prattville Trim line, Prattville Sheet Machines #3 and #4, Massachusetts ColorPlus® finishing line and the Summerville restart.
- Cash used in financing activities:
  - Dividend payments of US\$461.8 million;
  - Partially offset by US\$50.0 million net drawdown on our Revolving Credit Facility.

The 18% decrease in net cash provided by operating activities is primarily related to the US\$64.8 million CARES Act tax refund received in the prior year, as well as higher working capital improvements in the prior year.

## Capacity Expansion

We are investing in a transformational global capacity expansion program, including brownfield and greenfield expansions in all three regions, as announced in the second quarter. From today through to the end of fiscal year 2024, we expect to commission the following capacity:

### North America

- Summerville, South Carolina restart
- Trim finishing capacity in Prattville, Alabama
- ColorPlus® finishing capacity in Westfield, Massachusetts
- Sheet Machines #3 and #4 in Prattville, Alabama

### Asia Pacific

- Carole Park, Australia brownfield expansion

### Europe

- Fiber Gypsum brownfield expansion in Orejo, Spain

In addition to the above items, we are planning greenfield fiber cement capacity expansion in all three regions which we anticipate to commission in fiscal year 2025 and beyond.

Over the next four years we anticipate investing between US\$1.6 billion to US\$1.8 billion in capital expenditure on the above listed projects.

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### Liquidity and Capital Allocation

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Our cash position decreased by US\$77.0 million, from US\$208.5 million at 31 March 2021 to US\$131.5 million at 31 December 2021.

During the quarter, we entered into a new US\$600.0 million revolving credit facility (the "Revolving Credit Facility"), maturing in December 2026, which replaces the prior revolving credit facility set to expire in December 2022. The Revolving Credit Facility includes two optional one year extension periods.

Our annual contribution to AICF is made in quarterly installments. As of 31 January 2022, A\$246.1 million of our fiscal year 2022 contribution has been paid, with the last installment of A\$82.1 million due March 2022.

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.

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### Capital Management

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We periodically review our capital structure and capital allocation objectives and expect the following capital management focus in the short term:

- Preserve and enable strong liquidity position and financial flexibility;
- Invest in organic growth: capacity expansion, market driven innovation and marketing directly to the homeowner;
- Maintain leverage ratio of 1-2x; and
- Return capital to shareholders:
  - Returned US\$309.9 million through special dividend in April 2021; and
  - Returned US\$151.9 million through ordinary half-year dividend in December 2021.



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## Financial Measures - GAAP equivalents

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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.

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## Non GAAP Financial Terms

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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;
- North America Fiber Cement Segment Adjusted EBIT;
- Asia Pacific Fiber Cement Segment Adjusted EBIT;
- Europe Building Products Segment Adjusted EBIT;
- Adjusted EBIT margin;
- North America Fiber Cement Segment Adjusted EBIT margin;
- Asia Pacific Fiber Cement Segment Adjusted EBIT margin;
- Europe Building Products Segment Adjusted EBIT margin;
- Adjusted interest expense, net;
- Adjusted net income;
- Adjusted diluted earnings per share;
- Adjusted income before income taxes;
- Adjusted income tax expense; and
- Adjusted effective tax rate.

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.

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## Definitions

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**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.

**Energy Inflation (Europe)** – Hyperinflation in energy costs is defined as the increase in energy costs above normal energy inflation.

*Normal Energy Inflation* – Calculated based on average rates per unit from April 2021 - July 2021, compared to average rates per unit for the prior corresponding period.

*Energy Hyperinflation* – Calculated based on average rates per unit from August 2021 - December 2021, less Normal Energy Inflation (as defined above).

## Financial Measures - GAAP equivalents

### Adjusted EBIT

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
<b>EBIT</b>	<b>\$ 202.2</b>	<b>\$ 131.8</b>	<b>\$ 600.2</b>	<b>\$ 328.1</b>
Asbestos:				
Asbestos adjustments loss (gain)	1.6	35.8	(10.8)	115.8
AICF SG&A expenses	0.3	0.3	0.9	0.9
Restructuring expenses	—	—	—	11.1
<b>Adjusted EBIT</b>	<b>\$ 204.1</b>	<b>\$ 167.9</b>	<b>\$ 590.3</b>	<b>\$ 455.9</b>
Net sales	900.0	738.6	2,646.5	2,101.7
<b>Adjusted EBIT margin</b>	<b>22.7%</b>	<b>22.7%</b>	<b>22.3%</b>	<b>21.7%</b>

### North America Fiber Cement Segment Adjusted EBIT

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
<b>North America Fiber Cement Segment EBIT</b>	<b>\$ 183.3</b>	<b>\$ 155.6</b>	<b>\$ 535.1</b>	<b>\$ 432.6</b>
Restructuring expenses	—	—	—	2.5
<b>North America Fiber Cement Segment Adjusted EBIT</b>	<b>\$ 183.3</b>	<b>\$ 155.6</b>	<b>\$ 535.1</b>	<b>\$ 435.1</b>
North America Fiber Cement segment net sales	644.9	518.1	1,857.3	1,484.9
<b>North America Fiber Cement Segment Adjusted EBIT margin</b>	<b>28.4%</b>	<b>30.0%</b>	<b>28.8%</b>	<b>29.3%</b>

### Asia Pacific Fiber Cement Segment Adjusted EBIT

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
<b>Asia Pacific Fiber Cement Segment EBIT</b>	<b>\$ 39.1</b>	<b>\$ 33.5</b>	<b>\$ 122.4</b>	<b>\$ 91.1</b>
Restructuring expenses	—	—	—	3.4
<b>Asia Pacific Fiber Cement Segment Adjusted EBIT</b>	<b>\$ 39.1</b>	<b>\$ 33.5</b>	<b>\$ 122.4</b>	<b>\$ 94.5</b>
Asia Pacific Fiber Cement segment net sales	143.3	119.1	429.5	332.5
<b>Asia Pacific Fiber Cement Segment Adjusted EBIT margin</b>	<b>27.3%</b>	<b>28.1%</b>	<b>28.5%</b>	<b>28.4%</b>

## Europe Building Products Segment Adjusted EBIT

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
Europe Building Products Segment EBIT	\$ 11.9	\$ 10.3	\$ 44.9	\$ 18.7
Restructuring expenses	—	—	—	5.1
Europe Building Products Segment Adjusted EBIT	11.9	10.3	44.9	23.8
Europe Building Products segment net sales	111.8	101.4	359.7	284.3
Europe Building Products Segment Adjusted EBIT margin	10.7%	10.2%	12.5%	8.4%

## Adjusted interest expense, net

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
Interest expense, net	\$ 10.6	\$ 13.6	\$ 30.8	\$ 38.9
AICF interest income, net	(0.2)	(0.1)	(0.5)	(0.3)
Adjusted interest expense, net	\$ 10.8	\$ 13.7	\$ 31.3	\$ 39.2

## Adjusted net income

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
Net income	\$ 135.4	\$ 68.6	\$ 406.9	\$ 164.8
Asbestos:				
Asbestos adjustments loss (gain)	1.6	35.8	(10.8)	115.8
AICF SG&A expenses	0.3	0.3	0.9	0.9
AICF interest income, net	(0.2)	(0.1)	(0.5)	(0.3)
Restructuring expenses	—	—	—	11.1
Tax adjustments <sup>1</sup>	17.0	18.7	46.7	40.8
Adjusted net income	\$ 154.1	\$ 123.3	\$ 443.2	\$ 333.1

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

## Adjusted diluted earnings per share

	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
<b>Adjusted net income (US\$ millions)</b>	\$ 154.1	\$ 123.3	\$ 443.2	\$ 333.1
Weighted average common shares outstanding - Diluted (millions)	446.3	445.5	446.1	445.0
<b>Adjusted diluted earnings per share</b>	\$ 0.35	\$ 0.28	\$ 0.99	\$ 0.75

## Adjusted effective tax rate

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
<b>Income before income taxes</b>	\$ 191.6	\$ 118.2	\$ 569.3	\$ 289.2
Asbestos:				
Asbestos adjustments loss (gain)	1.6	35.8	(10.8)	115.8
AICF SG&A expenses	0.3	0.3	0.9	0.9
AICF interest income, net	(0.2)	(0.1)	(0.5)	(0.3)
Restructuring expenses	—	—	—	11.1
<b>Adjusted income before income taxes</b>	\$ 193.3	\$ 154.2	\$ 558.9	\$ 416.7
Income tax expense	56.2	49.6	162.4	124.4
Tax adjustments <sup>1</sup>	(17.0)	(18.7)	(46.7)	(40.8)
<b>Adjusted income tax expense</b>	\$ 39.2	\$ 30.9	\$ 115.7	\$ 83.6
Effective tax rate	29.3%	42.0%	28.5%	43.0%
<b>Adjusted effective tax rate</b>	20.3%	20.0%	20.7%	20.1%

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

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;
- uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark;
- statements regarding the effect and consequences of the COVID-19 public health crisis;
- 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 18 May 2021, 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; risk and uncertainties arising out of the COVID-19 public health crisis, including the impact of COVID-19 on our business, sales, results of operations and financial condition 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.





# Q3 FY22 MANAGEMENT PRESENTATION

## 7 February 2022





# 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 2021; changes in general economic, political, governmental and business conditions globally and in the countries in which the Company does business, including the impact of COVID-19; 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

- **Strategy Update**
- **Q3 FY22 Financial Results**
- **AICF Funding Update**
- **Guidance**
- **Questions and Answers**



Harold Wiens  
Interim CEO



Jason Miele  
CFO



Sean Gadd  
North America President



Ryan Kilcullen  
Executive Vice President,  
Global Operations





**STRATEGY UPDATE**

# DRIVE PROFITABLE GROWTH GLOBALLY

1

**Market to Homeowners to Create Demand**

2

**Penetrate and Drive Profitable Growth in Existing and New Segments**

3

**Commercialize Global Innovations by Expanding Into New Categories**

## **Continued Execution and Expansion of Foundational Initiatives:**

- i) **LEAN Manufacturing**
- ii) **Customer Engagement**
- iii) **Supply Chain Integration**



## **Zero Harm & ESG**



## BRAND PARTNER UPDATE: CHIP AND JOANNA GAINES



### Magnolia / Chip & Joanna Gaines

#### Social Media Presence



23.8 million followers

@magnolia 5.4 million followers

@joannagaines 13.4 million followers

@chipgaines 5.0 million followers



>2.8 Million Followers



>6 Million Followers

#### TV Media Presence



MAGNOLIA  
NETWORK



# INNOVATION UPDATE: HARDIE™ ARCHITECTURAL COLLECTION

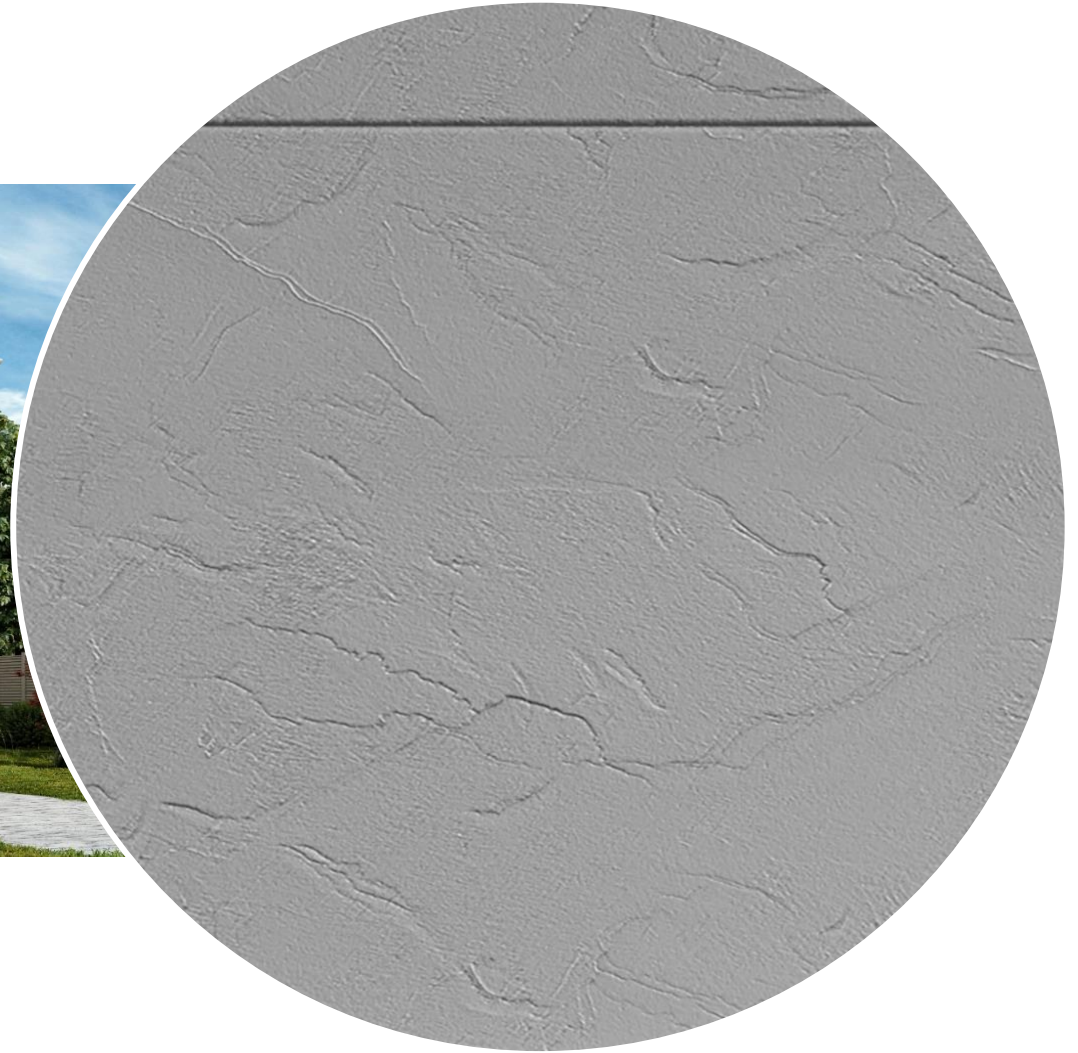
## Introducing the Hardie™ Architectural Collection

- Launches with a first generation of new products, an integrated solution of five Hardie™ Architectural Panels and associated Hardie™ Architectural Trims
- Designed in collaboration with architects, will empower homeowners to reimagine their homes with fresh, modern exterior looks
- Hardie™ Architectural Panels in five textures inspired by nature:
  - Fine Sand
  - Fine Sand-Grooved
  - Mounded Sand
  - Sculpted Clay
  - Sea Grass





# HARDIE® ARCHITECTURAL PANEL - SCULPTED CLAY



Visit <https://www.jameshardie.com/blog/ibs-2022>  
for additional details about the Hardie™ Architectural Collection  
and for updates throughout the International Builders' Show – Feb 8<sup>th</sup> – 10<sup>th</sup>

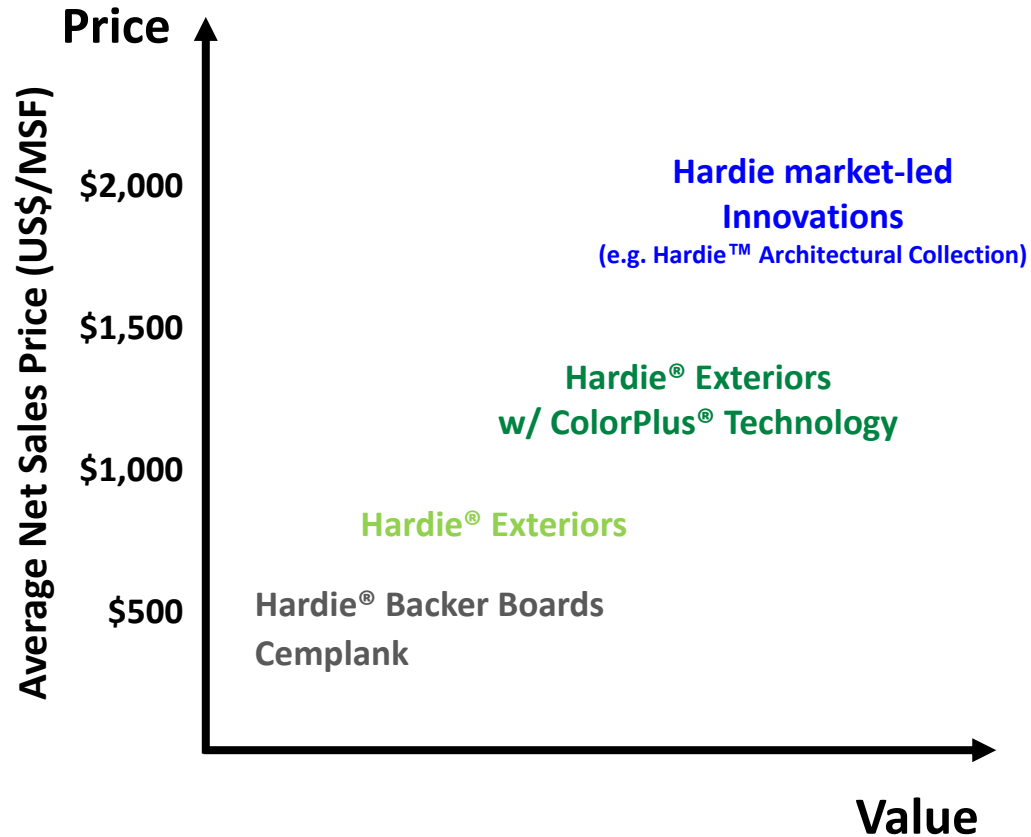
# HARDIE® ARCHITECTURAL PANEL - SEA GRASS



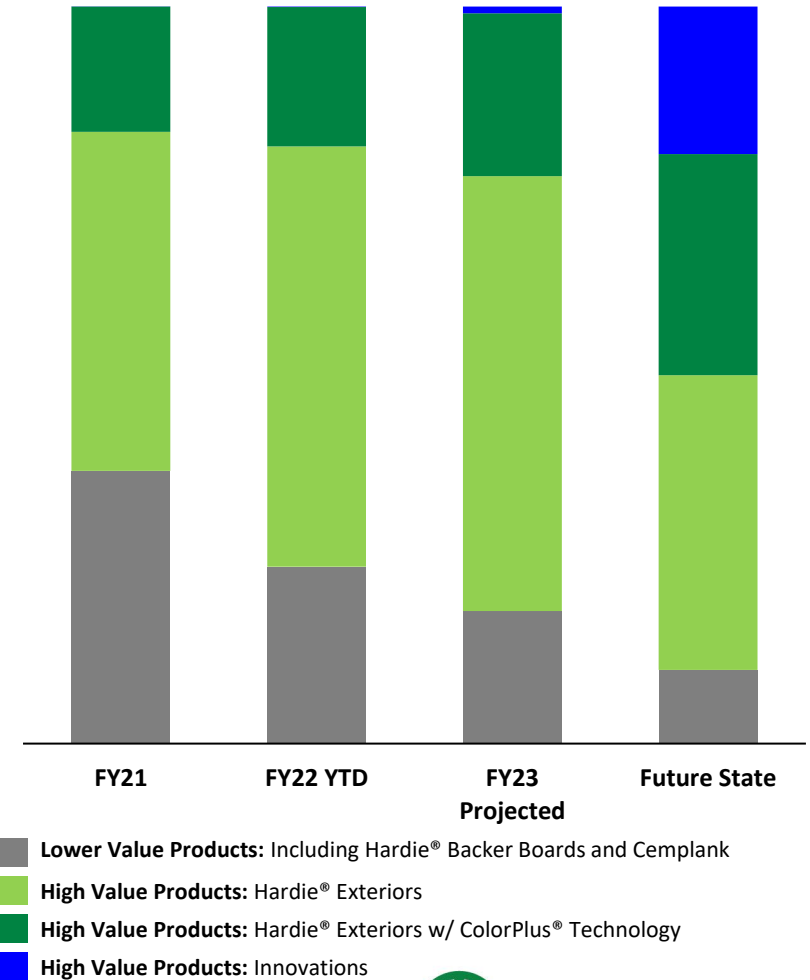
Visit <https://www.jameshardie.com/blog/ibs-2022>  
for additional details about the Hardie™ Architectural Collection  
and for updates throughout the International Builders' Show – Feb 8<sup>th</sup> – 10<sup>th</sup>

## DRIVE HIGH VALUE PRODUCT MIX IN NORTH AMERICA

### NA Price/Value Matrix



### NA Volume Mix





## PENETRATE AND DRIVE GROWTH IN REPAIR & REMODEL SEGMENT – NORTH AMERICA

Marketing Directly  
to the Homeowner



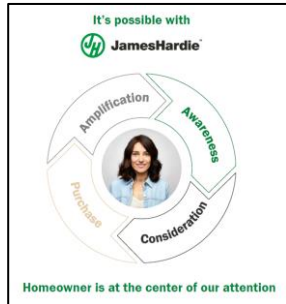
Enhancing Credibility  
via Brand Partners



Right Products



Partnering With  
Customers



Hardie®  
ColorPlus® Technology

Hardie™  
Architectural  
Collection



Core JH Market



Large and Growing  
Addressable Market



Strong  
Homeowner Wealth



Resilience to  
Interest Rates



44 MM

Homes over  
40 Years Old<sup>2</sup>

\$302K

Record Average  
Home Equity<sup>3</sup>

only  
+\$25/month

Impact of +100 bps Increase in  
Interest Rates on \$50K  
10-Year Home Equity Loan<sup>4</sup>

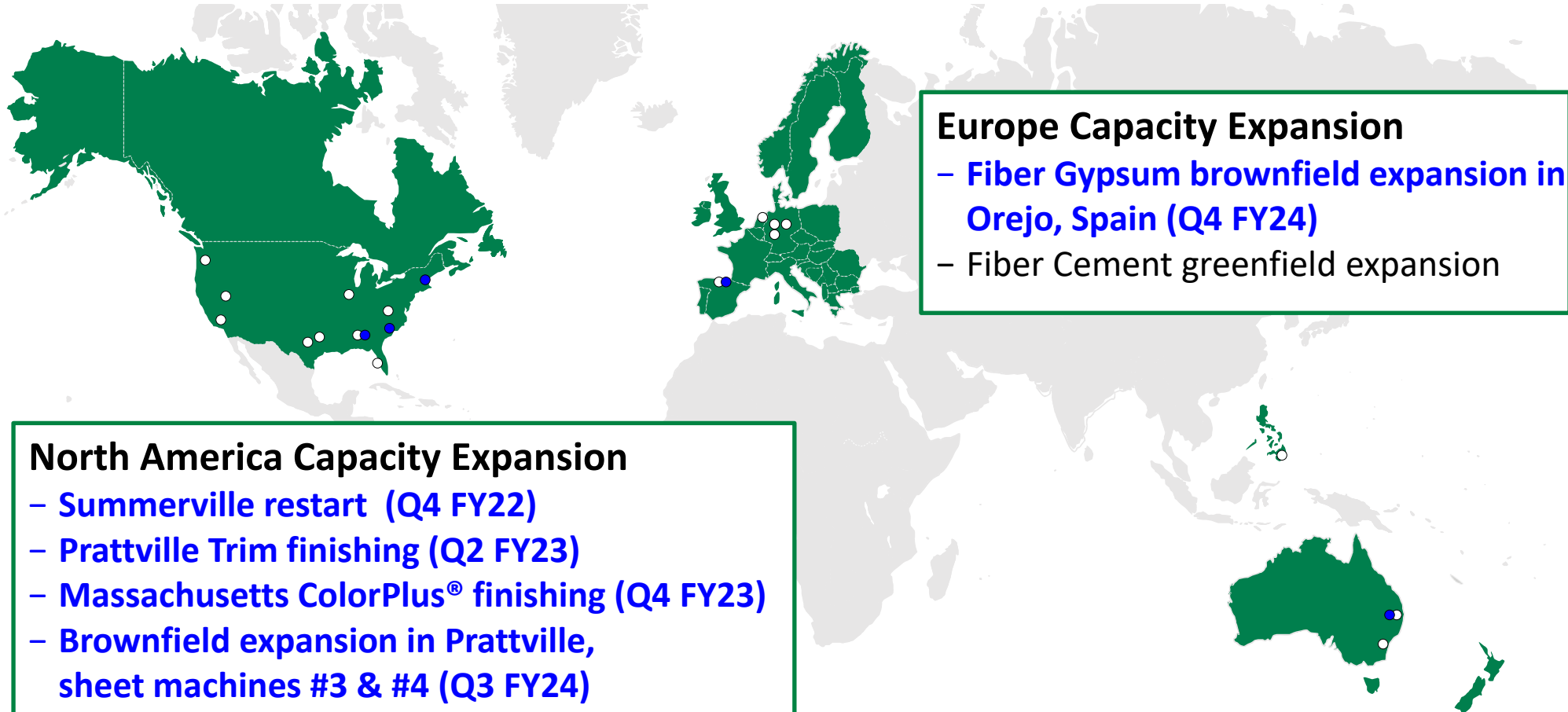
1. Source: Management estimates

2. Source: 2019 US Census-Detached Homes (American Housing Survey)

3. Source: John Burns Real Estate Consulting LLC "Burns US Housing Analysis and Forecast" published January 2022

4. Based on \$50,000 10-year Home Equity Loan with National Avg Interest Rate, FICO score of 700 and a loan-to-value ratio of 80 percent (Source: bankrate.com)

# GLOBAL CAPACITY EXPANSION



## North America Capacity Expansion

- Summerville restart (Q4 FY22)
- Prattville Trim finishing (Q2 FY23)
- Massachusetts ColorPlus® finishing (Q4 FY23)
- Brownfield expansion in Prattville, sheet machines #3 & #4 (Q3 FY24)
- Greenfield expansion in USA

*Blue Text: Capacity being commissioned in FY22, FY23, or FY24*

*Black Text: Greenfield expansion being commissioned in FY25 and beyond*

## Europe Capacity Expansion

- Fiber Gypsum brownfield expansion in Orejo, Spain (Q4 FY24)
- Fiber Cement greenfield expansion

## APAC Capacity Expansion

- Carole Park brownfield expansion (Q3 FY23)
- Greenfield expansion in Victoria, Australia





## **Q3 FY22 FINANCIAL RESULTS**



# GLOBAL RESULTS

	Q3 FY22	9 Months FY22
Sales Volume	1,154.4 mmsf +9%	3,478.4 mmsf +16%
Net Sales	US\$900.0 M +22%	US\$2,646.5 M +26%
Adjusted EBIT <sup>1</sup>	US\$204.1 M +22%	US\$590.3 M +29%
Adjusted Net Income <sup>2</sup>	US\$154.1 M +25%	US\$443.2 M +33%
Operating Cash Flow		US\$553.3 M -18%
Adjusted EBITDA Margin <sup>1</sup>	27.3 % FLAT	26.8 % +0.5 pts

<sup>1</sup> Excludes asbestos related expenses and adjustments and FY21 restructuring expenses

<sup>2</sup> Excludes asbestos related expenses and adjustments, tax adjustments and FY21

restructuring expenses

- 22% increase in Group Net Sales
- All 3 regions are executing on the Global Strategy simultaneously:
  - Foundational initiatives: HMOS, Push/Pull and Integrated Supply Chain
  - Marketing Directly to the Homeowner
  - Penetrate and Drive Profitable Growth
  - Commercialize Global Innovations
- Adjusted Net Income increased 25% for the quarter and 33% for the nine months
- Strong operating cash flow of US\$553.3 million for the nine months

# NORTH AMERICA SUMMARY

	Q3 FY22	9 Months FY22
Sales Volume	776.8 mmsf +12%	2,296.7 mmsf +15%
Price/Mix	+12%	+10%
Net Sales	US\$644.9 M +24%	US\$1,857.3 M +25%
Adjusted EBIT <sup>1</sup>	US\$183.3 M +18%	US\$535.1 M +23%
Adjusted EBIT Margin <sup>1</sup>	28.4 % -1.6 pts	28.8 % -0.5 pts
Adjusted EBITDA Margin <sup>1</sup>	33.0 % -1.2 pts	33.3 % -0.4 pts
Exterior volume	+13%	+17%
Interior volume	+3%	+5%

<sup>1</sup> Excludes FY21 restructuring expenses

- 24% increase in Net Sales led by Price/Mix and volume growth
  - Continued execution in driving High Value Product penetration with our customers
- 18% Adjusted EBIT growth with continued strong Adjusted EBIT Margin of 28.4%
  - Continued execution of LEAN manufacturing
  - Strong Net Sales growth driven by both volume and Price/Mix
  - Inflationary environment
  - Significant investment in marketing, innovation and talent capability



# EUROPE SUMMARY

	Q3 FY22	9 Months FY22
Sales Volume	223.2 mmsf +1%	710.7 mmsf +14%
Price/Mix	+13%	+10%
Net Sales	€97.6 M +14%	€305.5 M +24%
Adjusted EBIT <sup>1</sup>	€10.4 M +18%	€38.1 M +89%
Adjusted EBIT Margin <sup>1</sup>	10.7 % +0.5 pts	12.5 % +4.1 pts
Adjusted EBITDA Margin <sup>1</sup>	17.3 % -0.8 pts	18.8 % +3.5 pts
Fiber Cement Net Sales	+22%	+48%
Fiber Gypsum Net Sales	+13%	+21%

<sup>1</sup> Excludes FY21 restructuring expenses

- 14% increase in Net Sales underpinned by strong Price/Mix
  - Continued execution in driving High Value Product penetration, specifically strong Fiber Cement growth
- 18% Adjusted EBIT growth at 10.7% margin
  - Continued execution of LEAN manufacturing
  - Adjusted EBIT margin reduced by 440 basis points due to the impact of €4.3 million hyperinflation<sup>2</sup> on key energy prices

<sup>2</sup> Hyperinflation calculated based on average rates per unit from August 2021 – December 2021, less Normal Energy Inflation. Normal Energy Inflation was calculated based on average rates per unit from April 2021 – July 2021, compared to average rates per unit for the prior corresponding period.

# APAC SUMMARY

	Q3 FY22	9 Months FY22
Sales Volume	<b>154.4</b> mmsf +9%	<b>471.0</b> mmsf +19%
Price/Mix	+11%	3%
Net Sales	<b>A\$196.5</b> M +20%	<b>A\$577.2</b> M +22%
Adjusted EBIT <sup>1</sup>	<b>A\$53.6</b> M +17%	<b>A\$164.6</b> M +23%
Adjusted EBIT Margin <sup>1</sup>	<b>27.3</b> % -0.8 pts	<b>28.5</b> % +0.1 pts
Adjusted EBITDA Margin <sup>1</sup>	<b>29.5</b> % -1.3 pts	<b>30.8</b> % -0.2 pts

<sup>1</sup> Excludes FY21 restructuring expenses

- 20% increase in Net Sales growth driven by strong Price/Mix and volume growth
  - Continued execution in driving High Value Product penetration
- 17% increase in Adjusted EBIT
  - Continued execution of LEAN manufacturing
  - Strong Net Sales growth
  - Inflationary environment
  - Significant investment in marketing, innovation and talent capability



**AICF FUNDING UPDATE**



## AICF FUNDING UPDATE

Per the terms of the Amended Final Funding Agreement (“AFFA”), JHX **is required to make an annual contribution** to the Asbestos Injuries Compensation Fund (“AICF”).

Per the terms of the AFFA, the JHX contribution to the AICF **must be the lower** of two calculations which are performed on June 24<sup>th</sup> each year:

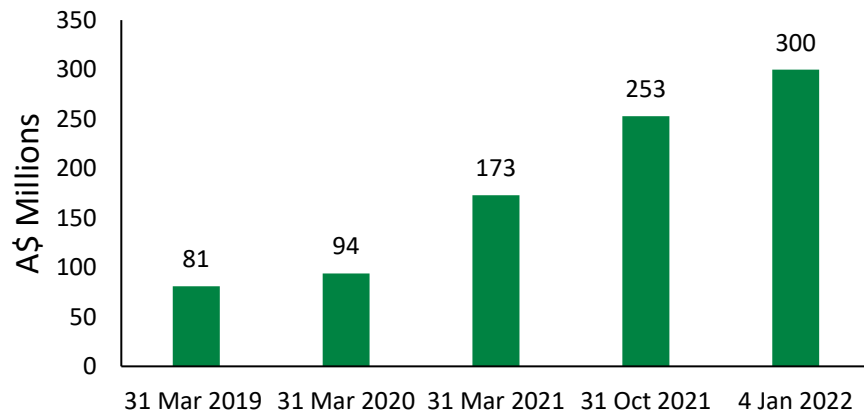
- 1. Percent of Cash Flow Cap Calculation** = calculation as a set percentage of JHX free cash flow which does not consider the AICF’s liquidity position.
- 2. Top Up Calculation** = calculation that ‘tops up’ the AICF annually, that ensures the AICF has three years of liquidity.

Based on our current forecasts we believe the Top Up Calculation will be utilized on 24 June 2022 to determine the JHX annual contribution to the AICF to be paid in FY23.

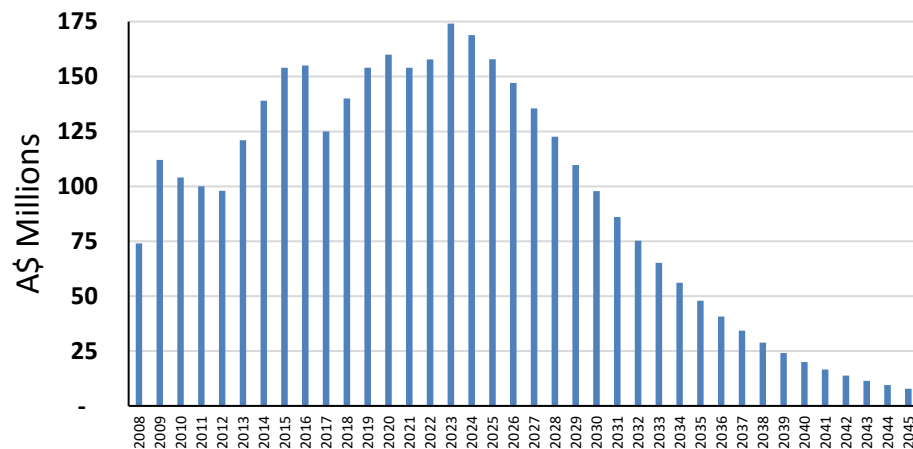
Further, we anticipate the Top Up Calculation will continue to be required per the terms of the AFFA in June 2023 and June 2024

# AICF FUNDING UPDATE

**AICF Cash and Investments Balance (A\$)**



**AICF Claim-Related Expenditure (A\$)**



2008-2021: 31 March 2021 KPMGA actuarial report, Figure 10.2 "Historical claim-related expenditure of the Liable Entities (\$m)", page 77  
 2022-2044: 31 March 2021 KPMGA actuarial report, Appendix B "Projected inflated and discounted cash flows", page 86

Since inception of the AICF through 1 February 2022, JHX has contributed over A\$1.8 billion to the AICF

As of 4 January 2022, the AICF holds ~A\$300 million in cash and investments, and James Hardie will make its final FY22 contribution of A\$82 million in March 2022

The KPMGA actuarial report dated 31 March 2021 indicates a decreasing claims paid curve beginning in FY24

We forecast we will contribute between 15% to 20% of our FY22 operating cash flow to the AICF in FY23

James Hardie remains committed to the AICF and the terms of the AFFA



# **GUIDANCE**

## FULL YEAR FISCAL YEAR 2022 GUIDANCE

Management raises full year FY22 Adjusted Net Income<sup>1</sup> guidance to a range of:

**US\$620 million and US\$630 million**

(From US\$605 million and US\$625 million)<sup>2</sup>

*James Hardie's guidance is based on current estimates and assumptions and is subject to a number of known and unknown uncertainties and risks, including those related to the COVID-19 pandemic and set forth in our Media Release in "Forward-Looking Statements."*

<sup>1</sup> Fiscal Year 2022 Adjusted Net Income excludes asbestos related expenses and adjustments.

<sup>2</sup> Adjusted Net Income range previously communicated on 7 January 2022. Guidance provided on 7 January 2022 assumed the financial impact, related benefits and costs, of the CEO termination would be excluded from full year FY22 earnings. The updated guidance provided on 7 February 2022 assumes any benefits and costs related to the CEO termination will be included in normal earnings in FY22 and FY23.

## FULL YEAR FISCAL YEAR 2023 GUIDANCE

Management announces full year FY23 Adjusted Net Income<sup>1</sup> guidance, a range of:

**US\$740 million and US\$820 million**  
an 18-31% increase from FY22 guidance midpoint

### North America Guidance – Full Year FY23

Net Sales Growth	16-20% growth versus FY22
EBIT margin	30-33%

*James Hardie's guidance is based on current estimates and assumptions and is subject to a number of known and unknown uncertainties and risks, including those related to the COVID-19 pandemic and set forth in our Media Release in "Forward-Looking Statements."*

<sup>1</sup> Fiscal Year 2022 and 2023 Adjusted Net Income excludes asbestos related expenses and adjustments.



# HIGHLIGHTS

## Strategic Execution

Marketing to the  
Homeowner



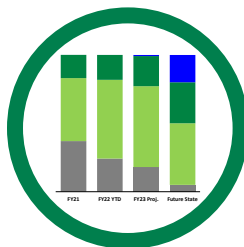
Key Brand  
Partnership

Global  
Innovation



Hardie™ Architectural  
Collection

High Value  
Product Mix



Drive Long-Term  
Price/Mix Growth

Repair and  
Remodel Market



Accelerate  
Penetration of Large,  
Resilient Market

Global Capacity  
Expansion



Build Capacity  
Ahead of Demand

## Financial Highlights

Strong Results  
and Guidance



FY23 Adj. Net Income  
+18% to +31% vs pcp

AICF Funding  
Update



FY23 Annual  
Contribution  
15% to 20% of FY22  
Operating Cash Flow



**QUESTIONS**





# APPENDIX

## BUILDING SUSTAINABLE COMMUNITIES: ENVIRONMENTAL, SOCIAL AND GOVERNANCE

### Communities

**98%** of employees hired locally

**83%** of raw materials sourced within 100 miles of manufacturing facilities

**63%** of our products are shipped within 500 miles of manufacturing facilities



### Environment

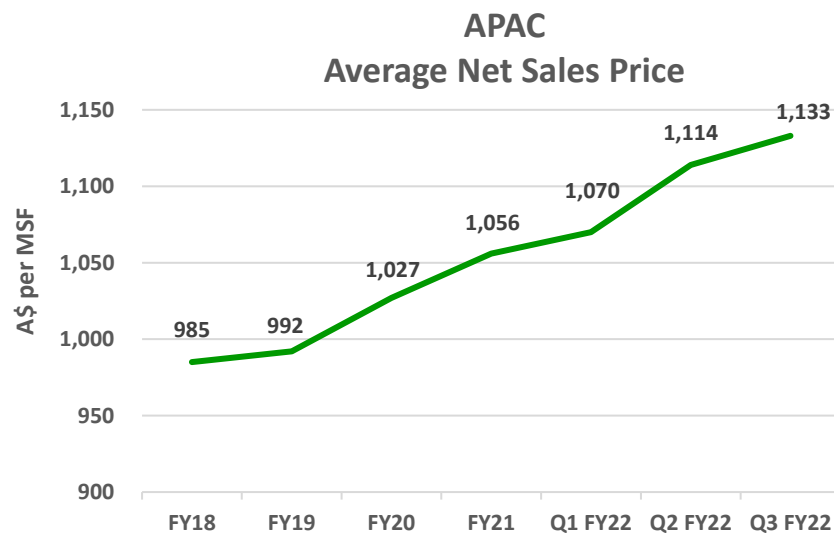
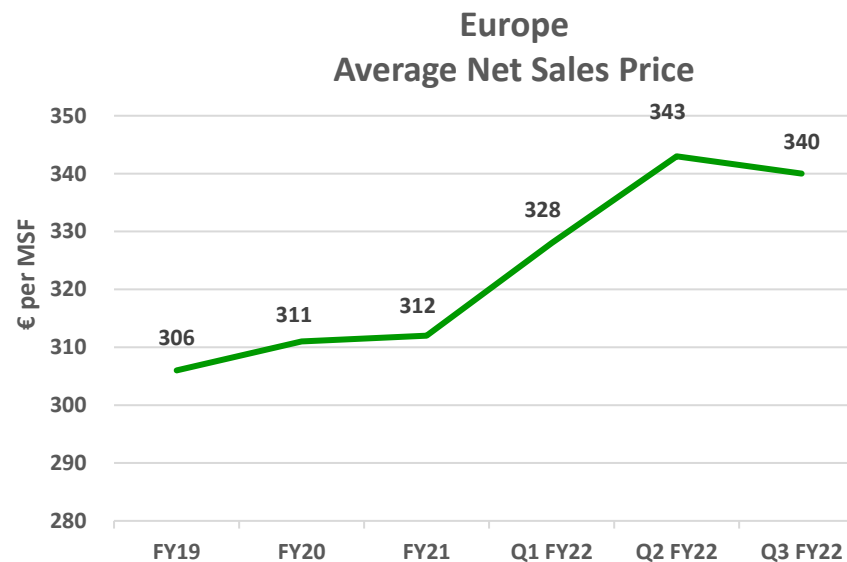
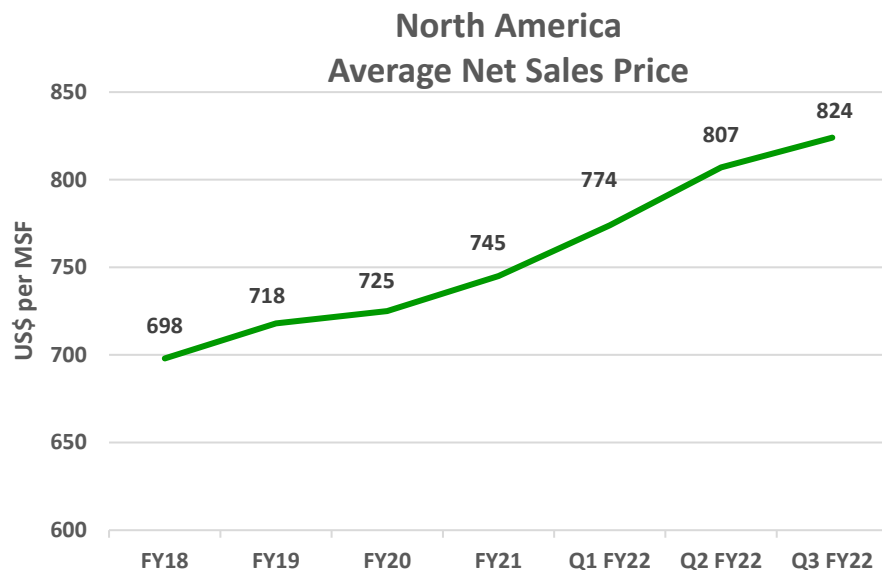
**40%** Reduction<sup>1</sup> in Scope 1 and Scope 2 greenhouse gas intensity by 2030

### Zero Harm

**Total Recordable Incident Rate (TRIR)** **21%** *Improvement FY21 vs FY20* to **0.83** *TRIR (vs. Industry Avg 4.2)*

**Total Days Away, Restricted or Transferred Rate (DART)** **4%** *Improvement FY21 vs FY20* to **0.51** *DART (vs. Industry Avg 2.8)*

# DRIVING A HIGHER VALUE PRODUCT MIX – AVERAGE NET SALES PRICE



# EXAMPLE CALCULATIONS – 24 JUNE 2020

PERCENT OF CASH FLOW CAP CALCULATION		TOP UP CALCULATION	
FY20 Free Cash Flow	US\$ 438.0 <sup>A</sup>	AICF Net Assets at 31 March 2020	A\$ 90.8 <sup>C</sup>
AUD/USD foreign exchange rate at 24 June 2020	<u>0.6944</u> <sup>B</sup>	FY21 - claims paid estimate	A\$ 166.0 <sup>D</sup>
FY20 Free Cash Flow	A\$ 630.8	FY22 - claims paid estimate	A\$ 179.3 <sup>D</sup>
Cash Flow Cap Percentage	<u>35%</u>	FY23 - claims paid estimate	A\$ 173.6 <sup>D</sup>
Percent of Cash Flow Cap Calculation	A\$ 220.8	FY21 - operating expenses estimate	<u>A\$ 3.3</u> <sup>E</sup>
		Total estimated outgoings	<u>A\$ 522.2</u>
		Top Up Calculation	A\$ 431.4

**A** Per the 31 March 2020 James Hardie Industries plc Financial Statements, note 13. Amount represents operating cash flow of US\$451.2 million less an adjustment of US\$13.2 million, as defined by the AFFA

**B** Foreign exchange bid rate as of 24 June 2020 per Bloomberg at 10:00 am AEST

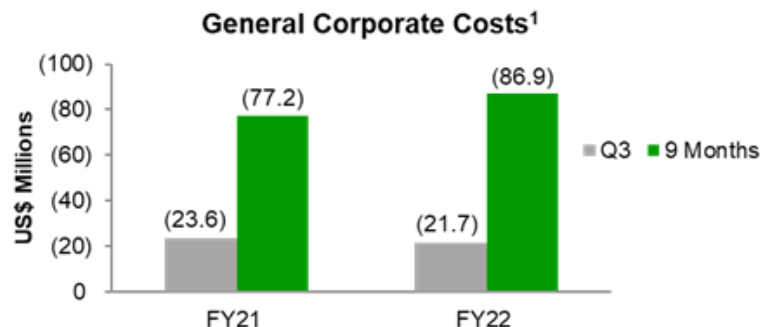
**C** As provided by AICF and per the AICF audited Financial Statements

**D** Per 31 March 2020 KPMGA actuarial report, Table E.6. "Amended Final Funding Agreement calculations", Executive Summary page viii.

**E** Estimate provided by the AICF



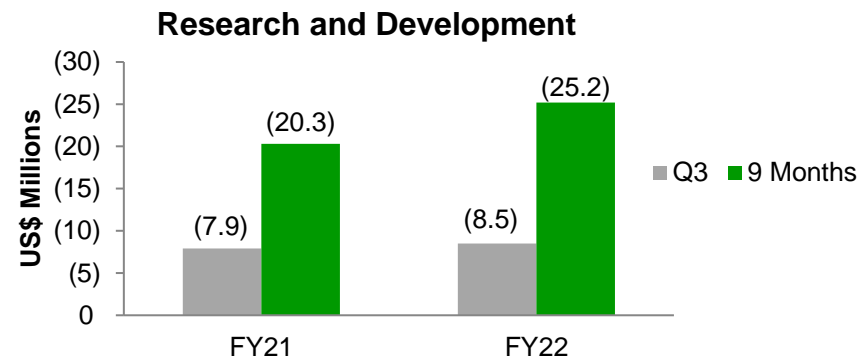
## GENERAL CORPORATE COSTS



- Investment in global growth initiatives including talent and expenses related to building our global brand
- Corporate costs up 13% for the 9 Months FY22

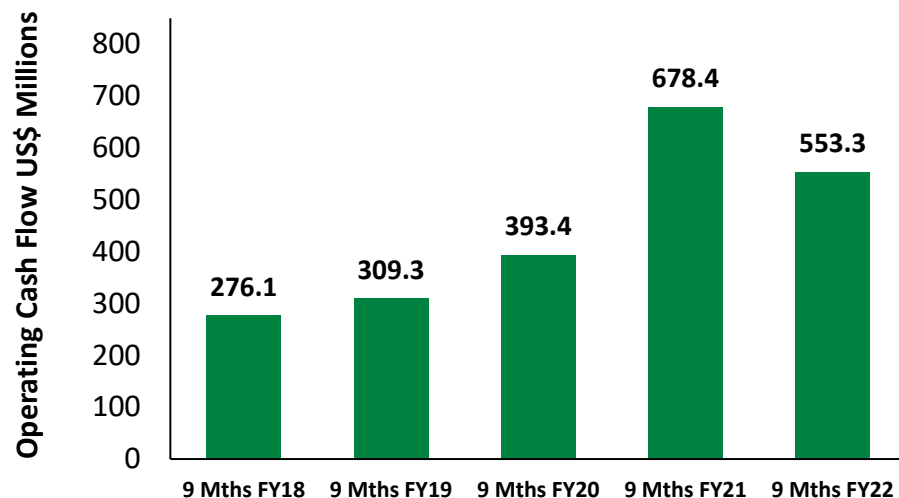
<sup>1</sup> Excludes asbestos related expenses and adjustments

## RESEARCH & DEVELOPMENT



- Customer Driven Innovation remains a core strategic initiative to drive organic profitable growth
- Q3 R&D costs up 8% in Q3 versus pcp and 24% for the 9 Months FY22

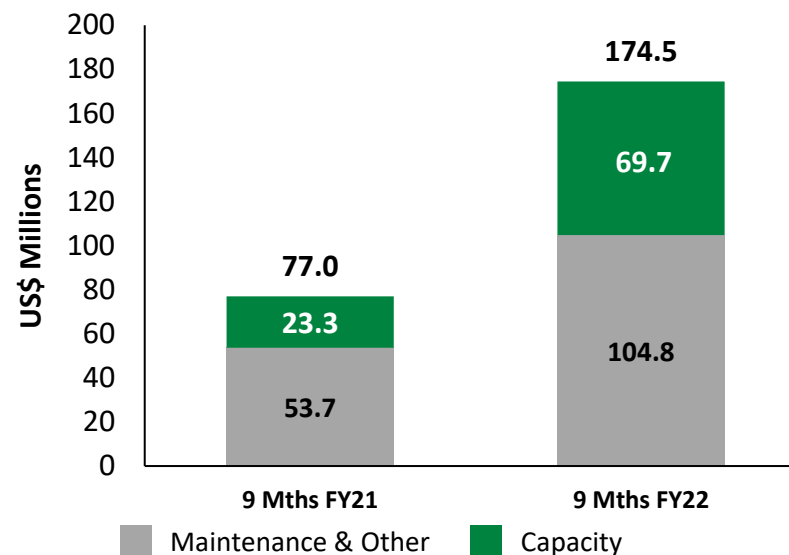
## OPERATING CASH FLOW



**Operating cash flow of US\$553.3 million for 9 Months FY22, down 18%**

- Higher working capital improvement in the prior year driven by the initial non-repeatable reduction in inventory levels as we shifted to integrated supply chain with our customers
- Excluding one-time US CARES Act tax refunds of US\$64.8 million in the 9 Months FY21, 9 Months cash flow for FY22 decreased 10%

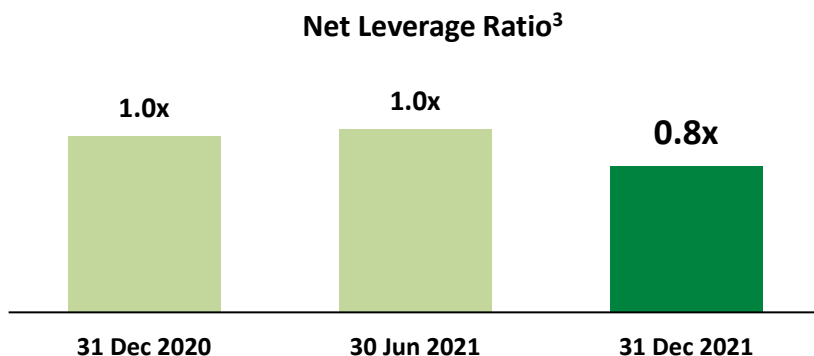
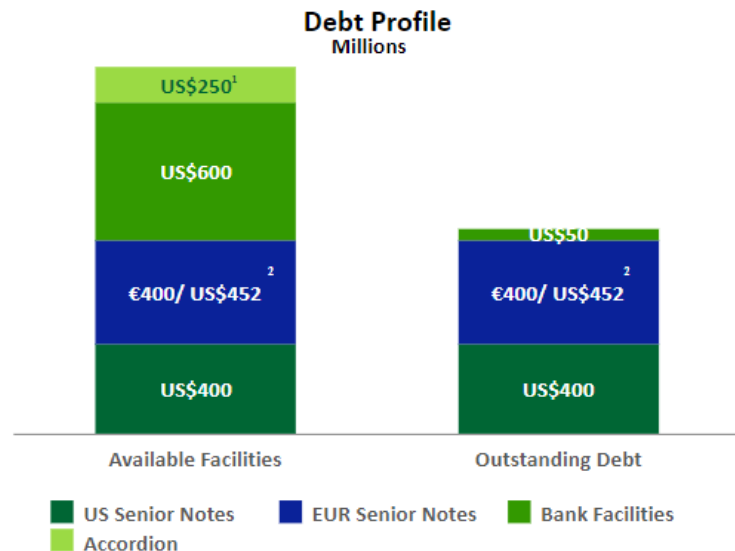
## CAPITAL EXPENDITURES



**Prattville Sheet machines #1 & #2 continue to ramp up**

**Summerville restart on-track. First shipments to customers expected late February 2022**

# LIQUIDITY PROFILE



## Corporate debt structure

- €400 million (US\$452 million)<sup>2</sup> 3.625% senior unsecured notes, maturing 2026 (callable in October 2021)
- US\$400 million 5.00% senior unsecured notes maturing 2028 (callable in January 2023)
- US\$600 million unsecured RCF, maturing December 2026

## Net leverage and liquidity

- 0.8x leverage ratio<sup>3</sup> at 31 December 2021
- US\$673.8 million of liquidity on 31 December 2021

<sup>1</sup> 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.

<sup>2</sup> Based on exchange rate as of 31 December 2021

<sup>3</sup> Leverage ratio is based on bank covenant definition

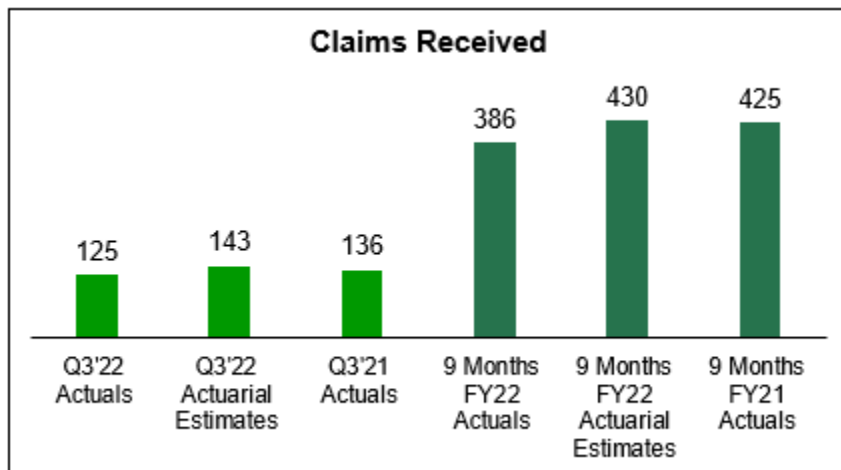
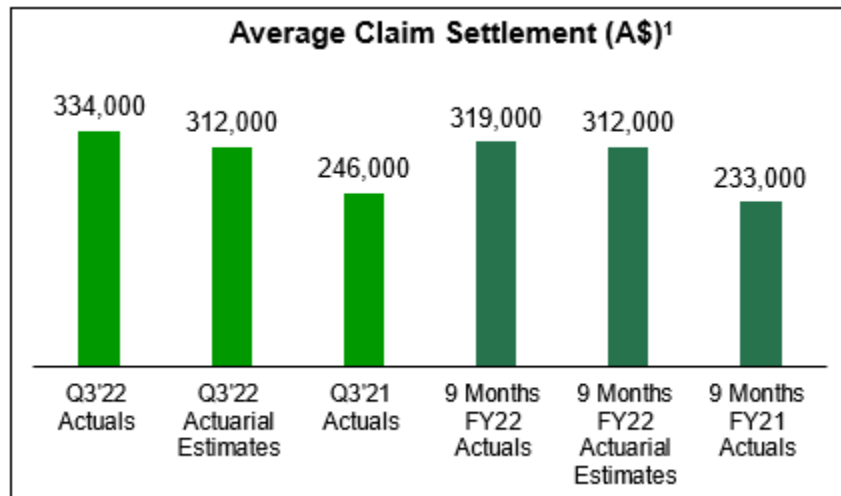
## CAPITAL ALLOCATION ALIGNED TO PROFITABLE GROWTH STRATEGY

- Preserve strong liquidity and flexibility
- Invest in organic growth: capacity expansion, market driven innovation & marketing directly to the homeowner
- Maintain net leverage ratio of 1-2x
  - 0.8x leverage ratio as of 31 December 2021
- Return capital to shareholders

# DEPRECIATION AND AMORTIZATION

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
<b>Depreciation and amortization</b>				
North America Fiber Cement	\$ 29.3	\$ 21.8	\$ 83.9	\$ 64.7
Asia Pacific Fiber Cement	3.1	3.2	9.8	9.0
Europe Building Products	7.4	7.8	22.6	20.1
Research and Development	0.3	0.3	0.9	0.9
General Corporate	1.1	0.9	2.3	2.4
<b>Total Depreciation and amortization</b>	<b>\$ 41.2</b>	<b>\$ 34.0</b>	<b>\$ 119.5</b>	<b>\$ 97.1</b>

# ASBESTOS CLAIMS DATA



## 9 Months ended 31 December 2021:

- Net cash outflow was 1% above actuarial expectations
- Gross cash outflow was 4% above actuarial expectations
- Claims received were 10% below actuarial estimates and 9% below pcg
- Number of claims settled were 2% below pcg
- Average claim settlement was 2% above actuarial estimates and 37% above pcg

<sup>1</sup> Average claim settlement is derived as the total amount paid divided by the number of non-nil claims



# 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 Condensed 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 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** – Price/Mix is defined as 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.

## 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

**Energy Inflation (Europe)** – Hyperinflation in energy costs is defined as the increase in energy costs above normal energy inflation.

*Normal Energy Inflation* – Calculated based on average rates per unit from April 2021 – July 2021, compared to average rates per unit for the prior corresponding period

*Energy Hyperinflation* – Calculated based on average rates per unit from August 2021 – December 2021, less Normal Energy Inflation (as defined above)

# NON-GAAP FINANCIAL MEASURES

## Adjusted EBIT and Adjusted EBITDA

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'22	Q3'21	9 Months FY22	9 Months FY21
<b>EBIT</b>	<b>\$ 202.2</b>	<b>\$ 131.8</b>	<b>\$ 600.2</b>	<b>\$ 328.1</b>
Asbestos:				
Asbestos adjustments loss (gain)	1.6	35.8	(10.8)	115.8
AICF SG&A expenses	0.3	0.3	0.9	0.9
Restructuring expenses	-	-	-	11.1
<b>Adjusted EBIT</b>	<b>\$ 204.1</b>	<b>\$ 167.9</b>	<b>\$ 590.3</b>	<b>\$ 455.9</b>
Net sales	900.0	738.6	2,646.5	2,101.7
<b>Adjusted EBIT margin</b>	<b>22.7%</b>	<b>22.7%</b>	<b>22.3%</b>	<b>21.7%</b>
Depreciation and amortization	41.2	34.0	119.5	97.1
<b>Adjusted EBITDA</b>	<b>\$ 245.3</b>	<b>\$ 201.9</b>	<b>\$ 709.8</b>	<b>\$ 553.0</b>
Adjusted EBITDA Margin	27.3%	27.3%	26.8%	26.3%

## North America Fiber Cement Segment Adjusted EBIT and Adjusted EBITDA

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'22	Q3'21	9 Months FY22	9 Months FY21
<b>North America Fiber Cement Segment EBIT</b>	<b>\$ 183.3</b>	<b>\$ 155.6</b>	<b>\$ 535.1</b>	<b>\$ 432.6</b>
Restructuring expenses	-	-	-	2.5
<b>North America Fiber Cement Segment Adjusted EBIT</b>	<b>\$ 183.3</b>	<b>\$ 155.6</b>	<b>\$ 535.1</b>	<b>\$ 435.1</b>
North America Fiber Cement Segment net sales	644.9	518.1	1,857.3	1,484.9
<b>North America Fiber Cement Segment Adjusted EBIT margin</b>	<b>28.4%</b>	<b>30.0%</b>	<b>28.8%</b>	<b>29.3%</b>
Depreciation and amortization	29.3	21.8	83.9	64.7
<b>North America Fiber Cement Segment Adjusted EBITDA</b>	<b>\$ 212.6</b>	<b>\$ 177.4</b>	<b>\$ 619.0</b>	<b>\$ 499.8</b>
North America Fiber Cement Segment Adjusted EBITDA Margin	33.0%	34.2%	33.3%	33.7%

# NON-GAAP FINANCIAL MEASURES

## Asia Pacific Fiber Cement Segment Adjusted EBIT and Adjusted EBITDA

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'22	Q3'21	9 Months FY22	9 Months FY21
<b>Asia Pacific Fiber Cement Segment EBIT</b>	\$ 39.1	\$ 33.5	\$ 122.4	\$ 91.1
Restructuring expenses	-	-	-	3.4
<b>Asia Pacific Fiber Cement Segment Adjusted EBIT</b>	\$ 39.1	\$ 33.5	\$ 122.4	\$ 94.5
Asia Pacific Fiber Cement Segment net sales	143.3	119.1	429.5	332.5
<b>Asia Pacific Fiber Cement Segment Adjusted EBIT margin</b>	27.3%	28.1%	28.5%	28.4%
Depreciation and amortization	3.1	3.2	9.8	9.0
<b>Asia Pacific Fiber Cement Segment Adjusted EBITDA</b>	\$ 42.2	\$ 36.7	\$ 132.2	\$ 103.5
Asia Pacific Fiber Cement Segment Adjusted EBITDA Margin	29.5%	30.8%	30.8%	31.0%

## Europe Building Products Segment Adjusted EBIT and Adjusted EBITDA

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'22	Q3'21	9 Months FY22	9 Months FY21
<b>Europe Building Products Segment EBIT</b>	\$ 11.9	\$ 10.3	\$ 44.9	\$ 18.7
Restructuring expenses	-	-	-	5.1
<b>Europe Building Products Segment Adjusted EBIT</b>	\$ 11.9	\$ 10.3	\$ 44.9	\$ 23.8
Europe Building Products Segment net sales	111.8	101.4	359.7	284.3
<b>Europe Building Products Segment Adjusted EBIT margin</b>	10.7%	10.2%	12.5%	8.4%
Depreciation and amortization	7.4	7.8	22.6	20.1
<b>Europe Building Products Segment Adjusted EBITDA</b>	\$ 19.3	\$ 18.1	\$ 67.5	\$ 43.9
Europe Building Products Segment Adjusted EBITDA Margin	17.3%	18.1%	18.8%	15.3%

# NON-GAAP FINANCIAL MEASURES

## Adjusted interest expense, net

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'22	Q3'21	9 Months FY22	9 Months FY21
Interest expense, net	\$ 10.6	\$ 13.6	\$ 30.8	\$ 38.9
AICF interest income, net	(0.2)	(0.1)	(0.5)	(0.3)
Adjusted interest expense, net	\$ 10.8	\$ 13.7	\$ 31.3	\$ 39.2

## Adjusted net income

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'22	Q3'21	9 Months FY22	9 Months FY21
Net income	\$ 135.4	\$ 68.6	\$ 406.9	\$ 164.8
Asbestos:				
Asbestos adjustments loss (gain)	1.6	35.8	(10.8)	115.8
AICF SG&A expenses	0.3	0.3	0.9	0.9
AICF interest income, net	(0.2)	(0.1)	(0.5)	(0.3)
Restructuring expenses	-	-	-	11.1
Tax adjustments <sup>1</sup>	17.0	18.7	46.7	40.8
Adjusted net income	\$ 154.1	\$ 123.3	\$ 443.2	\$ 333.1

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

# NON-GAAP FINANCIAL MEASURES

## Adjusted effective tax rate

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3 FY22	Q3 FY21	9 Months FY22	9 Months FY21
<b>Income before income taxes</b>	<b>\$ 191.6</b>	<b>\$ 118.2</b>	<b>\$ 569.3</b>	<b>\$ 289.2</b>
Asbestos:				
Asbestos adjustments loss (gain)	1.6	35.8	(10.8)	115.8
AICF SG&A expenses	0.3	0.3	0.9	0.9
AICF interest income, net	(0.2)	(0.1)	(0.5)	(0.3)
Restructuring expenses	-	-	-	11.1
<b>Adjusted income before income taxes</b>	<b>\$ 193.3</b>	<b>\$ 154.2</b>	<b>\$ 558.9</b>	<b>\$ 416.7</b>
Income tax expense	56.2	49.6	162.4	124.4
Tax adjustments <sup>1</sup>	(17.0)	(18.7)	(46.7)	(40.8)
<b>Adjusted income tax expense</b>	<b>\$ 39.2</b>	<b>\$ 30.9</b>	<b>\$ 115.7</b>	<b>\$ 83.6</b>
Effective tax rate	29.3%	42.0%	28.5%	43.0%
<b>Adjusted effective tax rate</b>	<b>20.3%</b>	<b>20.0%</b>	<b>20.7%</b>	<b>20.1%</b>

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



# Q3 FY22 MANAGEMENT PRESENTATION

## 7 February 2022





# **James Hardie Industries plc**

**Condensed Consolidated Financial Statements  
as of and for the Three and Nine Months Ended 31 December 2021**

# James Hardie Industries plc

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# James Hardie Industries plc

## Condensed Consolidated Balance Sheets

(Millions of US dollars)	(Unaudited) 31 December 2021	31 March 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 131.5	\$ 208.5
Restricted cash and cash equivalents	5.0	5.0
Restricted cash and cash equivalents - Asbestos	139.1	104.9
Restricted short-term investments - Asbestos	21.8	26.6
Accounts and other receivables, net	325.6	333.2
Inventories	270.1	218.3
Prepaid expenses and other current assets	37.7	38.9
Insurance receivable - Asbestos	6.3	6.6
Workers' compensation - Asbestos	1.5	1.6
Total current assets	938.6	943.6
Property, plant and equipment, net	1,419.1	1,372.3
Operating lease right-of-use-assets	59.6	46.4
Finance lease right-of-use-assets	2.2	2.7
Goodwill	202.2	209.3
Intangible assets, net	165.8	173.9
Insurance receivable - Asbestos	34.5	42.9
Workers' compensation - Asbestos	19.4	20.3
Deferred income taxes	829.8	906.8
Deferred income taxes - Asbestos	319.0	367.4
Other assets	3.3	3.4
Total assets	\$ 3,993.5	\$ 4,089.0
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 389.2	\$ 307.0
Accrued payroll and employee benefits	94.0	112.5
Operating lease liabilities	9.3	7.8
Finance lease liabilities	1.0	1.0
Accrued product warranties	7.4	6.0
Income taxes payable	16.2	6.6
Asbestos liability	116.7	122.2
Workers' compensation - Asbestos	1.5	1.6
Dividends payable	—	303.7
Other liabilities	53.2	32.7
Total current liabilities	688.5	901.1
Long-term debt	892.8	858.6
Deferred income taxes	85.8	86.3
Operating lease liabilities	64.9	53.3
Finance lease liabilities	1.5	1.9
Accrued product warranties	31.2	33.6
Income taxes payable	2.3	4.7
Asbestos liability	877.7	1,013.6
Workers' compensation - Asbestos	19.4	20.3
Other liabilities	49.1	54.8
Total liabilities	2,713.2	3,028.2
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Common stock, Euro 0.59 par value, 2.0 billion shares authorized; 445,343,762 shares issued and outstanding at 31 December 2021 and 444,288,874 shares issued and outstanding at 31 March 2021	232.1	231.4
Additional paid-in capital	234.2	224.6
Retained earnings	840.2	611.4
Accumulated other comprehensive loss	(26.2)	(6.6)
Total shareholders' equity	1,280.3	1,060.8
Total liabilities and shareholders' equity	\$ 3,993.5	\$ 4,089.0

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

**James Hardie Industries plc**  
**Condensed Consolidated Statements of Operations and Comprehensive Income**  
**(Unaudited)**

	Three Months Ended 31 December		Nine Months Ended 31 December	
(Millions of US dollars, except per share data)	2021	2020	2021	2020
Net sales	\$ 900.0	\$ 738.6	\$ 2,646.5	\$ 2,101.7
Cost of goods sold	577.5	466.6	1,687.3	1,341.0
Gross profit	322.5	272.0	959.2	760.7
Selling, general and administrative expenses	109.0	94.9	342.3	280.5
Research and development expenses	9.7	9.5	27.5	25.2
Restructuring expenses	—	—	—	11.1
Asbestos adjustments loss (gain)	1.6	35.8	(10.8)	115.8
Operating income	202.2	131.8	600.2	328.1
Interest expense, net	10.6	13.6	30.8	38.9
Other expense	—	—	0.1	—
Income before income taxes	191.6	118.2	569.3	289.2
Income tax expense	56.2	49.6	162.4	124.4
Net income	\$ 135.4	\$ 68.6	\$ 406.9	\$ 164.8
Income per share:				
Basic	\$ 0.30	\$ 0.15	\$ 0.91	\$ 0.37
Diluted	\$ 0.30	\$ 0.15	\$ 0.91	\$ 0.37
Weighted average common shares outstanding (Millions):				
Basic	445.2	444.0	444.7	443.5
Diluted	446.3	445.5	446.1	445.0
Comprehensive income, net of tax:				
Net income	\$ 135.4	\$ 68.6	\$ 406.9	\$ 164.8
Currency translation adjustments	(1.0)	24.8	(19.6)	65.4
Comprehensive income	\$ 134.4	\$ 93.4	\$ 387.3	\$ 230.2

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

# James Hardie Industries plc

## Condensed Consolidated Statements of Cash Flows

### (Unaudited)

(Millions of US dollars)	Nine Months Ended 31 December	
	2021	2020
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 406.9	\$ 164.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	119.5	97.1
Lease expense	16.4	12.6
Deferred income taxes	78.9	58.7
Stock-based compensation	12.9	12.3
Asbestos adjustments (gain) loss	(10.8)	115.8
Excess tax benefits from share-based awards	(3.2)	(2.9)
Other, net	13.4	17.7
Changes in operating assets and liabilities:		
Accounts and other receivables	1.4	113.0
Inventories	(54.8)	90.3
Lease assets and liabilities, net	(15.5)	(14.5)
Prepaid expenses and other assets	0.8	(16.4)
Insurance receivable - Asbestos	6.6	3.4
Accounts payable and accrued liabilities	33.5	59.6
Claims and handling costs paid - Asbestos	(92.0)	(77.2)
Income taxes payable	6.6	6.6
Other accrued liabilities	32.7	37.5
<b>Net cash provided by operating activities</b>	<b>\$ 553.3</b>	<b>\$ 678.4</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property, plant and equipment	\$ (174.5)	\$ (77.0)
Proceeds from sale of property, plant and equipment	—	1.0
Capitalized interest	(1.2)	(7.3)
Purchase of restricted short-term investments - Asbestos	(21.8)	(25.0)
Proceeds from restricted short-term investments - Asbestos	26.1	23.2
<b>Net cash used in investing activities</b>	<b>\$ (171.4)</b>	<b>\$ (85.1)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from credit facilities	\$ 320.0	\$ —
Repayments of credit facilities	(270.0)	(130.0)
Debt issuance costs	(2.1)	—
Proceeds from issuance of shares	0.2	—
Repayment of finance lease obligations and borrowings	(0.8)	(0.6)
Dividends paid	(461.8)	—
Taxes paid related to net share settlement of equity awards	(2.8)	—
<b>Net cash used in financing activities</b>	<b>\$ (417.3)</b>	<b>\$ (130.6)</b>
Effects of exchange rate changes on cash and cash equivalents, restricted cash and restricted cash - Asbestos	\$ (7.4)	\$ 7.3
<b>Net (decrease) increase in cash and cash equivalents, restricted cash and restricted cash - Asbestos</b>	<b>(42.8)</b>	<b>470.0</b>
Cash and cash equivalents, restricted cash and restricted cash - Asbestos at beginning of period	318.4	185.8
<b>Cash and cash equivalents, restricted cash and restricted cash - Asbestos at end of period</b>	<b>\$ 275.6</b>	<b>\$ 655.8</b>
<b>Non-Cash Investing and Financing Activities</b>		
Capital expenditures incurred but not yet paid	\$ 34.9	\$ 7.9
<b>Supplemental Disclosure of Cash Flows Activities</b>		
Cash paid to AICF	\$ 124.2	\$ 76.7

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



# James Hardie Industries plc

## Condensed Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

Three Months Ended 31 December 2021					
(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
<b>Balances as of 30 September 2021</b>	<b>\$ 232.0</b>	<b>\$ 232.0</b>	<b>\$ 882.9</b>	<b>\$ (25.2)</b>	<b>\$ 1,321.7</b>
Net income	—	—	135.4	—	135.4
Other comprehensive loss	—	—	—	(1.0)	(1.0)
Stock-based compensation	0.1	2.1	—	—	2.2
Issuance of ordinary shares	—	0.1	—	—	0.1
Dividends declared	—	—	(178.1)	—	(178.1)
<b>Balances as of 31 December 2021</b>	<b>\$ 232.1</b>	<b>\$ 234.2</b>	<b>\$ 840.2</b>	<b>\$ (26.2)</b>	<b>\$ 1,280.3</b>

Nine Months Ended 31 December 2021					
(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
<b>Balances as of 31 March 2021</b>	<b>\$ 231.4</b>	<b>\$ 224.6</b>	<b>\$ 611.4</b>	<b>\$ (6.6)</b>	<b>\$ 1,060.8</b>
Net income	—	—	406.9	—	406.9
Other comprehensive loss	—	—	—	(19.6)	(19.6)
Stock-based compensation	0.7	9.4	—	—	10.1
Issuance of ordinary shares	—	0.2	—	—	0.2
Dividends declared	—	—	(178.1)	—	(178.1)
<b>Balances as of 31 December 2021</b>	<b>\$ 232.1</b>	<b>\$ 234.2</b>	<b>\$ 840.2</b>	<b>\$ (26.2)</b>	<b>\$ 1,280.3</b>

Three Months Ended 31 December 2020					
(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balances as of 30 September 2020</b>	<b>\$ 231.2</b>	<b>\$ 214.9</b>	<b>\$ 755.7</b>	<b>\$ (21.5)</b>	<b>\$ 1,180.3</b>
Net income	—	—	68.6	—	68.6
Other comprehensive gain	—	—	—	24.8	24.8
Stock-based compensation	0.1	4.0	—	—	4.1
<b>Balances as of 31 December 2020</b>	<b>\$ 231.3</b>	<b>\$ 218.9</b>	<b>\$ 824.3</b>	<b>\$ 3.3</b>	<b>\$ 1,277.8</b>

Nine Months Ended 31 December 2020					
(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balances as of 31 March 2020</b>	<b>\$ 230.6</b>	<b>\$ 207.3</b>	<b>\$ 659.5</b>	<b>\$ (62.1)</b>	<b>\$ 1,035.3</b>
Net income	—	—	164.8	—	164.8
Other comprehensive gain	—	—	—	65.4	65.4
Stock-based compensation	0.7	11.6	—	—	12.3
<b>Balances as of 31 December 2020</b>	<b>\$ 231.3</b>	<b>\$ 218.9</b>	<b>\$ 824.3</b>	<b>\$ 3.3</b>	<b>\$ 1,277.8</b>

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

# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements

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### 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, the Philippines and Canada.

#### Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. Interim financial results are not necessarily indicative of results anticipated for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto, included in the Company's Annual Report on Form 20-F for the fiscal year ended 31 March 2021 from which the prior year balance sheet information herein was derived. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expense, and related disclosures. Actual results could differ from those estimates.

The condensed 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". All intercompany transactions have been eliminated in consolidation. In management's opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments considered necessary for a fair presentation of the results for the interim periods presented.

The Company has recorded on its balance sheet certain foreign assets and liabilities, including asbestos related assets and liabilities under the terms of the Amended and Restated Final Funding Agreement ("AFFA"), that are denominated in foreign currencies and subject to translation (foreign entities) or remeasurement (Asbestos Injuries Compensation Fund ("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 current 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 condensed consolidated statements of operations and comprehensive income.

#### Summary of Significant Accounting Policies

During the nine months ended 31 December 2021, there were no changes to our significant accounting policies as described in our Annual Report on Form 20-F for the fiscal year ended 31 March 2021.

# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements (continued)

### Accounting Pronouncements

#### Recently adopted

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-12, Income taxes (Topic 740). The amendments in the standard are being issued to simplify the accounting for income taxes and are effective for fiscal years and interim periods within those fiscal years, beginning after 15 December 2020 with early adoption permitted. The Company adopted ASU No. 2019-12 starting with the fiscal year beginning 1 April 2021 and the adoption of this standard did not have a material impact on its condensed consolidated financial statements.

### 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 restricted stock units ("RSUs"), had been issued.

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

(Millions of shares)	Three Months Ended 31 December		Nine Months Ended 31 December	
	2021	2020	2021	2020
Basic common shares outstanding	<b>445.2</b>	444.0	<b>444.7</b>	443.5
Dilutive effect of stock awards	<b>1.1</b>	1.5	<b>1.4</b>	1.5
Diluted common shares outstanding	<b>446.3</b>	445.5	<b>446.1</b>	445.0

There were no potential common shares which would be considered anti-dilutive for the three and nine months ended 31 December 2021 and 2020.

Potential common shares of 0.6 million and 0.5 million for the three and nine months ended 31 December 2021, respectively, and 1.0 million for the three and nine months ended 31 December 2020 have been excluded from the calculation of diluted common shares outstanding as they are considered contingent shares which are not expected to vest.

**James Hardie Industries plc**  
**Notes to Condensed Consolidated Financial Statements (continued)**

**2. Revenues**

The following represents the Company's disaggregated revenues:

(Millions of US dollars)	Three Months Ended 31 December 2021			
	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	\$ 644.9	\$ 143.3	\$ 15.8	\$ 804.0
Fiber gypsum revenues	—	—	96.0	96.0
Total revenues	<u>\$ 644.9</u>	<u>\$ 143.3</u>	<u>\$ 111.8</u>	<u>\$ 900.0</u>

(Millions of US dollars)	Three Months Ended 31 December 2020			
	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	\$ 518.1	\$ 119.1	\$ 13.3	\$ 650.5
Fiber gypsum revenues	—	—	88.1	88.1
Total revenues	<u>\$ 518.1</u>	<u>\$ 119.1</u>	<u>\$ 101.4</u>	<u>\$ 738.6</u>

(Millions of US dollars)	Nine Months Ended 31 December 2021			
	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	\$ 1,857.3	\$ 429.5	\$ 57.7	\$ 2,344.5
Fiber gypsum revenues	—	—	302.0	302.0
Total revenues	<u>\$ 1,857.3</u>	<u>\$ 429.5</u>	<u>\$ 359.7</u>	<u>\$ 2,646.5</u>

(Millions of US dollars)	Nine Months Ended 31 December 2020			
	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	\$ 1,484.9	\$ 332.5	\$ 38.4	\$ 1,855.8
Fiber gypsum revenues	—	—	245.9	245.9
Total revenues	<u>\$ 1,484.9</u>	<u>\$ 332.5</u>	<u>\$ 284.3</u>	<u>\$ 2,101.7</u>

The process by which the Company recognizes revenues is consistent 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 internal and external applications, as well as accessories. Fiber gypsum revenues also includes the sale of cement-bonded boards in the Europe Building Products segment.

# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements (continued)

### 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 condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows:

(Millions of US dollars)	31 December 2021	31 March 2021
Cash and cash equivalents	\$ 131.5	\$ 208.5
Restricted cash	5.0	5.0
Restricted cash - Asbestos	139.1	104.9
Total cash and cash equivalents, restricted cash and restricted cash - Asbestos	<u>\$ 275.6</u>	<u>\$ 318.4</u>

*Restricted cash* relates to an insurance policy which restricts the cash from general corporate purposes.

*Restricted cash - Asbestos* is restricted to the settlement of asbestos claims and for the payment of the operating costs of AICF.

### 4. Inventories

*Inventories* consist of the following components:

(Millions of US dollars)	31 December 2021	31 March 2021
Finished goods	\$ 184.3	\$ 149.9
Work-in-process	15.8	17.9
Raw materials and supplies	77.4	60.4
Provision for obsolete finished goods and raw materials	(7.4)	(9.9)
Total inventories	<u>\$ 270.1</u>	<u>\$ 218.3</u>

### 5. Long-Term Debt

(Millions of US dollars)	31 December 2021	31 March 2021
<b>Senior unsecured notes:</b>		
Principal amount 3.625% notes due 2026 (€400.0 million)	\$ 452.4	\$ 468.3
Principal amount 5.000% notes due 2028	400.0	400.0
Total	852.4	868.3
Unsecured revolving credit facility	50.0	—
Unamortized debt issuance costs	(9.6)	(9.7)
<b>Total Long-term debt</b>	<u><b>\$ 892.8</b></u>	<u><b>\$ 858.6</b></u>
Weighted average interest rate of Long-term debt	4.1 %	4.3 %
Weighted average term of available Long-term debt	5.2 years	4.5 years
Fair value of Senior unsecured notes (Level 1)	\$ 874.9	\$ 904.7



## James Hardie Industries plc

### Notes to Condensed Consolidated Financial Statements (continued)

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 unsecured revolving credit facility (the "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.

The Revolving Credit Facility agreement contains certain covenants that, among other things, restrict James Hardie International Group Limited ("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.

The Revolving Credit Facility is guaranteed by each of JHIGL and James Hardie Technology Limited ("JHTL"), each of which are wholly-owned subsidiaries of JHI plc.

At 31 December 2021, the Company had outstanding borrowings of US\$50.0 million under the Revolving Credit Facility and US\$7.7 million drawn letters of credit and bank guarantees leaving the Company with US\$542.3 million of available borrowing capacity under the Revolving Credit Facility.

At 31 December 2021, the Company was in compliance with all covenants contained in the senior unsecured notes and the Revolving Credit Facility.

## 6. Asbestos

In February 2007, the Company's shareholders approved the AFFA, an agreement pursuant to which the Company provides long-term funding to the AICF.

### Asbestos Adjustments

The following table sets forth the *Asbestos adjustments* included in the condensed consolidated statements of operations and comprehensive income:

(Millions of US dollars)	Three Months Ended 31 December		Nine Months Ended 31 December	
	2021	2020	2021	2020
Foreign exchange loss (gain) on Asbestos net liabilities	\$ 3.5	\$ 47.9	\$ (24.4)	\$ 130.3
(Gain) loss on foreign currency forward contracts	(2.3)	(12.4)	14.3	(14.8)
Foreign exchange gain on deposits	—	—	(1.1)	—
Asbestos research and education contribution	0.4	0.3	0.4	0.3
Asbestos adjustments loss (gain)	<u>\$ 1.6</u>	<u>\$ 35.8</u>	<u>\$ (10.8)</u>	<u>\$ 115.8</u>

# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements (continued)

### 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:

	Nine Months Ended 31 December 2021	2021	2020	2019	2018	2017
Number of open claims at beginning of period	360	393	332	336	352	426
Number of new claims						
Direct claims	296	392	449	430	422	402
Cross claims	90	153	208	138	140	155
Number of closed claims	448	578	596	572	578	631
Number of open claims at end of period	298	360	393	332	336	352
Average settlement amount per settled claim	A\$319,000	A\$248,000	A\$277,000	A\$262,000	A\$253,000	A\$224,000
Average settlement amount per case closed	A\$280,000	A\$225,000	A\$245,000	A\$234,000	A\$217,000	A\$168,000
Average settlement amount per settled claim	US\$237,000	US\$178,000	US\$189,000	US\$191,000	US\$196,000	US\$168,000
Average settlement amount per case closed	US\$208,000	US\$162,000	US\$167,000	US\$171,000	US\$168,000	US\$126,000

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 Actuarial. 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 nine months ended 31 December 2021:

(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 2021	\$ (1,135.8)	\$ 49.5	\$ 131.5	\$ (1.9)	\$ (956.7)	\$ 367.4	\$ 35.2	\$ (554.1)
Asbestos claims paid <sup>1</sup>	91.2	—	(91.2)	—	—	—	—	—
Payment received in accordance with AFFA	—	—	124.2	—	124.2	—	—	124.2
AICF claims-handling costs incurred (paid)	0.8	—	(0.8)	—	—	—	—	—
AICF operating costs paid - non claims-handling	—	—	(0.9)	—	(0.9)	—	—	(0.9)
Insurance recoveries	—	(6.6)	6.6	—	—	—	—	—
Movement in income tax payable	—	—	—	—	—	(32.6)	(2.2)	(34.8)
Other movements	—	—	(2.9)	0.2	(2.7)	0.2	—	(2.5)
Effect of foreign exchange	49.4	(2.1)	(5.6)	(0.3)	41.4	(16.0)	(1.0)	24.4
Closing Balance - 31 December 2021	\$ (994.4)	\$ 40.8	\$ 160.9	\$ (2.0)	\$ (794.7)	\$ 319.0	\$ 32.0	\$ (443.7)

# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements (continued)

1 Claims paid of US\$91.2 million reflects A\$122.5 million converted at the average exchange rate for the period based on the assumption that these transactions occurred evenly throughout the period.

### AICF Funding

During fiscal year 2022, the Company will contribute A\$328.2 million to AICF in quarterly installments. The first two payments of A\$82.0 million each were made on 1 July 2021 and 1 October 2021.

For the nine months ended 31 December 2021, the Company did not provide financial or other support to AICF that it was not previously contractually required to provide.

Free cash flow as defined in the AFFA, for the nine months ended 31 December 2021 is US\$514.2 million, which is equivalent to operating cash flows of US\$553.3 million, less adjustments of US\$39.1 million.

### Restricted Short-Term Investments

In October 2021, AICF invested A\$30.0 million (US\$21.8 million, based on the exchange rate at 31 December 2021) of its excess cash in time deposits which are classified as available-for-sale investments and reflected within Restricted short-term investments - Asbestos on the condensed consolidated balance sheet. These time deposits mature on 6 October 2023 and have a fixed interest rate of 0.6% per year.

At 31 December 2021, AICF's short-term investments were revalued resulting in a mark-to-market fair value adjustment of nil.

## 7. Derivative Instruments

The Company uses derivatives for risk management purposes and does not engage in speculative activity. A risk management objective for the Company is to mitigate interest rate risk associated with the Company's external credit facilities and foreign currency risk primarily with respect to forecasted transactions denominated in foreign currencies. The determination of whether the Company enters into a derivative transaction to achieve these risk management objectives depends on a number of factors, including an evaluation of the extent to which derivative instruments will achieve such risk management objectives of the Company.

### 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.

The following table sets forth the total outstanding notional amount and the fair value of the Company's foreign currency forward contracts:

(Millions of US dollars)	Fair Value as of					
	Notional Amount		31 December 2021		31 March 2021	
	31 December 2021	31 March 2021	Assets	Liabilities	Assets	Liabilities
<b>Derivatives not accounted for as hedges</b>						
Foreign currency forward contracts	\$ 349.4	\$ 456.1	\$ —	\$ 12.4	\$ 5.5	\$ 8.3

## James Hardie Industries plc

### Notes to Condensed Consolidated Financial Statements (continued)

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

(Millions of US dollars)	Three Months Ended 31 December		Nine Months Ended 31 December	
	2021	2020	2021	2020
Asbestos adjustments (gain) loss	\$ (2.3)	\$ (12.4)	\$ 14.3	\$ (14.8)
Selling, general and administrative expenses (income)	3.6	—	(2.0)	—
Total loss (gain) on foreign currency forward contracts	<u>\$ 1.3</u>	<u>\$ (12.4)</u>	<u>\$ 12.3</u>	<u>\$ (14.8)</u>

## 8. 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 product liability claims as described in these condensed 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.

In 2015, the Company and/or its subsidiaries were named as the sole defendants in four claims on behalf of multiple defendants, two of which are still pending and each of which allege that the New Zealand subsidiaries' products were inherently defective. The Company believes it has substantial factual and legal defenses to these claims and is defending the claims vigorously.

## James Hardie Industries plc

### Notes to Condensed Consolidated Financial Statements (continued)

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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. On 12 August 2021, the Wellington High Court issued its decision finding in favor of the Company on all claims (the “Cridge Decision”). On 8 September 2021, plaintiffs filed a notice of appeal of the trial court’s decision, and subsequently the appellate court set an appeal hearing date of 1 August 2022 scheduled for 10-days. The Company anticipates the appellate court to issue its decision no sooner than December 2022. As of 31 December 2021, 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 (hereinafter the “Waitakere litigation”). The trial in the Waitakere litigation is currently not scheduled to begin until May 2023 in Auckland, New Zealand. As of 31 December 2021, the Company has not recorded a reserve related to the Waitakere litigation as the chance of loss is not probable and the amount of loss, if any, cannot be reasonably estimated.

The other two claims filed in 2015 have been resolved completely in the Company’s favor. The litigation known as “The Hub” was voluntarily discontinued by the plaintiffs. The “White litigation” was settled on 3 August 2021 on terms completely favorable to the Company.

The resolution of one or more of the 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 the other litigation matters discussed above. Furthermore, an adverse judgement in one or more of these litigation matters could have a material adverse impact on our consolidated financial position, results of operations or cash flows.

#### Environmental and Legal

The operations of the Company, like those of other companies engaged in similar businesses, are subject to several laws and regulations on air 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.

## 9. Income Taxes

*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. During the nine months ended 31 December 2021, the Company paid taxes, net of refunds, of US\$53.4 million.

*Income tax expense* differs from the statutory rate primarily due to the Company’s mix of pre-tax income by jurisdiction, foreign taxes on domestic income and foreign exchange on asbestos.

*Deferred income taxes* include net operating loss carry-forwards. At 31 December 2021, the Company had tax loss carry-forwards in Australia, New Zealand, Europe and the US of approximately US\$62.9 million that are available to offset future taxable income in the respective jurisdiction. 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.



# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements (continued)

The Australian tax 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 December 2021, the Company recognized a tax deduction of US\$109.3 million (A\$146.9 million) for the current year relating to total contributions to AICF of A\$979.1 million incurred in tax years 2018 through 2022.

### 10. Stock-Based Compensation

Stock-based compensation expense consists of the following:

(Millions of US dollars)	Three Months Ended 31 December		Nine Months Ended 31 December	
	2021	2020	2021	2020
Liability Awards	\$ (0.3)	\$ 5.3	\$ 8.2	\$ 18.2
Equity Awards	2.2	4.1	12.9	12.3
<b>Stock-based compensation expense</b>	<b>\$ 1.9</b>	<b>\$ 9.4</b>	<b>\$ 21.1</b>	<b>\$ 30.5</b>

As of 31 December 2021, the unrecorded future stock-based compensation expense related to outstanding equity awards was US\$20.6 million and will be recognized over an estimated weighted average amortization period of 1.9 years.

### 11. Segment Information

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 primarily 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 and cement-bonded boards 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*, 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.

(Millions of US dollars)	Net Sales			
	Three Months Ended 31 December		Nine Months Ended 31 December	
	2021	2020	2021	2020
North America Fiber Cement	\$ 644.9	\$ 518.1	\$ 1,857.3	\$ 1,484.9
Asia Pacific Fiber Cement	143.3	119.1	429.5	332.5
Europe Building Products	111.8	101.4	359.7	284.3
Worldwide total	<b>\$ 900.0</b>	<b>\$ 738.6</b>	<b>\$ 2,646.5</b>	<b>\$ 2,101.7</b>

# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements (continued)

(Millions of US dollars)	Operating Income			
	Three Months Ended 31 December		Nine Months Ended 31 December	
	2021	2020	2021	2020
North America Fiber Cement	\$ 183.3	\$ 155.6	\$ 535.1	\$ 432.6
Asia Pacific Fiber Cement	39.1	33.5	122.4	91.1
Europe Building Products	11.9	10.3	44.9	18.7
Research and Development	(8.5)	(7.9)	(25.2)	(20.4)
Segments total	225.8	191.5	677.2	522.0
General Corporate	(23.6)	(59.7)	(77.0)	(193.9)
Total operating income	\$ 202.2	\$ 131.8	\$ 600.2	\$ 328.1

Research and development expenditures are expensed as incurred and are summarized by segment in the following table. For the three and nine months ended 31 December 2021, Research and development segment operating income also includes *Selling, general and administrative expenses* of US\$0.8 million and US\$3.3 million, respectively. For the three and nine months ended 31 December 2020, Research and development segment operating income also includes *Selling, general and administrative expenses* of US\$0.8 million and US\$2.1 million, respectively.

(Millions of US dollars)	Research and Development Expenses			
	Three Months Ended 31 December		Nine Months Ended 31 December	
	2021	2020	2021	2020
North America Fiber Cement	\$ 1.3	\$ 1.5	\$ 3.8	\$ 4.3
Asia Pacific Fiber Cement	0.4	0.3	1.1	0.9
Europe Building Products	0.3	0.6	0.7	1.7
Research and Development	7.7	7.1	21.9	18.3
Worldwide total	\$ 9.7	\$ 9.5	\$ 27.5	\$ 25.2

## 12. Accumulated Other Comprehensive Loss

*Accumulated other comprehensive loss* is comprised of the following at 31 December 2021:

(Millions of US dollars)	Cash Flow Hedges	Pension Actuarial Gain	Foreign Currency Translation Adjustments	Total
Balance at 31 March 2021	\$ 0.2	\$ 0.4	\$ (7.2)	\$ (6.6)
Other comprehensive loss	—	—	(19.6)	(19.6)
<b>Balance at 31 December 2021</b>	<b>\$ 0.2</b>	<b>\$ 0.4</b>	<b>\$ (26.8)</b>	<b>\$ (26.2)</b>