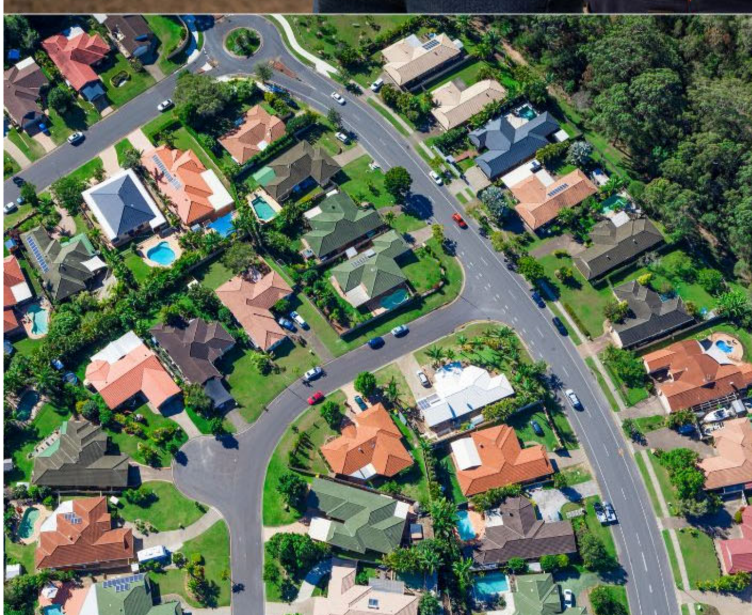


Building a better Australia

Tax Transparency Report

For the period ended 31 December 2023

This report is prepared in accordance with Adbri's voluntary adoption of the Tax Transparency Code and provides information regarding Adbri's tax contribution, its approach to tax strategy and governance, and its international related party dealings during the year ended 31 December 2023. Adbri publishes this report on a voluntary basis as part of its commitment to tax transparency.

Disclosure – Part A

Effective company tax rate

The Australian company tax rate for entities the size of Adbri is currently 30% of taxable income. Taxable income represents gross income minus amounts that are treated as deductible or exempt under the tax law.

The Effective Tax Rate ("ETR"), being tax expense divided by profit before tax, for Adbri's Australian operations (excluding offshore associates but including under/over in prior years) is 27.5% for the year ended 31 December 2023.

The ETR differs to the company tax rate due to non-temporary differences, which represent amounts that are recognised as assessable or deductible for accounting purposes or tax purposes, but not both.

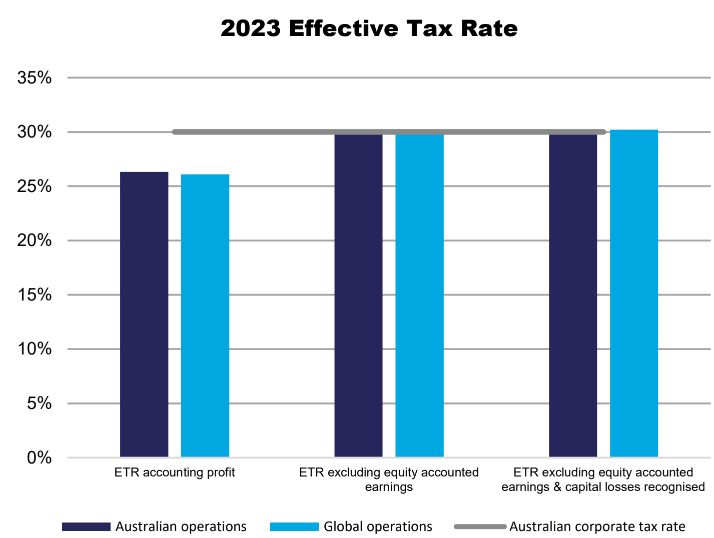
Income tax expense is an accounting concept that is different to income tax payable. Income tax expense reflects the amount of income that is assessable for tax purposes regardless of the timing. In contrast, income tax payable reflects the amount of income that is assessable in the current year.

The ETR is presented under three scenarios below: accounting profit; accounting profit excluding equity accounted earnings; and accounting profit excluding equity accounted earnings and income tax expense excluding capital losses recognised. The reason for this is to provide maximum transparency.

In accordance with accounting standards, the share of after-tax profits generated by Adbri's joint ventures and associates is recognised by the Group in the income statement. Adbri also maintains a balance of capital losses that may be recouped to offset capital gains incurred for tax purposes. During the year ended 31 December 2023, $1.1m of capital losses were recognised to offset capital gains. The inclusion of equity accounted earnings in accounting profit, and the inclusion of capital losses recognised in income tax expense, may distort the ETR and removing these items from the ETR provides a more transparent representation.

The global ETR recognises the accounting profit attributable to Adbri's minority interest in our Malaysian based associate. Additional information in relation to Adbri's international related party dealings is provided under Part B of this Report.

	2023 %	2022 %
Australian operations	26.3	25.1
Australian operations – excluding equity accounted earnings	29.9	27.7
Australian operations – excluding equity accounted earnings and capital losses recognised	30.2	32.0
Global operations	26.1	25.0
Global operations – excluding equity accounted earnings	29.9	27.7
Global operations – excluding equity accounted earnings and capital losses recognised	30.2	32.0



Reconciliation of accounting profit to income tax expense and income tax payable

The reconciliation of accounting profit to income tax expense and income tax payable contained in this Report is published in a summarised form in Note 7 in the 31 December 2023 Financial Statements.

	2023 $M	2022 $M
Accounting profit before tax	**127.6**	**136.6**
Prima facie tax payable (at 30%)	**38.3**	**41.0**
Tax effect of non-temporary differences (at 30%):		
Non-deductible expenses	0.1	0.2
Non-assessable income	(3.1)	(3.5)
Franked dividends	(1.5)	(0.5)
Goodwill impairment	-	0.9
Other additions/(deductions)	(0.2)	1.4
Previously unrecognised capital losses	(0.3)	(5.3)
Income tax expense – current year	**33.3**	**34.2**
Tax effect of temporary differences (at 30%):		
Difference between accounting and tax depreciation	(12.9)	(12.4)
Difference between accounting and tax profit on disposals	2.0	(6.7)
Accounting impairment of assets	3.7	2.4
Consumables	(1.0)	(1.3)
Provisions	(1.5)	(0.3)
Accrued Expenses	1.0	(3.0)
Prepayments	(0.3)	(0.4)
Right-of-use leases	(1.9)	(1.5)
Other timing differences	2.6	0.7
Income tax payable	**25.0**	**11.7**
Income tax expense – current year	33.3	34.2
Under/(over) provision in prior years	1.5	(0.1)
Total income tax expense recognised	**34.8**	**34.1**

Identification of material temporary and non-temporary differences

Material adjustments for non-temporary items that reduce income tax expense relate primarily to differences in the accounting and tax treatment of income derived from joint ventures and associated entities and utilisation of capital losses as outlined above.

Adjustments for temporary differences relate to differences in the timing between an amount being derived/incurred for accounting purposes and the amount being assessable/deductible for tax purposes. During the year, temporary differences related primarily to differences in the timing of deductions for expenses such as depreciation, provisions, accruals, prepayments and consumables.

Disclosure – Part B

Tax strategy and governance

Adbri is committed to the highest standards of corporate governance and its approach to taxation aligns with its Tax Risk Management and Governance Policy and Code of Conduct. Adbri is committed to being a responsible corporate citizen and actively seeks to contribute to the wellbeing of shareholders, customers, the economy and the community.

Adbri reflects these commitments in its approach to taxation, with a high focus on meeting its various tax obligations. Strong internal expertise and internal processes, combined with engagement of expert advisers, supports Adbri's compliance with its taxation obligations. Adbri also seeks to maintain a professional and transparent relationship with taxation authorities.

In 2020, the Australian Taxation Office commenced a Combined Assurance Review of Adbri covering Income Tax and Goods and Services Tax. Adbri achieved a 'high' assurance rating overall for income tax and a 'high' assurance rating for all individual income tax areas reviewed. A 'high' assurance rating is the highest rating achievable. Adbri has maintained its assurance rating for income tax risk management and governance since it was first awarded in 2019 following finalisation of the Top 1000 Streamlined Assurance Review.

International related party dealings

Adbri has limited international related party dealings. The Group holds a 30% equity interest in Aalborg Portland Malaysia Sdn Bhd ("APM"), a manufacturer of white clinker and cement based in Ipoh, Malaysia. The majority 70% owner of APM is Aalborg Portland A/S, a Danish subsidiary of an Italian multinational cement and concrete producer, Cementir Holding N.V. Adbri is not related to Cementir Holding N.V.

As Adbri holds a minority interest in APM, it does not have effective control of APM nor is it involved in the day-to-day management of the Company. In addition, the Shareholders' Agreement specifically requires that any related party agreements, arrangements or dealings must be on arm's length terms as if conducted by two independent parties. As a result of these measures, Adbri's dealings with APM, which are limited to the purchase of clinker, are conducted on a commercial arm's length basis.

Tax contribution summary

Adbri paid/will pay in excess of $40.8 million in Commonwealth, State and Territory taxes in respect of the 2023 year.

Taxes borne by Adbri	2023 $M	2022 $M
Fringe benefits tax[1]	0.8	0.5
Payroll tax[2]	10.6	9.5
Corporate income tax[3,4]	25.0	10.3
Land tax	3.3	2.7
Stamp duty	1.1	4.4
Total	**40.8**	**27.4**

1 Fringe benefits tax paid in respect of the year ended 31 March 2023.
2 Payroll tax paid in respect of the year ended 30 June 2023.
3 Corporate income tax paid is based on the year end provision and will be finalised when the income tax return for the year ended 31 December 2023 is due for lodgement in mid-2024.
4 Prior year income tax paid has been updated from the amount shown in the 2022 Tax Transparency Report to reflect the final income tax liability per the income tax return which was due and lodged in mid-2023 (after the 2022 Tax Transparency Report was published).

Taxes collected by Adbri	2023 $M	2022 $M
Goods and services tax (GST)[5]	191.6	172.9
PAYG withholding (employees)	52.5	49.7
Total	**244.1**	**222.6**

5 Net GST collected $40.8 million (2022: $36.9 million) after input tax credits on behalf of taxation authorities.