Annual Report 2025

Fletcher Building Limited

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This report and our previous reports and presentations are available at **www.fletcherbuilding.com.**

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This Annual Report for the financial year ended 30 June 2025 is dated 20 August 2025 and is signed on behalf of the Board by:

Peter Crowley
Chair

Andrew Reding
Managing Director

When used in this annual report, references to the 'Company' are references to Fletcher Building Limited. References to 'Fletcher Building' or the 'Group' are to Fletcher Building Limited, together with its subsidiaries and its interests in associates and joint ventures. References to $ and NZ$ are to New Zealand dollars unless otherwise stated.

Welcome to the interactive PDF. For the best experience, use Adobe Acrobat Reader. Click on the sections above to go to the desired pages. To go back to the contents, click on the CONTENTS menu button on the top right of each page. The financial statements, notes and references are also clickable for your convenience.

Chair and CEO Letter

Peter Crowley
Chair

Andrew Reding
Managing Director & CEO

Dear Shareholders

In a departure from the previous approach, this annual report is focused on presenting our FY25 consolidated financial statements and required regulatory disclosures. Shareholders seeking more detailed commentary on the Group's performance in FY25 are directed to the market announcement and investor presentation that accompany our FY25 financial results and that are available at **https://fletcherbuilding.com/investor-centre**.

FY25 has been one of the most demanding years in recent memory, both for Fletcher Building and the wider industries in which we operate. Our business has faced tough market conditions, significant internal change, and the weight of long-standing legacy issues.

Much has been accomplished during FY25:

- We completed the sale of our Australian Tradelink® business in September 2024, for a sale price of A$170 million, with A$160 million cash proceeds received in FY25.
- We undertook a $700 million capital raise in November 2024 with ~$680 million net cash proceeds from the equity raise used to repay bank debt of $511 million and US Private Placement debt of $169 million.
- We completed our Board renewal, with the appointment of a new Chair and three new non-executive directors.
- We refreshed our executive leadership team, with a new Managing Director and Chief Executive Officer and five other key appointments in 2024.
- We have achieved $200 million in gross cost savings and expect to deliver $15 million in annualised fixed cost savings through corporate restructuring.
- We have undertaken a comprehensive strategic review to reset our focus and position the business for long-term, sustainable performance. This confirmed our medium-term focus on the manufacturing and distribution of building products and materials.
- We have reorganised our divisional structure, effective from 1 July 2025, into five strategic divisions: Light Building Products, Heavy Building Materials, Distribution, Residential and Development, and Construction.
- We have started the streamlining of our corporate centre, progressed the closure or divestment of underperforming assets, and deferred capital-heavy initiatives that no longer align with our strategy.
- We have made good progress on our legacy issues:
  - In June 2025, a settlement was reached with the New Zealand Transport Agency (NZTA) on the Pūhoi to Warkworth motorway project.
  - The construction of the New Zealand International Convention Centre (NZICC) is nearing completion and remains on schedule for hand over in 2025 for opening in early 2026.
  - The Industry Response to the Western Australian plumbing issues was finalised and signed with a A$155 million (NZ$170 million) provision recognised.
- We have maintained our strong safety culture, with robust systems across our business.

While significant progress has been made, substantial work remains to complete Fletcher Building's turnaround into a leaner, more focused organisation. Our continued efforts are directed toward enhancing financial performance, strengthening shareholder returns, maintaining a resilient balance sheet, and applying disciplined capital allocation.

No dividend is being declared in respect of FY25. As signalled at our Investor Day in June, dividends are only expected to resume once the Group is in the lower half of the net debt target range of $400m – $900m, at which time the Group's dividend policy will be reset and communicated to shareholders.

On behalf of the Board and management, we would like to extend our thanks to our teams across Fletcher Building for their resilience and commitment during a year of profound change and challenges. And to our shareholders, thank you for your ongoing support and belief in our future.

Peter Crowley
Chair

Andrew Reding
Managing Director & CEO

Financial Statements

Consolidated Income Statement

For the year ended 30 June 2025

Continuing operations	Note	2025 NZ$M	2024 NZ$M
Revenue	4	6,994	7,683
Cost of goods sold		(5,044)	(5,523)
Gross margin		1,950	2,160
Warehouse and distribution expenses	6	(588)	(608)
Selling, general and administrative expenses	6	(995)	(1,063)
Other operating income/(expenses)	6	(6)	(2)
Share of profits of associates and joint ventures	22	10	10
Revaluation gain on investment property	13	6	2
Other gains/(losses)	6	7	10
Significant Items	2.2	(644)	(333)
(Losses)/earnings before interest and taxation (EBIT)		(260)	176
Lease interest expense		(70)	(58)
Funding costs	17	(102)	(142)
Losses before taxation		(432)	(24)
Taxation benefit/(expense)	26	67	(55)
Losses after taxation from continuing operations		**(365)**	**(79)**
Earnings attributable to non-controlling interests		(2)	(7)
Net losses from continuing operations attributable to the shareholders		**(367)**	**(86)**
Net losses from discontinued operation	2.4	(52)	(141)
Net losses attributable to the shareholders		**(419)**	**(227)**
Net losses per share (cents)	5		
Basic		(41.4)	(27.7)
Diluted		(41.4)	(27.7)
Net losses per share from continuing operations (cents)	5		
Basic		(36.2)	(10.5)
Diluted		(36.2)	(10.5)
Weighted average number of shares outstanding (millions of shares)	5		
Basic		1,013	819
Diluted		1,013	819
Dividends declared per share (cents)	19		

The accompanying notes form part of and are to be read in conjunction with these consolidated financial statements.

On behalf of the Board, 20 August 2025.

Peter Crowley
Chair

Sandra Dodds
Director, Chair of Audit and Risk Committee

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2025

	Note	2025 NZ$M	2024 NZ$M
Net losses attributable to shareholders		(419)	(227)
Net profit attributable to non-controlling interests		2	7
Net losses after tax		**(417)**	**(220)**
Other comprehensive income/(loss)			
Items that do not subsequently get reclassified to Consolidated Income Statement:			
Movement in pension reserve		(7)	21
		(7)	**21**
Items that may be reclassified subsequently to Consolidated Income Statement in the future:			
Movement in cash flow hedge reserve		(7)	(7)
Movement in currency translation reserve		(14)	(1)
Reclassification of foreign currency translation reserve to Consolidated Income Statement	2.4	53	
		32	**(8)**
Other comprehensive income		25	13
Total comprehensive loss for the year		**(392)**	**(207)**
Total comprehensive income/(loss) for the year arises from:			
Continuing operations		(393)	(66)
Discontinued operation		1	(141)
Total comprehensive loss for the year		**(392)**	**(207)**

The accompanying notes form part of and are to be read in conjunction with these consolidated financial statements.

Consolidated Statement of Movements in Equity

For the year ended 30 June 2025

NZ$M	Note	Share capital	Retained earnings	Share-based payments reserve	Cash flow hedge reserve	Currency translation reserve	Pension reserve	**Total**	Non-controlling interests	**Total equity**
Total equity at 30 June 2023		2,993	634	28	10	(78)	63	3,650	27	3,677
Total comprehensive income/(loss) for the year			(227)		(7)	(1)	21	(214)	7	(207)
Movement in non-controlling interests									(23)	(23)
Dividends paid to shareholders of the parent	19		(124)					(124)		(124)
Movement in share-based payment reserve		2	5	(2)				5		5
Total equity at 30 June 2024		**2,995**	**288**	**26**	**3**	**(79)**	**84**	**3,317**	**11**	**3,328**
Total comprehensive income/(loss) for the year			(419)		(7)	39	(7)	(394)	2	(392)
Movement in non-controlling interests			2					2	(8)	(6)
Movement in share-based payment reserve		6	4	(12)				(2)		(2)
Issue of shares	20	679						679		679
Total equity at 30 June 2025		**3,680**	**(125)**	**14**	**(4)**	**(40)**	**77**	**3,602**	**5**	**3,607**

The accompanying notes form part of and are to be read in conjunction with these consolidated financial statements.

Consolidated Balance Sheet

As at 30 June 2025

Assets	Note	2025 NZ$M	2024 NZ$M
Current assets:			
Cash and cash equivalents	7	139	311
Current tax assets	26	29	28
Contract assets	3	50	142
Derivatives	18	8	10
Debtors	8	849	914
Inventories	9	1,325	1,276
Total current assets before held for sale		**2,400**	**2,681**
Assets classified as held for sale			507
Total current assets		**2,400**	**3,188**
Non-current assets:			
Property, plant and equipment	12	2,223	2,207
Investment property	13	126	100
Intangible assets	14	703	1,034
Right-of-use assets	15	1,246	1,191
Investments in associates and joint ventures	22	218	221
Inventories	9	580	594
Retirement plan assets	27	150	152
Derivatives	18	43	46
Deferred tax assets	26	209	136
Total non-current assets		**5,498**	**5,681**
Total assets		**7,898**	**8,869**
Liabilities			
Current liabilities:			
Creditors, accruals and other liabilities	10	1,171	1,142
Provisions	11	278	171
Lease liabilities	15	172	164
Current tax liabilities	26		
Derivatives	18	19	18
Contract liabilities	3	56	166
Borrowings	16	60	86
Total current liabilities before held for sale		**1,756**	**1,747**
Liabilities directly associated with assets held for sale			336
Total current liabilities		**1,756**	**2,083**
Non-current liabilities:			
Creditors, accruals and other liabilities	10	31	134
Provisions	11	61	28
Lease liabilities	15	1,325	1,272
Derivatives	18	6	2
Borrowings	16	1,112	2,022
Total non-current liabilities		**2,535**	**3,458**
Total liabilities		**4,291**	**5,541**
Equity			
Share capital	20	3,680	2,995
Reserves		(78)	322
Shareholders' funds		3,602	3,317
Non-controlling interests	21	5	11
Total equity		**3,607**	**3,328**
Total liabilities and equity		**7,898**	**8,869**

The accompanying notes form part of and are to be read in conjunction with these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	Note	2025 NZ$M	2024* NZ$M
Cash flow from operating activities			
Receipts from customers		7,311	8,650
Receipts from residents – residents' loans – new occupation right agreements (ORA)		27	17
Receipts from residents – residents' loans – resales of ORA			
Payments to suppliers, employees and other		(6,837)	(8,064)
Income tax paid			(15)
Net cash from operating activities	7	**501**	**588**
Cash flow from investing activities			
Sale of subsidiaries		174	
Acquisition of subsidiaries		(1)	(11)
Investments in joint ventures and associates		(4)	
Dividends received		16	10
Interest income received		6	5
Sale of property, plant and equipment		56	7
Purchase of property, plant and equipment and intangible assets		(280)	(372)
Investment in mining, consenting and stripping		(16)	(17)
Payments for investment property and development of investment property		(12)	(20)
Net cash from investing activities		**(61)**	**(398)**
Cash flow from financing activities			
Funding costs paid		(106)	(139)
Funding costs paid and capitalised to property, plant and equipment and intangible assets		(13)	(13)
Lease interest paid		(72)	(66)
Principal elements of lease payments		(189)	(206)
Contributions from non-controlling interests		42	15
Distribution to non-controlling interests		(5)	(17)
Issue of shares	20	679	
Repurchase of shares (transferred to treasury stock)			
Dividends paid to shareholders of the parent			(124)
Net (repurchase)/issue of capital notes	16	(80)	(46)
Net (repayment)/drawdown of borrowings	16	(868)	352
Net cash from financing activities		**(612)**	**(244)**
Net movement in cash held		(172)	(54)
Add: opening cash and cash equivalents	7	311	365
Effect of exchange rate changes on net cash			
Closing cash and cash equivalents	7	**139**	**311**

* Comparatives have been restated, refer to **note 2.1**.

The accompanying notes form part of and are to be read in conjunction with these consolidated financial statements.

Notes to the Consolidated Financial Statements 2025

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Notes to the Consolidated Financial Statements 2025

1. STATEMENT OF ACCOUNTING POLICIES

General information

The consolidated financial statements presented are those of Fletcher Building Limited (the Company) and its subsidiaries (the Group). The Group is primarily involved in the manufacturing and distribution of building materials and residential, commercial and infrastructure construction. Fletcher Building Limited is domiciled in New Zealand. The registered office of the Company is 810 Great South Road, Penrose, Auckland.

The Company is registered under the Companies Act 1993 and is a Financial Markets Conduct Act (FMCA) 2013 reporting entity in terms of the Financial Reporting Act 2013. The Group is a for-profit entity.

Basis of presentation

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). They also comply with International Financial Reporting Standards.

These financial statements are presented in New Zealand dollars ($), which is the Group's presentation currency, and rounded to the nearest million unless otherwise stated.

The consolidated financial statements comprise the income statement, statement of comprehensive income, statement of movements in equity, balance sheet, statement of cash flows, and statement of accounting policies, as well as the notes to these financial statements.

Accounting convention

Accounting policies have been consistently applied by the Group and unless otherwise stated, are in line with prior year. These financial statements are based on the general principles of historical cost accounting, except for assets and liabilities measured at their fair value, as described below:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value;
- Defined benefit pension plan asset/liabilities – measured at fair value; and
- Investment property – measured at fair value or revalued amounts.

Where necessary, certain comparative information has been reclassified to conform to changes in presentation in the current year.

> Accounting policies are disclosed within each of the relevant notes to the consolidated financial statements and are denoted by the adjacent coloured line.

Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with NZ IFRS requires the Directors to make estimates and judgements that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of sales and expenses during the reporting period. Key estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

> The estimates and judgements that are critical to the determination of the amounts reported in the consolidated financial statements have been disclosed with the relevant notes in the financial statements and are indicated by this coloured line, or where applied to the consolidated financial statements as a whole, are detailed in the corresponding notes in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the Company, its controlled entities and its interest in associates, partnerships and joint arrangements. Intercompany transactions and balances are eliminated in preparing the consolidated financial statements.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are included in the consolidated financial statements using the acquisition method of consolidation, from the date control commences until the date control ceases. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Notes to the Consolidated Financial Statements 2025 (Continued)

Foreign currency translation

(i) Translation of the financial statements of foreign operations

The assets and liabilities of the Group's overseas operations are translated into New Zealand currency at the rates of exchange prevailing at balance date. The revenue and expenditure of these entities are translated using an average exchange rate reflecting an approximation of the appropriate transaction rates. Exchange variations arising on the translation of these entities and other currency instruments designated as hedges of such investments are recognised directly in the currency translation reserve and in the Consolidated Statement of Comprehensive Income. The cumulative exchange variations are reclassified subsequently to the Consolidated Income Statement if the overseas operation to which the reserve relates are sold or otherwise disposed of.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated at exchange rates at the date of the transactions. Monetary assets and liabilities in foreign currencies at balance date are translated at the rates of exchange prevailing at balance date.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in earnings, except where deferred in the Consolidated Statement of Comprehensive Income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets in foreign currencies are translated at the exchange rates in effect when the amounts of these assets were recognised.

The following key exchange rates were applied in the preparation of the consolidated financial statements:

NZD/AUD	2025	2024	Change
Average rates	0.9138	0.9228	(1.0)%
Closing rates	0.9260	0.9150	1.2%

2. KEY ESTIMATES, JUDGEMENTS, SEGMENTS AND MANAGEMENT PERFORMANCE METRICS

This section provides details of the key estimates and judgements undertaken when preparing these consolidated financial statements.

2.1 CHANGES IN ACCOUNTING POLICIES, INTERPRETATION AND AGENDA DECISIONS

New and amended accounting standards and interpretation adopted

There were no new or amended standards and interpretations that became effective for the year ended 30 June 2025 that had a material impact on the Group. Additionally, the Group has not early adopted any new or amended standards that have been issued but are not yet effective. These standards, amendments, or interpretations are not expected to have a material impact on the current or future reporting periods.

New and amended accounting standards and interpretation not yet effective

NZ IFRS 18 - Presentation and Disclosure in Financial Statements

In May 2024, the XRB issued NZ IFRS 18 Presentation and Disclosure in Financial Statements, as a replacement for NZ IAS 1, effective for the Group's financial year beginning 1 July 2027. The requirements in the new standard are designed to achieve comparability of the financial performance of similar entities, especially related to how "operating profit or loss" is defined. It also requires new disclosures for some management-defined performance measures. The Group is in the process of assessing the impact of adopting the new standard and, based on its preliminary assessment, does not expect the adoption to have a material impact on the consolidated financial statements.

Changes in accounting policies: classification of interest paid as a financing cash flow and dividends and interest received as investing cash flow

Effective for the FY25 consolidated financial statements, the Group voluntarily changed its accounting policy for the classification of interest paid, interest received and dividends received in the Consolidated Statement of Cash Flows. Previously, interest paid was presented net of interest received within operating activities, reflecting its inclusion in profit or loss, and in investing activities when capitalised to the balance sheet. Dividends received were presented within operating activities, reflecting its inclusion in profit or loss. Under the new policy, all interest paid is presented within financing activities, and interest received as investing activities, as the classification provides a more relevant representation of the nature of these costs and income, while dividends received are presented within investing activities, reflecting the cash flow returns of investments in associates and joint ventures. This change in presentation policy within the Consolidated Statement of Cash Flows aligns to the required amendments to NZ IAS 7 Statement of Cash Flows, which will become effective alongside NZ IFRS 18 Presentation and Disclosure in Financial Statements in future periods.

This change constitutes a voluntary change in accounting policy under NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and has been applied retrospectively. Accordingly, comparative amounts for the year ended 30 June 2024 have been restated. The change has no impact on the income statement, balance sheet, or total cash flows.

Notes to the Consolidated Financial Statements 2025 (Continued)

The impact of the restatement on the Consolidated Statement of Cash Flows on the comparative information is as follows:

30 June 2024	As previously reported NZ$M	Adjustment NZ$M	Restated NZ$M
Net cash flow from operating activities	398	190	588
Net cash flow from investing activities	(426)	28	(398)
Net cash flow from financing activities	(26)	(218)	(244)
Net movement in cash held	**(54)**		**(54)**

2.2 SEGMENT AND NON-GAAP FINANCIAL INFORMATION AND MANAGEMENT PERFORMANCE METRICS

Segmental information

Segmental information is presented in respect of the Group's industry and geographical segments. The use of industry segments as the primary format is based on the Group's management and internal reporting structure, which recognises groups of assets and operations with similar risks and returns.

Description of industry segments

Building Products	The Building Products division is a manufacturer, distributor, and marketer of building products used in the residential, industrial and commercial markets in New Zealand.
Distribution	The Distribution division consists of building and plumbing product distribution businesses in New Zealand.
Concrete	The Concrete division includes the Group's interests in the concrete value chain, including extraction of aggregates, and the production of cement, ready-mix concrete and concrete products. The division operates in New Zealand.
Australia	The Australia division manufactures and sells building materials for a broad range of industries across Australia.
Residential and Development	The Residential and Development division primarily operates in New Zealand, but also in Australia. In New Zealand, the division's operations include building and sale of residential homes and apartments, development and sale of commercial and residential land, and management of retirement village assets. In Australia, the division's operations include development and sale of commercial land. Development activity includes sale of land property which are surplus to the Group's operating requirements.
Construction	The Construction division is a supplier of building and maintenance services for infrastructure projects across New Zealand and the South Pacific. The division is exiting the New Zealand Vertical Building sector, with NZICC and WIAL being the last projects for the Group.
Discontinued operation	Discontinued operation comprises the Tradelink® businesses classified as held for sale from 1 April 2024 and disposed of on 30 September 2024.

Non-GAAP financial information policy

For internal reporting to the Board, the Audit and Risk Committee and external reporting to its stakeholders, the Group uses certain non-GAAP financial measures (alternative performance measures) alongside its NZ IFRS results to provide additional insight into the Group's underlying performance and financial position. These measures – which include earnings before interest, taxation, depreciation, depletion and amortisation expense (EBITDA) before Significant Items, earnings before interest and taxation (EBIT) before Significant Items, net earnings per share before Significant Items, Trading Cash before Significant Items, Free Cash before Significant Items, Funds, and Net Debt – are not defined or specified under NZ IFRS. The Group believes that these non-GAAP measures, which are not considered to be a substitute for or superior to NZ IFRS measures, provide stakeholders with additional useful information on the performance of the business, with a clearer understanding of the Group's underlying operating results and financial position. Management uses these non-GAAP financial information measures consistently from period to period for internal planning and reporting. The Group adheres to applicable regulatory guidance on non-GAAP disclosures, emphasizing transparency, consistency, and comparability in how these metrics are calculated and presented. Importantly, each non-GAAP measure is reconciled to the closest IFRS measure in the accounts so that stakeholders can clearly tie these figures back to audited IFRS results.

Notes to the Consolidated Financial Statements 2025 (Continued)

Description of Non-GAAP Financial Information

EBIT and EBITDA before Significant Items **Net earnings before Significant Items**	The Group makes certain Significant Item adjustments to the statutory profit measures in order to derive non-GAAP measures. The Group discloses certain non-operating items as Significant Items. The Group's policy is to recognise Significant Items for transactions or events outside of the Group's ongoing operations that have a significant impact on reported profit. This policy provides stakeholders with additional useful information as a means to assess the year-on-year trading performance of the Group. On this basis, Significant Items include, but are not limited to, the following: – Gains and losses arising from mergers and acquisition (M&A) activity (i.e. business acquisitions and disposals) and associated costs. – Restructuring and other associated costs arising from significant strategy changes that are not considered by the Group to be part of the normal operating costs of the business. – Impacts of significant one-off events that have a material effect on the Group's financial performance and asset valuation. – Impairment charges and provisions that are considered to be significant in nature and/or value to the trading performance of the business. – Net gains and losses on the disposal of properties and businesses where a commitment to close has been demonstrated. In addition to the above, EBITDA before Significant Items excludes the depreciation and amortisation of fixed, intangible and right-of-use (RoU) assets, while net earnings before Significant Items adjust for the net of tax consequences of Significant Items recognised in the period to reflect an "underlying" net earnings for continuing operations.
Trading and Free cash before Significant Items	Trading cash (or trading cash flow) is a non-GAAP measure highlighting cash generated or used by the Group's operations. Derived from NZ IFRS net operating cash flows, it adjusts for non-trading related items. Excluding financing, tax, Significant Items, legacy cash flows, but including lease payments. Trading cash focuses on recurring cash flows from trading activities, aiding in assessing liquidity and operational efficiency. "Trading cash" is adjusted for net capital expenditure invested during the period to reflect the "Free cash" generated or consumed which impacts external borrowings, funding costs and potential dividends to shareholders. "Free cash" at a Group level also includes cash tax payments. Reconciliations to the NZ IFRS cash flow statement are provided below.
Net Debt	Net Debt is the total of all interest-bearing borrowings (loans, USPP, capital notes, other debt), adjusted for debt hedging activities, less cash and cash equivalents. This metric is used in determining the Group's leverage and gearing ratio. It is used by management to assess financial risk and capital structure metrics. Though Net Debt is a non-GAAP measure, it is derived from NZ IFRS line items (borrowings, derivatives used in hedging of borrowings, cash) on the balance sheet. A full reconciliation of Net Debt is included in **note 16**.
Funds and Invested Capital	"Funds" (or funds employed) represents the external assets and liabilities of the Group and is used for internal reporting purposes. At a Group level, funds excludes net debt and deferred tax balances (with exception of deferred tax on brands) and intercompany eliminations, while at a divisional or segment level, funds excludes net debt, intergroup advances/borrowings, current and deferred tax balances (with the exception of deferred tax on brands). This non-GAAP measure reflects the capital used in operations and assets generating earnings. Funds indicates the capital intensity of the business and is used in return on capital measures. While NZ IFRS does not define "funds" as a single figure, its components are derived from the audited balance sheet including investment in working capital, fixed assets, indefinite life intangible assets and net RoU asset/liability positions. "Invested Capital" is based on the same components as "Funds", with the exception that it excludes RoU lease liability positions.

Notes to the Consolidated Financial Statements 2025 (Continued)

Industry segments: Income statement

2025 NZ$M	Gross Revenue	External Revenue	Gross Margin	Overheads*	Other operating income/ (expenses)[1]	Operating Profit	Equity accounted earnings	Revaluation[2] and other gains/(losses)[3]	EBIT before Significant Items	Significant Items	EBIT	Depreciation, depletion and amortisation expense	EBITDA	EBITDA before Significant Items
Building Products	1,289	1,031	407	(301)	1	107	6		113	(92)	21	69	90	182
Distribution	1,528	1,504	381	(361)	(1)	19			19	(32)	(13)	60	47	79
Concrete	1,048	732	273	(172)	(8)	93	3		96	(30)	66	78	144	174
Australia	1,794	1,773	610	(522)	(2)	86	1	(1)	86	(296)	(210)	89	(121)	175
Materials and distribution	**5,659**	**5,040**	**1,671**	**(1,356)**	**(10)**	**305**	**10**	**(1)**	**314**	**(450)**	**(136)**	**296**	**160**	**610**
Residential and Development	557	520	122	(71)	1	52		6	58	(10)	48	4	52	62
Construction	1,511	1,433	152	(101)	1	52			52	(58)	(6)	45	39	97
Corporate	10	1	10	(64)	2	(52)		8	(44)	(126)	(170)	15	(155)	(29)
Continuing operations eliminations	(743)		(5)	9		4			4		4		4	4
Continuing operations	**6,994**	**6,994**	**1,950**	**(1,583)**	**(6)**	**361**	**10**	**13**	**384**	**(644)**	**(260)**	**360**	**100**	**744**
Discontinued operation	210	202	57	(51)		6			6	(58)	(52)		(52)	6
Discontinued operation eliminations	(8)													
Group	**7,196**	**7,196**	**2,007**	**(1,634)**	**(6)**	**367**	**10**	**13**	**390**	**(702)**	**(312)**	**360**	**48**	**750**

2024 NZ$M	Gross Revenue	External Revenue	Gross Margin	Overheads*	Other operating income/ (expenses)[1]	Operating Profit	Equity accounted earnings	Revaluation[2] and other gains/(losses)[3]	EBIT before Significant Items	Significant Items	EBIT	Depreciation, depletion and amortisation expense	EBITDA	EBITDA before Significant Items
Building Products	1,345	1,093	442	(308)	2	136	7		143	(19)	124	64	188	207
Distribution	1,615	1,578	426	(376)		50		(1)	49		49	58	107	107
Concrete	1,082	782	301	(178)	2	125	4	1	130	4	134	75	209	205
Australia	1,979	1,925	682	(551)	(3)	128	(1)	(1)	126	(17)	109	81	190	207
Materials and distribution	**6,021**	**5,378**	**1,851**	**(1,413)**	**1**	**439**	**10**	**(1)**	**448**	**(32)**	**416**	**278**	**694**	**726**
Residential and Development	796	739	174	(76)		98		2	100		100	4	104	104
Construction	1,614	1,566	135	(110)	2	27		1	28	(292)	(264)	42	(222)	70
Corporate	10		9	(81)	(5)	(77)		10	(67)	(9)	(76)	13	(63)	(54)
Continuing operations eliminations	(758)		(9)	9										
Continuing operations	**7,683**	**7,683**	**2,160**	**(1,671)**	**(2)**	**487**	**10**	**12**	**509**	**(333)**	**176**	**337**	**513**	**846**
Discontinued operation	762	758	229	(222)		7			7	(155)	(148)	36	(112)	43
Discontinued operation eliminations	(4)													
Group	**8,441**	**8,441**	**2,389**	**(1,893)**	**(2)**	**494**	**10**	**12**	**516**	**(488)**	**28**	**373**	**401**	**889**

Note: External revenue includes income from the Group's New Zealand Vertical Buildings Business (2025: $88 million; 2024: $159 million), which the Group is in the process of exiting The New Zealand International Convention Centre (NZICC) represents the largest project in this business. EBIT before Significant Items, however, excludes any earnings or losses from these projects that are reported separately as Significant Items.

* Overheads reflect warehouse, distribution, selling, general and administrative expenses.

(1) Other operating income/(expenses) include restructuring and redundancy costs, and costs associated with Golden Bay®'s MVAC ship breakdown. In the prior year, restructuring and redundancy costs were partially offset by insurance proceeds received for business interruption costs from weather events in 2022 and 2023.

(2) Revaluation gains include gains recognised from the annual remeasurement of Vivid Living®'s investment properties at each reporting date.

(3) Other gains/(losses) include gains/losses from the disposal of assets, net interest income on defined benefit plans, and proceeds from the disposal of NZ ETS units.

Notes to the Consolidated Financial Statements 2025 (Continued)

Significant Items in FY25 from continuing operations include:

Building Products

Fletcher Steel restructure ($17 million)

During the year, Fletcher Steel recognised $10 million in asset write-downs across inventory, fixed assets, intangible assets and right-of-use (RoU) assets, along with $1 million in redundancy costs associated with the announced divestment of the CSP Steel business. A further $5 million write-down was recorded on Easysteel capital WIP assets, following a review and reprioritisation of their capital investment and distribution network strategy, with $1 million in redundancy provisions recognised in connection with the disestablishment of the broader Steel division. These amounts have been classified as Significant Items and disclosed separately due to their non-recurring nature.

Winstone Wallboards® property rationalisation ($7 million)

Winstone Wallboards® exited two distribution centres in Auckland after the Group determined that the facilities were surplus to current and future operational requirements. The decision was made as part of an ongoing review of the Group's logistics network and asset utilisation. One-off costs associated with the site exit were classified as Significant Items and disclosed separately due to their non-recurring nature.

Iplex® New Zealand impairment ($68 million)

The Group recognised an impairment charge of $68 million in relation to the goodwill balance in the Iplex® New Zealand business. Refer to **note 2.3**.

Distribution

PlaceMakers® Frame and Truss pause and pivot strategy ($18 million)

The Group announced a pause on further expansion of the PlaceMakers® Frame & Truss (F&T) network and a pivot in its growth strategy to optimise existing capacity in the Group. As part of this shift, the planned development of a new F&T site at Felix Street, Auckland, New Zealand was cancelled, with F&T operations instead to be consolidated into the former Clever Core® facility. This decision enables increased throughput without the need for additional greenfield investment and avoided approximately $30 million in capital expenditure. One-off costs incurred as a result of this pivot in strategy included the write-off of $12 million in fixed assets due to a change in equipment requirements of the new F&T facility and a further $6 million relating to F&T specific capitalised costs at the Felix Street site.

Mico® impairment ($14 million)

The Group recognised an impairment charge of $14 million in relation to the brands balance in the Mico® business. Refer to **note 2.3**.

Concrete

Humes® impairment ($30 million)

The Group recognised an impairment charge of $30 million in relation to the goodwill balance in the Humes® business. Refer to **note 2.3**.

Residential & Development

Clever Core® closure ($8 million)

The Group announced its decision to close its Clever Core® business following a strategic review of its financial performance, market demand and capital efficiency. The closure formed part of the Group's broader simplification strategy and will enable the repurposing of the facility for use by PlaceMakers® Frame & Truss. One-off costs associated with the closure, include asset write-downs, redundancy expenses and transition costs, which have been classified as Significant Items and disclosed separately due to their non-recurring nature.

Other restructuring costs ($2 million)

The Residential and Development division has reviewed its operations to align more closely with current market conditions, including the consolidation of its Auckland branch network. As part of this, the Northern branch is being closed and functions integrated across other key locations to improve efficiency. This rationalisation has resulted in one-off costs, including employee redundancy expenses, lease terminations and other exit-related costs, which have been classified as Significant Items and disclosed separately due to their non-recurring nature.

Australia

Iplex® Australia Western Australia pipes matter ($180 million)

Iplex® Pipelines Australia (Iplex® Australia), in collaboration with the Western Australian (WA) Government and key industry stakeholders, finalised the Industry Response (the IR) to address plumbing failures impacting some WA homes using Typlex Pro-Fit pipe. As a result of its entry into the IR, Iplex® Australia recognised a pre-tax net provision of A$155 million (NZ$170 million) during the period. The interim investigation fund established by Iplex® Australia in April 2023 in relation to these failures was extended up to the finalisation of the agreement of the IR, at an additional cost during FY25 of A$2.8 million (NZ$3.1 million). The costs associated with both the interim investigation fund and the IR have been classified as Significant Items. Additionally, Iplex® Australia incurred A$7 million in legal costs associated with defending claims related to the matter during the period, which have also been classified as a Significant Item. Refer to **note 11**.

Stramit® ($47 million) and Oliveri® ($49 million) impairment

The Group recognised combined impairment charges of $96 million in relation to the goodwill and brands balances in the Stramit® and Oliveri® businesses. Refer to **note 2.3**.

Notes to the Consolidated Financial Statements 2025 (Continued)

Laminex® Australia site closures ($16 million) and silicosis legal costs ($1 million)

As part of a broader optimisation of its Laminex® Australia operations, the Group has discontinued the loss-making Laminex® MADE product line and announced the closure of its Monkland (Queensland, Australia) manufacturing site, consolidating production into more efficient facilities. These actions followed a review of capacity, cost structures and long-term demand, resulting in one-off costs totalling $16 million, recognised as Significant Items. This comprised $8 million related to the Monkland site closure - including a $4 million impairment of fixed assets, $2 million in closure expenses and $2 million in redundancy and associated costs - and an additional $8 million from discontinuing the Laminex® MADE product line, primarily due to a $2 million impairment of fixed assets, a $4 million inventory write-off and $2 million in other related costs. Additionally, the business incurred a further $1 million in legal costs associated with silicosis claims.

Australia division closure ($3 million)

The Group announced the disestablishment of its Australian Division following a strategic review of structure, performance and cost efficiency. Business units previously grouped under the division were reallocated into sector-specific divisions to improve integration, simplify reporting lines and unlock cost synergies. The restructure resulted in the removal of a management layer and associated support functions. These amounts have been classified as Significant Items and disclosed separately due to their non-recurring nature.

Construction

New Zealand International Convention Centre ($29 million)

The Group recognised an additional $15 million provision in relation to completing the final stages of the New Zealand International Convention Centre project, along with a further $14 million of legal and associated legacy overhead costs incurred during the period. The additional provision reflects updated estimates to complete commissioning, address defect remediation and secure final regulatory approvals ahead of the planned handover in the second half of 2025. Refer to **note 3**.

Construction Fiji divestment and investment write down ($19 million)

The Group recognised a further $2 million loss on sale in relation to the divestment of 50% interest in its Fiji construction business, driven by agreed working capital adjustments. Additionally, the Group fully impaired its remaining interest ($17 million), reflecting ongoing underperformance, continued operating losses and material uncertainty regarding the joint venture's future contract pipeline. Remaining carrying value of the investment as at 30 June 2025 is nil.

South Pacific closures ($10 million)

As the Group exits its remaining wholly-owned construction operations in the South Pacific, it has incurred costs totalling $10 million. These primarily consist of a $9 million loss related to remaining contract assets in Papua New Guinea and a $1 million write-down of fixed and intangible assets following the closure of several regional branches.

Corporate

Corporate restructure ($2 million)

The Group completed the restructure of its Corporate and FletcherTech functions to simplify central operations and focus resources on business-critical priorities. The restructure involved a reduction in overhead roles, consolidation of support services and a refocus of digital investments within FletcherTech. As a result, one-off costs relating to redundancies, transitional support and other related costs were incurred and classified as Significant Items. These costs are disclosed separately to provide clarity on their non-recurring nature.

Digital@Fletcher ERP technology strategy review ($117 million)

The Group has now stopped the roll-out of its Digital@Fletcher ERP transformation programme in line with its decision to decentralise decision-making to individual business units. The programme was originally designed to standardise systems and processes across the Group's manufacturing and distribution businesses. To minimise future expenditure, the Group migrated the platform to SAP RISE, a SaaS solution, in May 2025. Consequently, the Group has derecognised the previously capitalised ERP asset on its balance sheet, with a carrying amount of $95 million and recognised an onerous contract provision of $22 million relating to committed licence costs now deemed surplus to requirements. These charges have been classified as Significant Items and are disclosed separately due to their non-recurring nature. See **note 14**.

Capital and funding restructure ($10 million)

Fletcher Building raised net proceeds of NZ$679 million in the equity raise carried out during the period (refer to **note 20**), with the net proceeds subsequently being applied to repay and cancel existing debt facilities, including the partial early redemption of USPP notes that were scheduled to mature in 2026 (see **note 16**). This early redemption of USPP notes led to a $10 million loss from the partial close-out of the related CCIRS hedge instruments, which would otherwise no longer be considered effective, being recognised in the income statement. The loss on close-out has been classified as a Significant Item incurred as part of the Group's capital restructuring activities.

Significant Items in FY25 from discontinued operation include:

Tradelink® disposal ($58 million)

On 30 September 2024, the Group completed the sale of Tradelink®, its Australian plumbing supplies business and recorded a $58 million loss, classified as a Significant Item. This loss includes a $53 million reclassification of the foreign currency translation reserve to the income statement and a further $5 million loss due to working capital and net debt adjustments on disposal, see **note 2.4**.

Notes to the Consolidated Financial Statements 2025 (Continued)

Industry segments: Cash flow

2025 NZ$M	Cash flow from operating activities	Adjust to exclude: tax payments	Adjust to include: lease payments	Trading cash	Exclude: Significant Items and legacy cash flows	Trading cash excluding Significant Items	Capital expenditure	Proceeds from divestments	Investments in Subs, associates and JVs	Dividends received	Interest received	Adjust to include: tax payments	Free cash excluding Significant Items
Building Products	154	(2)	(46)	106	1	107	(131)	53	(1)	9			37
Distribution	72	1	(63)	10		10	(23)						(13)
Concrete	172		(39)	133		133	(72)	2		3			66
Australia	139		(59)	80	31	111	(46)						65
Materials and distribution	**537**	**(1)**	**(207)**	**329**	**32**	**361**	**(272)**	**55**	**(1)**	**12**			**155**
Residential and Development	47		(3)	44		44	(12)						32
Construction	(22)	1	(30)	(51)	120	69	(16)	16	(4)	4			69
Corporate	(54)		(9)	(63)	2	(61)	(6)	159			6		98
Continuing operations	**508**		**(249)**	**259**	**154**	**413**	**(306)**	**230**	**(5)**	**16**	**6**		**354**
Discontinued operation	(7)		(12)	(19)		(19)	(2)						(21)
Group	**501**		**(261)**	**240**	**154**	**394**	**(308)**	**230**	**(5)**	**16**	**6**		**333**

2024 NZ$M	Cash flow from operating activities	Adjust to exclude: tax payments	Adjust to include: lease payments	Trading cash	Exclude: Significant Items and legacy cash flows	Trading cash excluding Significant Items	Capital expenditure	Proceeds from divestments	Investments in Subs, associates and JVs	Dividends received	Interest received	Adjust to include: tax payments	Free cash excluding Significant Items
Building Products	229	1	(41)	189	17	206	(170)		(4)	3			35
Distribution	108	4	(59)	53		53	(11)						42
Concrete	197		(35)	162	(3)	159	(92)	2	(7)	3			65
Australia	219		(54)	165	25	190	(53)						137
Materials and distribution	**753**	**5**	**(189)**	**569**	**39**	**608**	**(326)**	**2**	**(11)**	**6**			**279**
Residential and Development	169		(3)	166		166	(20)	2					148
Construction	(288)		(26)	(314)	384	70	(20)	3		4			57
Corporate	(74)	10	(8)	(72)	2	(70)	(33)				5	(15)	(113)
Continuing operations	**560**	**15**	**(226)**	**349**	**425**	**774**	**(399)**	**7**	**(11)**	**10**	**5**	**(15)**	**371**
Discontinued operation	28		(46)	(18)		(18)	(10)						(28)
Group	**588**	**15**	**(272)**	**331**	**425**	**756**	**(409)**	**7**	**(11)**	**10**	**5**	**(15)**	**343**

Notes to the Consolidated Financial Statements 2025 (Continued)

Industry segments: Balance sheet

2025 NZ$M	Net working capital	Property, plant and equipment and investment property	Indefinite life intangible assets	Other intangible assets	Investments & Retirement plan assets	Right-of-use lease asset	Deferred tax liability – brands	Derivatives for foreign currency hedging	Current tax balances	Invested Capital	Right-of-use lease liability	Deferred tax balances (excl. deferred tax on brands)	Net debt	Funds / Group Equity
Building Products	222	885	168	9	80	352	(9)			1,707	(413)			1,294
Distribution	167	68	57	8		328				628	(373)			255
Concrete	108	670	52	5	20	149				1,004	(179)			825
Australia	99	456	332	3	95	252	(49)			1,188	(319)			869
Materials and distribution	**596**	**2,079**	**609**	**25**	**195**	**1,081**	**(58)**			**4,527**	**(1,284)**			**3,243**
Residential and Development	719	129				10				858	(11)			847
Construction	(13)	126	47	13	23	112	(5)			303	(126)			177
Corporate and other	(95)	15		9	150	43		(8)	29	143	(76)	272	(999)	(660)
Continuing operations	**1,207**	**2,349**	**656**	**47**	**368**	**1,246**	**(63)**	**(8)**	**29**	**5,831**	**(1,497)**	**272**	**(999)**	**3,607**
Discontinued operation														
Group	**1,207**	**2,349**	**656**	**47**	**368**	**1,246**	**(63)**	**(8)**	**29**	**5,831**	**(1,497)**	**272**	**(999)**	**3,607**

2024 NZ$M	Net working capital	Property, plant and equipment and investment property	Indefinite life intangible assets	Other intangible assets	Investments & Retirement plan assets	Right-of-use lease asset	Deferred tax liability – brands	Derivatives for foreign currency hedging	Current tax balances	Invested Capital	Right-of-use lease liability	Deferred tax balances (excl. deferred tax on brands)	Net debt	Funds / Group Equity
Building Products	209	818	244	10	82	315	(8)			1,670	(357)			1,313
Distribution	164	107	71	11		318	(4)			667	(362)			305
Concrete	103	654	82	6	20	136				1,001	(165)			836
Australia	250	471	433	3	95	208	(51)			1,409	(283)			1,126
Materials and distribution	**726**	**2,050**	**830**	**30**	**197**	**977**	**(63)**			**4,747**	**(1,167)**			**3,580**
Residential and Development	731	112				11				854	(13)			841
Construction	(85)	137	65	19	24	107	(6)			261	(123)			138
Corporate and other	(78)	18		108	152	100		5	28	333	(137)	206	(1,766)	(1,364)
Continuing operations	**1,294**	**2,317**	**895**	**157**	**373**	**1,195**	**(69)**	**5**	**28**	**6,195**	**(1,440)**	**206**	**(1,766)**	**3,195**
Discontinued operation	113	31		11		102				257	(139)	15		133
Group	**1,407**	**2,348**	**895**	**168**	**373**	**1,297**	**(69)**	**5**	**28**	**6,452**	**(1,579)**	**221**	**(1,766)**	**3,328**

Notes to the Consolidated Financial Statements 2025 (Continued)

Geographic segments

2025 NZ$M	External revenue	EBIT before Significant Items	Funds*	Non-current assets+
New Zealand	5,154	292	3,502	3,955
Australia	1,997	97	836	1,143
Other*	45	1	(731)	2
Group	**7,196**	**390**	**3,607**	**5,100**

2024 NZ$M	External revenue	EBIT before Significant Items	Funds*	Non-current assets+
New Zealand	5,602	383	3,613	4,137
Australia	2,702	132	1,229	1,212
Other*	137	1	(1,514)	3
Group	**8,441**	**516**	**3,328**	**5,352**

* Funds "other" includes net debt and taxation.

+ Non-current assets exclude deferred tax assets, retirement plan surplus and financial instruments.

Net earnings per share before Significant Items

Earnings per share is disclosed in full in **note 5**. The below disclosure has been included to provide additional useful information by removing the impact of Significant Items in the current and prior year, and the resulting impact on the earnings per share measure.

The effect of Significant Items on earnings from continuing operations per share is as follows:

	2025 NZ$M	2024 NZ$M
Net losses after taxation from continuing operations (as per Consolidated Income Statement)	(367)	(86)
Add back: Significant Items before taxation **(note 2.2)**	644	333
Less: tax benefit on Significant Items **(note 26)**	(125)	(64)
Net earnings from continuing operations before Significant Items	**152**	**183**
Net earnings per share from continuing operations before Significant Items (cents)	15.0	22.3
Net losses per share (cents) from continuing operations – as reported per Consolidated Income Statement	**(36.2)**	**(10.5)**

Notes to the Consolidated Financial Statements 2025 (Continued)

2.3 INTANGIBLE ASSET IMPAIRMENT TESTING

Goodwill and intangible assets with indefinite useful lives

The Group tests indefinite life intangible assets, including goodwill and brands, for impairment on an annual basis. Each cash generating unit (CGU) to which goodwill is allocated is valued using a discounted cash flow model. This is representative of the higher of fair value less costs to dispose and value-in-use.

Management has used its past experience of revenue growth, operating costs and margin, and external sources of information where appropriate, to determine cash flow projections for the future. These cash flow projections are principally based on the business units' forecast five-year plan, which are risk adjusted where appropriate. Cash flows beyond five years have been extrapolated using estimated terminal growth rates, which do not exceed the long-term average growth rate for the industries and countries in which the business units operate. Cash flows are discounted using a nominal rate specific to each business and jurisdiction.

The Group performs its annual impairment assessment and considers indicators of impairment at each reporting date. This includes the relationship between the Group's market capitalisation and its book value, among other factors. During the year, the Group operated under challenging economic conditions across New Zealand and Australia, including subdued construction activity, inflationary cost pressures and ongoing market uncertainty. These factors impacted demand, margin recovery and earnings visibility across several businesses.

The updated assessment reflects a materially weaker underlying activity and earnings outlook for most business units over the next five years. Twelve months ago, market sentiment anticipated a difficult first half for FY25 followed by a gradual improvement through year end and steady growth thereafter. In practice, activity levels in New Zealand and Australia were lower than expected, tender and development pipelines thinned, and leading indicators now point to a slower-than-expected recovery in housing and construction.

Across core end-markets, new-build residential remains subdued amid affordability and financing constraints; alterations and additions have been more resilient but are not offsetting weakness in new housing; non-residential work is patchy, with longer decision cycles, deferrals and increased competitive intensity compressing margins; and infrastructure and civil work remains strategic but with increased timing risk, creating greater near-term delivery uncertainty.

Against this backdrop, the Group undertook its annual impairment assessment alongside a broader review of its portfolio and market positioning, including an evaluation of the strategic fit and long-term viability of business units, with a view to simplifying the portfolio and improving returns. Impairment testing was carried out for all cash-generating units (CGUs) with goodwill and other intangible assets with indefinite useful lives, using value-in-use models based on Board-approved budgets and forecasts. Recoverable amounts also referenced fair value less costs of disposal, informed by portfolio review considerations. In addition, higher weighted average cost of capital (WACC) rates than in prior years were applied, aligned to portfolio review benchmarking and reflecting increased risk and uncertainty in forecast cash flows.

While most Group businesses are expected to recover under more normal trading conditions and return to "no-impairment" EBIT levels over time - consistent with historic performance - the review identified a subset where risks are more acute. Iplex® New Zealand, Humes®, Stramit®, Oliveri® and Mico® have market shares significantly below historic levels and have underperformed in recent years. Management has initiated actions and growth plans to improve profitability for these businesses; however, given the current market context and competitive pressures, growing market share and maintaining or expanding gross margins and profitability will be challenging. The Construction Fiji joint venture (50% interest) significantly underperformed during the year and had a less certain pipeline in addition to the challenges in key relationships identified at year end. Waipapa Pine's EBIT was below both budget and breakeven levels in FY25; however, production and sales volumes were ahead of the original acquisition business case assumptions, with underperformance principally driven by below-median log pricing - to which the impairment model is most sensitive.

As at 30 June 2025, Iplex® New Zealand, Oliveri®, Stramit®, Mico® and Humes® were assessed as requiring impairment following sustained underperformance and ongoing sensitivity to market and operational assumptions. As a result, the Group recognised non-cash impairments relating to goodwill and brand intangibles in these businesses. These charges reflect the challenging trading conditions, execution risks associated with ongoing turnaround initiatives and reduced near-term earnings visibility. The Group's 50% interest in the Construction Fiji joint venture was also fully impaired with the uncertainty in the project pipeline in the region and key relationships.

In addition, Stramit®, Humes® and Waipapa Pine have been added to the Group's impairment watchlist, joining Higgins® New Zealand and Iplex® New Zealand, as these businesses continue to have a heightened risk of material impairment due to their sensitivity to changes in operating assumptions.

New Zealand CGUs

The goodwill and brand balances for fifteen New Zealand CGUs represent 49% of the Group (2024: 50%). Discount rates between 10.5% and 12.1% (2024: between 8.5% and 10.8%) have been used for New Zealand business units, reflecting the risk profile and the regions in which they operate. An average annual growth rate of (0.32)% (2024: 2.8%) has been used over the five-year forecast period for New Zealand business units, based on past performance and management's expectations of market development. The terminal growth rate employed for New Zealand businesses was 2.0% (2024: 2.0%).

Notes to the Consolidated Financial Statements 2025 (Continued)

Australian CGUs

The goodwill and brand balances for two Australian CGUs represent 51% of the Group (2024: 50%). A discount rate of 9.8% (2024: 7.6%) has been used for Australian business units, reflecting the risk profile and the regions in which they operate. An average annual growth rate of 1.88% (2024: 4.2%) has been used over the five-year forecast period for Australian business units, based on past performance and management's expectations of market development. The terminal growth rate employed for Australian businesses was 2.5% (2024: 2.5%).

Sensitivity to reasonably possible changes in assumptions

The following table sets out the goodwill and brands balance for those CGUs, where a reasonably possible change in key assumptions could result in impairment:

2025	Higgins® New Zealand NZ$M	Iplex® New Zealand NZ$M	Stramit® Australia NZ$M	Waipapa Pine New Zealand NZ$M	Humes® New Zealand NZ$M
Goodwill	24	37	14	52	19
Brands	19	7	41		

Higgins® New Zealand

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	4.80%
EBIT margin (5-year average)	3.92%
Discount rate	12.10%

Group and divisional management have continued the execution of a multi-year transformation strategy across Higgins® New Zealand, aimed at strengthening its core operations and returning the business to sustainable profitability. Key initiatives include restructuring the project portfolio, investing in asphalt and bitumen infrastructure, and refreshing leadership and cost controls. These measures, supported by a higher-quality order book focused on alliance and cost-plus maintenance contracts, are designed to drive long-term margin uplift and improve capital efficiency. A terminal growth rate of 2.0% (2024: 2.0%) and a post-tax discount rate of 12.10% (2024: 10.80%) were applied. The CGU remains sensitive to assumptions around price recovery, capacity uplift and internal demand synergies.

In the financial year 2025, Higgins® New Zealand delivered improved operational performance, underpinned by renewed maintenance contracts, rate resets on key alliances, disciplined cost control and improved execution across both construction and surfacing operations. These results mark a meaningful step forward following the challenges of prior years, which included COVID-related disruptions, legacy project losses and significant impairment and asset write-downs in the last financial year.

Despite this progress, management acknowledges that market and economic uncertainty continue to present risks to near-term earnings stability. The strategic transformation is ongoing and will take time to fully embed. Performance remains sensitive to macroeconomic factors, contract pipeline timing and execution of internal supply strategies. In this context, Group management has assessed the recoverable value of the Higgins® New Zealand CGU using a value-in-use discounted cash flow model as at 30 June 2025.

Impact of possible changes in key assumptions (Higgins® New Zealand)

The recoverable value of Higgins® New Zealand is most sensitive to EBIT margin assumptions. Should the average EBIT margin used in the value-in-use calculations reduce by 200 basis points from the average of 3.92%, an impairment of goodwill and brands of approximately $53 million may be required. In contrast, the model is less sensitive to revenue growth and discount rate assumptions. A 200 basis point change in either the revenue CAGR or the discount rate would not result in any impairment.

Iplex® New Zealand

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	5.75%
EBIT margin (5-year average)	11.10%
Discount rate	10.75%

Iplex® New Zealand has experienced a prolonged period of underperformance, with the most recent earnings being below budget and breakeven levels. The business has faced declining market conditions, cost inflation and operational disruption. Despite implementing a strategic reset, the turnaround is in its early stages and execution risk remains present. While the business has achieved year-on-year volume growth and shown progress in margin recovery, these benefits have not been sufficient to offset market weakness.

The recoverable value of the Iplex® New Zealand CGU of $119 million was assessed using a value-in-use discounted cash flow method. As a result, the Group has recognised a non-cash impairment charge of $68 million, relating to the write-down of the goodwill intangible asset balance. This valuation is based on a five-year business plan reviewed by the Board, formulated with consideration of the business's historical performance. A terminal growth rate of 2.0% (2024: 2.0%) and a post-tax discount rate of 10.75% (2024: 9.20%) were applied. This impairment reflects the sustained underperformance of the CGU, limited visibility on achieving breakeven EBIT and the significant sensitivity of valuation outcomes to assumptions around price recovery and strategic execution.

Notes to the Consolidated Financial Statements 2025 (Continued)

While management remains committed to the turnaround plan, the impairment brings the carrying value of the CGU in line with a more supportable outlook based on current market and operating conditions. Iplex® New Zealand remains on the Group's impairment watchlist as at 30 June 2025.

Impact of possible changes in key assumptions (Iplex® New Zealand)

The recoverable amount of Iplex® New Zealand is most sensitive to EBIT margin and discount rate assumptions. A 200 basis point reduction in the average EBIT margin used in the value-in-use model would result in an additional goodwill impairment of approximately $22 million. Similarly, increasing the discount rate by 200 basis points would also trigger an impairment of around $22 million. In contrast, the model is less sensitive to revenue growth assumptions. A 200 basis point reduction in the assumed revenue CAGR would result in an additional impairment of approximately $12 million, also applied to goodwill.

Oliveri®

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	5.86%
EBIT margin (5-year average)	8.68%
Discount rate	9.80%

Oliveri® has faced significant trading headwinds over the past 12 to 24 months, which were compounded by operational disruption linked to the exit from the Tradelink® business and the underperformance of its New Zealand expansion. These factors have resulted in a marked decline in earnings and reduced Oliveri®'s ability to recover its cost base, despite targeted cost-saving initiatives and growth strategies. While a number of strategic initiatives are underway, including onboarding new sales channels, rationalising inventory and restructuring of its administrative cost base, these have yet to deliver the uplift required to support the business's carrying value.

The recoverable value of the Oliveri® CGU of NZ$28 million (A$26 million) was assessed using a value-in-use discounted cash flow method. As a result, the Group has recognised a non-cash impairment charge of NZ$49 million (A$44 million), relating to the write-down of the goodwill and brand intangibles. This valuation is based on a five-year business plan reviewed by the Board, formulated with consideration of the company's historical performance. A terminal growth rate of 2.5% (2024: 2.5%) and a post-tax discount rate of 9.80% (2024: 8.10%) were applied. This impairment reflects the sustained underperformance of the CGU, limited visibility on achieving breakeven EBIT and the significant sensitivity of valuation outcomes to assumptions around price recovery and strategic execution.

While management remains committed to the turnaround plan, the impairment brings the carrying value of the CGU in line with a more supportable outlook based on current market and operating conditions.

Impact of possible changes in key assumptions (Oliveri®)

Following the impairment recognised as at 30 June 2025, the remaining carrying value of Oliveri®'s net assets is significantly lower, which reduces the further potential downside of sensitivity of the model to changes in key assumptions. A 100 basis point change in the EBIT margin, revenue CAGR or discount rate assumptions would each result in an additional impairment of approximately $4 million, applied against the business's fixed assets.

Stramit®

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	7.08%
EBIT margin (5-year average)	2.22%
Discount rate	9.80%

Stramit® has experienced sustained underperformance over the past two years, with results having been affected by soft residential demand, adverse weather, service challenges and supplier disruptions, all contributing to reduced volumes and market share. Despite cost reductions, this year's earnings fell short of budget and current forecasts are below previously assumed growth assumptions. The business has initiated a transformation program targeting service improvement, productivity and expansion in sheds and roller doors, supported by capital investment. However, these initiatives are still in early stages and benefits have yet to materially offset the high fixed cost base. The updated impairment assessment reflects a weaker long-term outlook.

The recoverable value of the Stramit® CGU (NZ$90 million; A$83 million) was assessed using a value-in-use discounted cash flow method. An impairment of $47 million (A$44 million) was recognised for Stramit® in the year to align its carrying value with recoverable amount, relating to the partial write-down of the goodwill intangible asset balance. This valuation is based on a five-year business plan reviewed by the Board, formulated with consideration of the company's historical performance. A terminal growth rate of 2.5% (2024: 2.5%) and a post-tax discount rate of 9.80% (2024: 8.10%) were applied.

While management remains committed to delivering the turnaround, including integrating Stramit® into the newly formed Heavy Building Materials division to capture operational and procurement synergies, earnings visibility remains limited. Given the expected continuation of below-breakeven EBIT into FY26 and the uncertain market outlook, Stramit® has been placed on the Group's impairment watchlist as at 30 June 2025.

Notes to the Consolidated Financial Statements 2025 (Continued)

Impact of possible changes in key assumptions (Stramit®)

The recoverable value of Stramit® is most sensitive to its ability to deliver improved EBIT margins. A 100 basis point reduction in the average EBIT margin used in the value-in-use calculations would imply an additional impairment of approximately $81 million (A$74 million), applied across goodwill, brand, fixed assets and right-of-use assets. The model is less sensitive to other key assumptions. A 100 basis point reduction in the revenue CAGR would result in an additional impairment of approximately $22 million applied against goodwill, brand, fixed and intangible assets, while a 100 basis point increase in the discount rate would imply an additional impairment of approximately $15 million, applied against the goodwill and brand balances.

Waipapa Pine

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	16.30%
EBIT margin (5-year average)	15.60%
Discount rate	10.80%

Waipapa Pine has underperformed relative to expectations since its acquisition in the 2023, with earnings below budget and breakeven levels. The business has faced significant timber price deflation, subdued residential construction activity and slower-than-anticipated scaling of its operating shift pattern. Despite these challenges, Waipapa Pine has achieved volume growth, increased market share and operational improvements that position it for future recovery. A strategic reset is underway, including preparation for the transition to a double-shift model in FY28.

No impairment has been recognised, although valuation headroom remains limited. This valuation is based on a five-year business plan reviewed by the Board, formulated with consideration of performance since acquisition and external market forecasts. A terminal growth rate of 2.0% (2024: 2.0%) and a post-tax discount rate of 10.80% (2024: 9.20%) were applied. The CGU remains sensitive to assumptions around price recovery, capacity uplift and internal demand synergies.

While management remains committed to delivering its growth strategy and capital programme, the valuation of the CGU is contingent on execution of these initiatives and recovery of the log prices to the median levels. Waipapa Pine has been placed on the Group's impairment watchlist as at 30 June 2025.

Impact of possible changes in key assumptions (Waipapa Pine)

The recoverable value of Waipapa remains sensitive to log prices, which directly influences EBIT margin assumptions. Should the average EBIT margin over the forecast period reduce to 10%, this would result in an impairment of approximately $49 million, applied against goodwill. A reduction in the revenue CAGR to 10% would imply an impairment of approximately $28 million against the carrying amount of goodwill. A 100 basis point increase in the discount rate would result in an impairment of approximately $14 million, also recognised against goodwill.

Humes®

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	6.64%
EBIT margin (5-year average)	5.53%
Discount rate	10.60%

Humes® underperformed in FY25, with earnings impacted by weaker demand in key markets, where delays in large projects and subdivision activity affected volumes in high margin concrete and precast segments. Despite effective cost control and increased market share, the business fell short of budget and current forecasts reflect a softer outlook than previously assumed. Humes® is progressing a strategy focused on network expansion, manufacturing optimisation and renewed sales capability, supported by targeted capital investment. However, these initiatives are in early stages and forecast improvements remain modest in the near term. The updated impairment assessment reflects a more cautious long-term view.

The recoverable amount of the Humes® CGU was assessed at $103 million using a value-in-use discounted cash flow model. This reflected updated Board-approved forecasts and a weaker long-term market outlook. An impairment of $30 million was recognised in FY25 against the carrying amount of goodwill. The valuation was based on a five-year business plan incorporating revised growth assumptions, subdued near-term activity and updated external market inputs. A terminal growth rate of 2.0% (2024: 2.0%) and a post-tax discount rate of 10.60% (2024: 9.20%) were applied. The CGU remains sensitive to assumptions around volume recovery, margin improvement and execution of strategic initiatives.

While management remains committed to delivering its growth strategy and capital programme, the valuation supportability of the CGU is contingent on execution of these initiatives. Humes® has been placed on the Group's impairment watchlist as at 30 June 2025.

Impact of possible changes in key assumptions (Humes®)

The recoverable value of Humes® remains most sensitive to its ability to deliver improved EBIT margins. A 100 basis point reduction in the average EBIT margin used in the value-in-use calculations would result in an additional impairment of approximately $21 million, applied against the carrying amount of goodwill. The model is less sensitive to other key assumptions. A 100 basis point reduction in the revenue CAGR would imply an additional impairment of approximately $10 million, while a 100 basis point increase in the discount rate would result in an additional impairment of approximately $13 million.

Notes to the Consolidated Financial Statements 2025 (Continued)

Mico®

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	2.43%
EBIT margin (5-year average)	1.72%
Discount rate	10.35%

Mico® was impacted by weaker market conditions and ongoing cost pressures during FY25, which reduced the business's earnings outlook and constrained its ability to support existing asset values. An impairment of $14 million was recognised for Mico® in the year, fully writing down the remaining brand balances.

Impact of possible changes in key assumptions (Mico®)

If the revenue CAGR assumption used in the value-in-use calculation had been 100 basis points lower than management's estimate as at 30 June 2025, this would imply an additional impairment of $9 million against the carrying amount of fixed and right-of-use assets. A 100 basis point reduction in the five-year average EBIT margin would imply an additional impairment of $30 million against the carrying amount of fixed and right-of-use assets. If the discount rate applied to the cash flow projections had been 100 basis points higher than management's estimate, this would imply an additional impairment of $6 million against the carrying amount of fixed and right-of-use assets.

Notes to the Consolidated Financial Statements 2025 (Continued)

2.4 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

Property, plant and equipment, intangible assets and right-of-use assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the Consolidated Balance Sheet.

Discontinued operations are reported when a component of the Group has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately in the Consolidated Income Statement as a single amount comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the disposal or remeasurement to fair value less costs to sell. Comparative information in the Consolidated Income Statement is represented to reflect the classification of operations as discontinued from the start of the earliest period presented.

On 14 February 2024 the Group announced its intention to divest the Tradelink® business and initiated an active programme to locate a buyer. The associated assets and liabilities were consequently presented as held for sale from 1 April 2024 when the criteria to be classified as held for sale were met, with Tradelink® being classified as a discontinued operation. Tradelink® was sold on 30 September 2024 with effect from 1 October 2024.

Financial performance and cash flow information of Tradelink®, represented as a discontinued operation

The financial performance and cash flow information presented for the year ended 30 June 2025 include the results from 1 July 2024 and up to the date of disposal of 30 September 2024.

	2025 NZ$M	2024 NZ$M
Revenue	202	758
Cost of goods sold	(145)	(529)
Gross margin	**57**	**229**
Warehouse, distribution, selling, general and administration expenses	(51)	(222)
Significant Items	(58)	(155)
Losses before interest and taxation (EBIT)	**(52)**	**(148)**
Lease interest expense	(2)	(7)
Income tax benefit	2	14
Net losses from discontinued operation net of tax	**(52)**	**(141)**
Other Comprehensive Income - reclassification of foreign currency translation reserve on disposal	53	
Total comprehensive income/(loss) from discontinued operation	**1**	**(141)**

	2025	2024
Net losses per share from discontinued operation (cents)		
Basic	(5.2)	(17.2)
Diluted	(5.2)	(17.2)

	2025 NZ$M	2024 NZ$M (1)
Net cash (outflow)/inflow from operating activities	(7)	28
Net cash outflow from investing activities	(2)	(10)
Net cash outflow from financing activities*	(12)	(46)
Net decrease in cash generated by the subsidiary	**(21)**	**(28)**

* Excludes the benefit of intercompany funding.

(1) Restated for change in policy in presentation of cash flows. Refer to **note 2.1**.

Notes to the Consolidated Financial Statements 2025 (Continued)

Details of the sale of Tradelink® business

	30 September 2024 NZ$M
Consideration received or receivable	186
Separation and transaction costs	(33)
Total disposal consideration	**153**
Carrying amount of net assets sold	(158)
Loss on disposal before reclassification of foreign currency translation reserve	**(5)**
Reclassification of foreign currency translation reserve	(53)
Loss on disposal	**(58)**

The consideration payable by the acquirer is the aggregate of the completion payment ($175 million) and the milestone payment ($11 million). The milestone amounts are payable upon delivery of transitional services by the Group to the acquirer, expected to occur over a period of up to 24 months from completion. Obligation to deliver separation infrastructure has been recognised in "Other provisions" (see **note 11**). The loss of $58 million is presented as a Significant Item from discontinued operation.

The final loss on disposal remains uncertain due to an ongoing dispute between the Group and MML Holdings (the buyer) regarding the completion statements. On 22 May 2025, MML Holdings initiated proceedings in the Supreme Court of NSW against Crane Group Pty Ltd (as vendor) and Fletcher Building (Australia) Pty Ltd (as guarantor), which the Group has good grounds to defend. Depending on the outcome, through proceedings or otherwise, further losses may arise, and any adjustments will be recognised in the period in which the final amount is determined.

The carrying amounts of assets and liabilities as at the date of sale

	30 September 2024 NZ$M
Cash	4
Property, plant and equipment	29
Intangible assets	12
Tax asset	15
Right-of-use assets	105
Debtors	110
Inventories	160
Total assets	**435**
Creditors, accruals and other liabilities	126
Lease liabilities	132
Provisions	19
Total liabilities	**277**
Net assets	**158**

Other disposals

On 31 July 2024, following receipt of regulatory approvals, the Group successfully completed the transaction to divest 50% of its Fiji construction business. The transaction originally valued the Fiji business, comprising Fletcher Construction and Higgins® branded operations, at NZ$42 million, with NZ$21 million received for the sale of the 50% stake in the business, and 50% retained by the Group to be accounted for as an equity-accounted investment going forward. Working capital adjustments resulted in net proceeds of $13 million being received and a loss on disposal of $2 million being recognised. The Fiji construction business sold was not classified as a discontinued operation for reporting purposes. In addition, New Zealand Ceiling and Drywall (NZCDS) was disposed by the Group in March 2025.

Notes to the Consolidated Financial Statements 2025 (Continued)

3. CONSTRUCTION ACCOUNTING

The Group's Construction division is engaged with a wide variety of customers to construct and maintain building and infrastructure projects across New Zealand and the South Pacific. Services provided by the division include construction contract works, engineering and maintenance services. Each project has a different risk profile based on its individual contractual and delivery characteristics. The Group's policies for accounting for such projects are outlined below, including related estimate and judgements made by management that have the most significant effect on the carrying value of assets and liabilities of the Group as at 30 June 2025.

Estimates and judgements are made relating to a number of factors when accounting for construction contracts. On the income side, these include estimates and judgements made on variations to consideration which typically include variations due to changes in scope of work, recoveries of claim income or bonus elements from customers, and potential liquidated damages or penalties that may be levied by customers. On the cost side, these include estimates and judgements related to the assessment of future costs after considering; the programme of work throughout the contract, any changes in the scope of work, any maintenance and defect liabilities, expected inflation (for unlet sub-trades), and the recovery of any cost through insurance claims. For cost reimbursable contracts where the Group is the principal in the arrangement, there are also estimates required on the level of disallowable costs which require an assessment of whether costs are recoverable under the terms of the contract and therefore should be recognised as income. Estimates of the final outcome of each contract may include cost contingencies to take account of specific risks within each contract that have been identified.

Construction projects are inherently more uncertain earlier in their lifetime, which leads to a number of significant estimates and judgements being made at these early stages. Construction divisional management perform regular reviews of their project positions including reassessment of costs to complete estimates, including any cost contingencies and estimated recoverability of any variations at each reporting date. Significant estimates and judgements are reviewed on a regular basis throughout the contract life and are adjusted where appropriate. However, the nature of the risks on contracts is such that they often cannot be resolved until the project has been completed.

The significant judgements inherent in accounting for the Group's most material construction projects are:

- The extent to which a project progresses in line with the complex project programme and timetable previously formed and the resulting impact of any programme delays or gains on project costs, especially project overheads (preliminary and general costs) and any liquidated or other damages or penalties;
- Sub-contractor costs, in particular costs that are yet to be agreed in scope or price (including inflationary pressures) or cost increases that may arise due to programme prolongation;
- Recovery of any insurance claims;
- The outcome of ongoing commercial negotiations, including elements of variable consideration and changes in project scope with customers; and
- Future weather and ground conditions.

The Group's Construction division has a diverse portfolio of long-term construction contracts. The nature and complexity of these contracts mean the outcome can be subject to a significant level of estimation uncertainty, particularly in relation to the likelihood and quantum of any variation claims receivable, as well as the quantification and assessment of any other claims/counterclaims that may exist. Actual outcomes could be different from estimated amounts which may impact projected positions recognised.

Construction accounting policies

Revenue recognition

Construction contract revenue

The Group derives revenue from the construction of building and infrastructure projects across New Zealand and the South Pacific. Contracts entered into may be for the construction of one or several separate inter-linked pieces of large infrastructure. While it is uncommon, contracts can be entered into for the delivery of several projects. Where this occurs, management determine whether a single or multiple performance obligations exist, and allocate the total contract price across each performance obligation based on the relative stand-alone selling prices. The nature of construction projects ordinarily leads to variations in the project size and scope over time, it is also normal practice for contracts to include bonus and penalty elements based on timely construction or other performance criteria, recognised as variable consideration.

Generally, contracts identify various inter-linked activities required in the construction process and the performance obligation is fulfilled over time and as such revenue is recognised over time. Revenue is invoiced based on the measured output of each process based on appraisals that are agreed with the customer on a regular basis, with the Group's right to payment occurring on a performance to date basis also.

Revenue on construction contracts (including sub-contracts) is determined using the percentage of completion method and represents the value of work carried out during the period, including amounts not invoiced. Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract. Margin on a contract is not recognised until the outcome of the contract can be reliably estimated. Management use their professional judgement to assess both the timing of physical completion of the project and the risks associated with the forecasted financial result of the contract as part of this determination.

Notes to the Consolidated Financial Statements 2025 (Continued)

Maintenance contract revenue

Services revenue is primarily generated from maintenance services supplied to roading assets owned by local or central Government in New Zealand and the South Pacific. This revenue also arises in respect of infrastructure assets previously constructed by the Group where maintenance was included in the contract. The service contracts are typically determined to have one single performance obligation which is significantly integrated and is fulfilled over time.

Variable consideration

Revenue in relation to variations, such as a change in the scope of the contract, is only included in the contract price when it is approved by the parties to the contract, the variation is enforceable, or in certain circumstances when it is highly probable that a significant reversal of revenue recognised will not occur and is approved by the Board of Directors.

Revenue backlog

Revenue backlog, as disclosed below, refers to the level of construction work the Group is contracted to but is not yet complete as at period end. This represents the performance obligations that are yet to be completed for the construction contracts active as at 30 June 2025. The long-term nature of the contracts held by the Buildings, Infrastructure, Brian Perry Civil® and Higgins® businesses will see these performance obligations completed over a period generally between one to five years, although some may extend longer.

	30 June 2025		30 June 2024	
Revenue backlog by business units	**Current Revenue Backlog NZ$M**	**Top 5 projects as a % of Revenue Backlog**	**Current Revenue Backlog NZ$M**	**Top 5 projects as a % of Revenue Backlog**
Buildings	18	100%	104	100%
Infrastructure	625	100%	305	98%
Brian Perry Civil®	263	68%	395	67%
Higgins®	694	51%	1,006	48%
South Pacific	8	100%	35	99%
	1,608	**NA**	**1,845**	**NA**

Contract assets, contract liabilities and provisions for onerous contracts

Contract assets/liabilities are usually stated at cost-plus profit recognised to date, less progress billings. Costs include all expenditure directly related to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Onerous contracts are defined in NZ IAS 37 Provisions; where the unavoidable costs (i.e. the costs that the division cannot avoid because it has to fulfil the contract) of meeting the obligations under a contract exceed the economic benefits expected to be received under it. When a contract is identified as onerous ("loss-making"), a provision is made for estimated future losses on the entire contract. Onerous contract provisions recognised in relation to the Group's legacy building and infrastructure projects have been disclosed in **note 11**.

Contract assets

The gross amount of construction and maintenance work in progress consists of costs attributable to work performed and emerging profit after providing for any foreseeable losses. In applying the accounting policies on providing for these losses, accounting judgement is required.

Construction contracts with cost and margin in advance of billings are presented as part of contract assets.

Contract liabilities

Construction contracts where the total progress billings issued to clients (together with foreseeable losses if applicable) on a project exceed the costs incurred to date plus recognised profit on the contract are recognised as a liability.

	2025 NZ$M	2024 NZ$M
Construction contracts with cost and margin in advance of billings	50	142
Contract assets	50	142
Construction contracts with billings in advance of cost and margin	56	166
Contract liabilities	56	166

Notes to the Consolidated Financial Statements 2025 (Continued)

Legacy construction projects update

A summary of the major construction projects, including their approximate stage of completion and other relevant information is disclosed to demonstrate the uncertainty that remains on these projects.

Status of legacy construction projects (> $200 million original contract value) as at 30 June 2025

	Business unit	Forecast practical completion/ handover*	Percentage of completion 2025 (% cost)
New Zealand International Convention Centre (NZICC) - Fixed price contract and fire reinstatement	Buildings	2025	99%
Pūhoi to Warkworth - Fixed price contract (Public Private Partnership)	Infrastructure	2024	99%

* Calendar year

Pūhoi to Warkworth (P2W)

On the Pūhoi to Warkworth (P2W) motorway project, as announced on 23 June 2025, Fletcher Construction and Acciona, its 50% partner in the design and construction of the motorway (together, the Construction JV) reached a settlement with the New Zealand Transport Agency and the Northern Express Group of the Construction JV's claim related to the impacts and delays to the project arising from COVID-19 and other weather events. As a result of the settlement, the Group recognised a loss on claims receivable of $16.4 million, with a corresponding impact to FY25 EBIT before Significant Items as at 30 June 2025. The settlement has enabled the recovery of $56 million in project-related cash and represents further progress in closing out historical construction contract exposures.

Separately, the Construction JV has submitted material claims under the contract works insurance for damage to the P2W project caused by the landslips and weather events during construction. These claims were settled subsequent to year end, consistent with the amounts recognised as at 30 June 2025. There is also a limited range of less material matters to be resolved in relation to the project. The resolution of these matters, together with the insurance claims, will determine the final P2W project outcome.

New Zealand International Convention Centre (NZICC)

On the New Zealand International Convention Centre (NZICC) project, good progress was made during the year to 30 June 2025 with building work completed and the focus turning to commissioning, remediating minor defects and securing required Council sign-offs. Fletcher Construction anticipates handing over the NZICC to SkyCity during the second half of 2025, prior to SkyCity's announced opening in February 2026.

On 6 June 2025, SkyCity issued proceedings against Fletcher Construction and the Company over delays in the NZICC project and associated costs. Fletcher Construction has already paid significant liquidated damages to SkyCity in relation to the delays in delivering the NZICC, up to the capped amount provided for in the building works contract. Whilst the delivery of the NZICC project has suffered from a number of challenges, including as a consequence of the fire and Covid-related impacts, Fletcher Construction rejects absolutely that it has breached the building works contract in the manner alleged by SkyCity and that, accordingly, SkyCity is not entitled to additional liquidated damages above the capped amount. Fletcher Construction will vigorously defend itself against the SkyCity claim.

Additionally, as announced on 6 June 2025, the net costs to complete the NZICC project have been reassessed, taking into account the costs and resources estimated for the project's final stages. The result is that an additional provision of $15 million was recognised in the project forecast, which does not allow for any costs associated with the SkyCity proceedings. The assessment of the net cost to complete the project continues to rely on the application of estimates and judgements (e.g., programme to complete and cost estimates for certain trades) and, as such, may be subject to change as the project progresses. It is possible that the final provision could be below or above the levels currently allowed for due to changes in costs to complete.

The Group continues to pursue recoveries under the NZICC Third Party Liability (TPL) insurance policy of more than $100 million and has brought legal action against the roofing membrane subcontractors in relation to the fire. While the Company considers it has good grounds to recover material amounts under the TPL policy, it has determined that these proceeds are not yet "virtually certain" in accordance with NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets to be recognised. As such, no amount has been recognised to be recovered under the TPL policy in the project position. The Company will continue to pursue its rights to recovery under the TPL policy and the Court action, though this is not expected to be settled until calendar year 2026.

Wellington International Airport (WIAL) Carpark

On the Wellington International Airport (WIAL) Carpark project, Fletcher Construction completed a multi-level carpark for WIAL in October 2018. The client alleged there are a number of defects in the carpark and the adjacent storm water drainage. It is claiming the cost of remediation and other related losses of approximately $40 million.

As at 30 June 2025, the storm water drainage remediation works were complete and the project was issued a Final Completion Certificate. Fletcher Construction continues to seek to agree with WIAL a remediation solution to the quality issues alleged by WIAL and to settle other disputes between them in relation to the project. Alongside commercial discussions, the parties are preparing for an arbitration to resolve the disputes, which is currently set down to be held during 2026. The second part is expected to cover WIAL's concrete cover claim and is scheduled to be heard in September 2026.

Notes to the Consolidated Financial Statements 2025 (Continued)

Based on Fletcher Construction's assessment of the estimated remedial costs and expected recoveries, no additional provision is required to be recognised on this project as at 30 June 2025.

It is possible that the final provision could be below or above the levels currently allowed for and would ultimately depend on the resolution of the disputes between the parties.

Financial Review

This section explains the results and performance of the Group, including the segmental analysis and earnings per share.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group revenue is derived from the following streams:

- Sale of building products and materials
- Development and sale of properties
- Construction of building and infrastructure projects (refer to **note 3**)
- Maintenance service contracts (refer to **note 3**)

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of building products and materials

The materials and distribution businesses within the Group recognise revenue when control of the goods has passed to the customer, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and there is a high probability that a significant reversal in the revenue recognised will not occur. Revenue is measured net of returns, trade discounts and volume rebates. The timing of the transfer of control varies depending on the individual terms of the sales agreement. For most sales, this occurs when the product is delivered to the customer.

Development and sale of properties

Through the Residential and Development division the Group derives income from the sale of completed houses and apartments, and the sale of development sites surplus to Group requirements. Revenue is recognised when control passes to the customer for each type of transaction. Residential unit sales are commonly recognised at the time of settlement, when title passes to the customer and payment is received. Land development sales are recognised in line with the requirements of the specific sale and purchase agreement.

Performance obligations vary between the types of transactions. The sale of a completed house to a customer is a single performance obligation, as residential units are not constructed under contract from a customer. For development sales, the division reviews the terms of the sale to determine whether the performance obligations are distinct and separately identifiable.

	2025			2024		
NZ$M	**Point in time**	**Over time**	**Total revenue**	**Point in time**	**Over time**	**Total revenue**
Sales of building products and materials	5,041		5,041	5,378		5,378
Development and sale of properties	520		520	739		739
Construction contract revenue		778	778		797	797
Maintenance revenue		655	655		769	769
Total	**5,561**	**1,433**	**6,994**	**6,117**	**1,566**	**7,683**

Notes to the Consolidated Financial Statements 2025 (Continued)

5. NET EARNINGS PER SHARE

Earnings per share is the portion of a company's profit allocated to each outstanding ordinary share and is calculated by dividing the earnings attributable to shareholders by the weighted average of ordinary shares on issue during the year including treasury stock. Capital notes and options are convertible into the Company's shares and may therefore result in dilutive securities for purposes of determining the diluted net earnings per share. The Group may, at its option, purchase or redeem the capital notes for cash at the principal amount plus any accrued but unpaid interest.

Bonus share

The Group has restated the prior year earnings per share metrics to reflect the slight dilution resulting from the "bonus share" element of the capital raise completed during the period. The new shares, issued at $2.40 under the share placement, were priced at a theoretical 17.0% discount to the $2.89 closing price on the NZX on 20 September 2024, before the equity raise was announced. The additional shares issued due to the discount, compared to the number required without a discount, are considered the "bonus share" element. The prior year's comparative weighted average number of ordinary shares of 783 million shares has been adjusted to reflect these "bonus shares", equating to 819 million shares. Similarly, the current year's weighted average number of ordinary shares has been increased as if these bonus shares had been in place for the entire financial year, rather than just from the date of issue.

	2025	2024
Net losses per share (cents)		
Basic	(41.4)	(27.7)
Diluted	(41.4)	(27.7)
Net losses per share from continuing operations (cents)		
Basic	(36.2)	(10.5)
Diluted	(36.2)	(10.5)
	NZ$M	**NZ$M**
Numerator		
Net losses	(419)	(227)
Numerator for basic losses per share	(419)	(227)
Dilutive capital notes		
Numerator for diluted net losses per share	**(419)**	**(227)**
Numerator (continuing operations)		
Net losses	(367)	(86)
Numerator for basic losses per share	(367)	(86)
Dilutive capital notes		
Numerator for diluted net losses per share from continuing operations	**(367)**	**(86)**
Denominator (millions of shares)		
Weighted average number of shares outstanding	1,013	819
Conversion of dilutive capital notes		
Denominator for diluted net losses per share	**1,013**	**819**

Notes to the Consolidated Financial Statements 2025 (Continued)

6. CONSOLIDATED INCOME STATEMENT DISCLOSURES

The following items are specific disclosures, either required or provided for transparency, and are included within cost of goods sold and warehouse, distribution, selling, general and administrative expenses, other operating income/(expenses) and other gains/(losses) from continuing operations (excluding Significant Items) in the Consolidated Income Statement:

	2025 NZ$M	2024 NZ$M
Employee related short-term costs [1]	1,392	1,482
Other long-term employee related benefits	56	51
Depreciation of property, plant & equipment	154	149
Amortisation of intangible assets	17	16
Depreciation of right-of-use assets	189	172
Short-term and low-value lease asset expense	53	57
Repairs and maintenance	161	168
Bad debts written off	4	2
Net periodic pension service cost	2	2
Research and development expenditure	2	3
Donations and sponsorships	3	3
Other operating income/(expenses)		
Restructuring costs	(6)	(16)
Golden Bay MVAC ship breakdown	(6)	
Other sundry income	6	5
Insurance proceeds - business interruption		9
Other gains/(losses)		
Emission trading unit sales	1	6
Net interest income on defined benefit assets	7	6
Loss on disposal of property, plant and equipment	(1)	(2)

(1) Short-term employee benefits for the executive committee included in the above are disclosed in **note 23**.

Auditor's remuneration

	2025 NZ$000's	2024 NZ$000's
Audit and review of the financial statements [1]	3,974	4,066
Total audit and assurance services	3,974	4,066
Other services [2]	176	24
Total non-assurance services	176	24
Total auditor's remuneration	**4,150**	**4,090**

(1) The audit includes fees for both the annual audit of the financial statements (including subsidiary level statutory financial statements) and the review of the interim financial statements.

(2) Other services relate to due diligence support ($128,000), pre-assurance procedures over climate-related disclosures ($25,000), agreed upon procedures ($10,000), taxation compliance ($8,000) and financial statements presentation services ($5,000) relating to the Group's Fiji based subsidiaries.

Notes to the Consolidated Financial Statements 2025 (Continued)

Working Capital Management

This section provides details of the key elements of working capital which include cash, receivables, inventories and short-term liabilities.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and demand deposits with banks that are readily convertible to cash.

Cash and cash equivalents include the Group's share of amounts held by joint operations of $24 million (2024: $31 million).

At 30 June 2025, approximately $23 million (2024: $42 million) of total cash and deposits were held in subsidiaries that operate in countries where exchange controls and other legal restrictions apply and are not immediately available for general use by the Group.

	2025 NZ$M	2024 NZ$M
Cash and bank balances	121	295
Contract retention bank balances	18	16
Cash and cash equivalents	**139**	**311**

Reconciliation of net losses to net cash from operating activities

	2025 NZ$M	2024 NZ$M
Net losses	(419)	(227)
Earnings attributable to minority interest	2	7
	(417)	(220)
Add/(less) non-operating cash flow items:		
Interest expense	178	205
Interest income	(6)	(5)
Add/(less) non-cash items:		
Depreciation, depletions and amortisation expenses	360	373
Other non-cash items	576	429
Taxation	(69)	25
Net loss on disposal of businesses, property, plant and equipment	61	3
	1,100	1,030
Net working capital movements		
Residential and Development	(8)	67
Construction	(95)	(346)
Other divisions:		
Debtors	(7)	151
Inventories	18	64
Creditors	(90)	(158)
	(182)	(222)
Net cash from operating activities	**501**	**588**

8. DEBTORS

Debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 90 days and are therefore all classified as current. Debtors are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's credit risk policies and the calculation of the loss allowance are provided in **note 18.3**.

Notes to the Consolidated Financial Statements 2025 (Continued)

	2025 NZ$M	2024 NZ$M
Trade debtors	618	636
Contract debtors	93	148
Contract retentions	29	32
Less: expected credit loss provisions	(16)	(15)
Trade and contract debtors	724	801
Other receivables	125	113
	849	**914**
Current	642	705
0 – 30 days over standard terms	68	80
31 – 60 days over standard terms	10	10
61+ days over standard terms	20	21
Provision	(16)	(15)
Trade and contract debtors	**724**	**801**

Fair value of debtors

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Recoverability and risk exposure

Information about the recoverability of trade receivables and the Group's exposure to foreign currency risk and credit risk can be found in **notes 18.1** and **18.3**.

9. INVENTORIES, INCLUDING LAND AND PROPERTY DEVELOPMENTS

Raw materials, stores, work in progress and finished goods

Raw materials, stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on a first-in, first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs and replacement costs in the consumable stores and spares necessary to make the sale.

Property and land inventories

Residential units and freehold land held for resale are stated at the lower of cost and net realisable value. Freehold land under development comprises land acquisition and development costs as well as any direct or indirectly attributable overheads. Residential units, both completed and under development, comprise apportioned land costs as well as direct materials, labour costs, site overheads, associated professional charges and other attributable overheads. Net realisable value represents the estimated selling prices less all estimated costs of completion and overheads.

	2025 NZ$M	2024 NZ$M
Manufacturing, distribution and other inventories		
Raw materials	178	213
Work in progress	18	17
Finished goods	584	585
Consumable stores and spare parts	59	54
	839	**869**
Inventories held at cost	780	814
Inventories held at net realisable value	59	55
	839	**869**

Notes to the Consolidated Financial Statements 2025 (Continued)

	2025 NZ$M	2024 NZ$M
Property and land inventories		
Freehold land	75	69
Freehold land under development	541	511
Properties under development	315	273
Completed properties	135	148
	1,066	**1,001**
All property and land inventories are held at cost.		
Total inventories		
Current portion	1,325	1,276
Non-current portion	580	594
	1,905	**1,870**

Inventory classified as non-current

The non-current portion of inventories relates to land and developments that are expected to be held for greater than 12 months.

Land and property commitments

The Group's Residential and Development division has commitments for the purchase of land and construction services totalling $236 million (2024: $275 million), of which $93 million is expected to be delivered in the year ending 30 June 2026.

Emissions units

Emissions units held for own use are allocated to the Group under the New Zealand Emissions Trading Scheme (NZ ETS) and used to settle the Group's emissions obligation. The units are initially recognised at cost with subsequent reassessment for lower of cost or net realisable value. Emissions units held by the Group as at 30 June 2025 have been recognised at nil value (2024: nil).

10. CREDITORS, ACCRUALS AND OTHER LIABILITIES

Trade creditors and other liabilities are stated at cost or estimated liability where accrued. Employee entitlements include annual leave which is recognised on an accrual basis and the liability for long service leave which is measured as the present value of expected future payments to be made in respect of services provided by employees.

Assumptions in determining long service leave relate to the discount rate, estimates relating to the expected future long service leave entitlements, future salary increases, attrition rates and mortality.

	2025 NZ$M	2024 NZ$M
Trade creditors	469	530
Contract retentions	20	22
Accrued interest	14	20
Other liabilities	525	493
Employee entitlements	164	200
Workers' compensation schemes	10	11
	1,202	**1,276**
Current portion	1,171	1,142
Non-current portion	31	134
Carrying amount at the end of the year	**1,202**	**1,276**

The non-current portion of creditors and accruals as at 30 June 2025 primarily relates to long service employee entitlement obligations and deferred land purchases.

Notes to the Consolidated Financial Statements 2025 (Continued)

Put option liability

Included in "Other liabilities" is $102 million (2024: $60 million) reflecting put options held by partners in residential developments. These represent the Group's contractual obligations to purchase the partners' interests under specified conditions. In accordance with NZ IAS 32 Financial Instruments: Presentation, these put options are classified as financial liabilities and measured at amortised cost using the effective interest method. As the risks and rewards of the partnership interests are expected to be retained by the partner, any subsequent remeasurement of the liability is done through non-controlling interests in reserves.

Deferred land settlement

Included in "Other liabilities" is $142 million (2024: $140 million) of deferred payables for residential land acquisitions contracted to by the Group.

11. PROVISIONS

Provisions for restructuring, service and environmental warranties and other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses other than losses recognised on onerous contracts. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate at the end of the reporting period of the expenditure required to settle the present obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

Restructuring

Restructuring provisions are recognised when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan. Costs relating to ongoing activities are not provided for.

Warranty and environmental

Warranty provisions represent an estimate of potential liability for future rectification work in respect of products sold and services provided. Environmental provisions represent an estimate for future liabilities relating to environmental obligations.

Onerous contracts

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

Make good

Make good provisions are recognised for obligations to restore leased sites to the original condition. Costs are estimated based on lease terms, discounted where material, and capitalised into the related asset.

Other

Other provisions relate to miscellaneous matters, across the Group.

Notes to the Consolidated Financial Statements 2025 (Continued)

2025	Restructuring NZ$M	Warranty & environmental NZ$M	Onerous contracts NZ$M	The Industry Response NZ$M	Make good NZ$M	Other NZ$M	Total NZ$M
Carrying amount at the beginning of the year	15	18	78		26	62	199
Charged to earnings	7	1	37	170		36	251
Settled or utilised	(9)	(7)	(78)	(14)	(3)	(19)	(130)
Released to earnings	(4)					(1)	(5)
Recognised on balance sheet					26	(1)	25
Currency translation	1			(2)			(1)
	10	**12**	**37**	**154**	**49**	**77**	**339**
2024							
Carrying amount at the beginning of the year	11	24	281		25	93	434
Charged to earnings	14	6	180			14	214
Settled or utilised	(8)	(10)	(383)		(3)	(37)	(441)
Released to earnings	(1)	(2)				(4)	(7)
Recognised on balance sheet					4	(2)	2
Currency translation/other	(1)					(2)	(3)
	15	**18**	**78**		**26**	**62**	**199**

	2025 NZ$M	2024 NZ$M
Current portion	278	171
Non-current portion	61	28
Carrying amount at the end of the year	**339**	**199**

During the year, the Group utilised $9 million (2024: $8 million) in respect of restructuring obligations across various businesses. The $10 million remaining provision, in relation to restructuring, is expected to be utilised within the next 12 months. Warranty and environmental provisions are expected to be utilised over the next two years.

Silicosis

Laminex® Australia (together with other engineered stone manufacturers, distributors and fabricators in Australia) is the subject of a number of silica related personal injury claims in Australia. Laminex® Australia has settled the majority of claims that have been brought against it to date, and in FY25 Laminex® Australia contributed $0.4 million (2024: $1.3 million) to claim settlements. Estimating the number and cost of future silica related personal injury claims is subject to uncertainties and assumptions, as further detailed below. The Group has considered the exposure Laminex® Australia may have for the existing and future claims and, to the extent it considers appropriate to do so, has provided for them. Based on currently available information, no change in provision amount is required. While regulators in multiple States are currently seeking a greater contribution from the industry to settlement amounts than has been the case historically, Laminex® Australia does not accept the basis for seeking greater contribution, however there is a risk that the proportionate contribution by the industry to settlement amounts may increase in future claims. Notwithstanding the information obtained from settling claims in recent years, there remains significant uncertainty in relation to the Group's full exposure to these claims, including:

- the number of workers affected by silicosis as a result of engineered stone provided by manufacturers and fabricators in Australia;
- the number of claims that may be received and the timing of them;
- the nature of those claims and the amounts sought to be recovered, which vary considerably based on the condition and circumstances of the injured worker;
- the size of any settlement amounts agreed or damages awarded, particularly given different laws in various States; and
- the degree to which other parties, such as the worker's employer and other manufacturers, are liable to (and do) contribute to any amount owed to the worker.

As a result, there remains a risk that, ultimately, the final exposure of Laminex® Australia to these claims will be greater than the amount currently allowed.

Notes to the Consolidated Financial Statements 2025 (Continued)

The WA plumbing failures Industry Response

Fletcher Building subsidiary, Iplex® Pipelines Australia (Iplex® Australia) has been addressing claims raised against Iplex® Australia in respect of a hot and cold water polybutylene pipe product it previously manufactured under the name "Pro-fit", primarily relating to plumbing failures impacting some WA homes.

Iplex® Australia started manufacturing Pro-fit with Typlex resin from mid-2017 and those products represented the bulk of sales of hot and cold water residential pipes after that time. Iplex® Australia ceased the sale of Pro-fit in mid-2022. The Pro-fit product was sold in other Australian states (outside WA) but it was not sold in New Zealand.

In response to the claims raised, Iplex® Australia established an interim investigation fund in April 2023 to support urgent repairs and undertake investigations. Comprehensive testing confirmed that the pipes met manufacturing standards. Iplex® Australia also worked with builders, independent experts and government regulators to assess and determine the root causes.

On 13 November 2024, the Group announced that Iplex® Australia, together with the Western Australian Government and key industry stakeholders, had finalised the Industry Response (the IR) to address the plumbing failures impacting some WA homes constructed using Typlex Pro-Fit pipe. Among other matters, the IR provides builders participating in the IR with funding for an agreed work and remediation programme for affected WA homes. The IR commits Iplex® Australia to fund 80% of the direct costs incurred by participating builders, with the WA Government contributing 20% up to a capped amount of A$30 million (NZ$33 million). The IR is entered into on a no liability, no admissions basis. All participants in the IR have also agreed to a "no sue" provision as part of the agreement.

As a result of its entry into of the IR, Iplex® Australia recorded a provision of A$155 million (NZ$170 million) pre-tax for the expected costs it has agreed and is obligated to incur under the IR, which are classified as a Significant Item. The total provision amount assumes approximately A$125 million (NZ$138 million) for repair costs (net of the A$30 million contribution receivable from the WA Government), A$15 million (NZ$16 million) for the installation of leak detector units, and A$15 million (NZ$16 million) for expected administrative and overhead expenses. These costs are expected to be incurred over at least five years, with higher expenditure anticipated in the initial stages to address urgent remediation work and establish necessary infrastructure (e.g., leak detectors). As of 30 June 2025, A$13 million (NZ$14 million) of the total provision amount has been utilised.

The IR was launched in November 2024 and now has 38 participating builders who are undertaking the agreed work and remediation programme. This includes remedying plumbing failures and associated damage, replacing pipes in ceilings and rooms, as well as full home pipe replacements (during which the homeowner has the benefit of temporary accommodation where required). The IR also includes a roll out of leak detector units to affected homes, free of charge. Information from the IR has revealed that, on average, the cost of leak and damage repairs are reduced where the home has been fitted with a leak detector unit. As at 30 June 2025, 55 homes have been fully remediated, and over 2,000 homes have had leak detector units installed, under the IR.

Costs incurred to date under the IR by Iplex® Australia are in line with the current provision which:

- assumes ~5,300 WA homes will experience one or more plumbing failures over time;
- covers the direct costs of remediation and preventive measures, including leak detector units, pipe repairs, ceiling pipe replacements, and, for WA homes with extensive failures, a full house re-pipe plus temporary accommodation where required;
- excludes builders' overheads or management costs or any margin or cost of expenses incurred directly by them in connection with repairing, rectifying, or remediating any defective workmanship; and
- excludes any legal costs, including litigation defence costs.

While most major builders have agreed to participate in the IR, the Buckeridge Group of Companies (BGC), which is responsible for constructing ~55% of the affected WA homes, has not joined the IR. The provision includes allowances for homes built by BGC, as BGC has the option to participate in the IR at any time. BGC has not ruled out joining the IR in the future and Iplex® Australia remains open to engaging with BGC as to how that could be achieved. To the extent that BGC remains outside the IR, the repair costs and associated cash flows for Iplex Australia are expected to be proportionally lower. BGC homes are being fitted with leak detectors. However, BGC remaining outside the IR could increase the liability exposure that may arise due to further disputes and claims from BGC. See **note 25** for further details.

The total estimated cost of the remediation works under the IR remains subject to significant risk and uncertainty. As noted above, key assumptions underlying the provisioned amount include BGC's participation in the IR and the number of WA homes built with Typlex Pro-Fit pipes that are expected to develop leaks over time. In relation to the latter, the number of homes that have experienced plumbing failures that have been reported via the IR up to 30 June 2025 remains within the number of homes accommodated by the provision and the number of homes experiencing their first plumbing failure continues to decline over time. A second assumption is that not all homes that experience one failure will go on to experience subsequent failures. A third assumption is the cost for remediating each plumbing failure in accordance with the agreed work programme and the timing of that expenditure. If the actual number of affected homes, the extent of failures or the repair costs (or any revised estimate thereof) exceeds current estimates (including, for example, if the distribution of repairs skews towards more extensive and expensive interventions), the provision may be insufficient and need to be increased. While to date these assumptions have been adequately accommodated within the existing provision, they remain subject to review and change over time.

The provision does not account for any risk from litigation or class action (see **note 25** for further details of the existing claims and class action). There are two claims against Iplex Australia outside the IR relating to the plumbing failures, which seek recovery of a wide range of damages and losses on behalf of all relevant homeowners and some builders, including the class action. The claims include: costs of removing, repairing, replacing and disposing of the affected pipe; repair costs and/or possessions damaged by the affected pipe; reduction in property value, vexation, distress and disappointment. If a current or future claim is successful, it may have a material adverse impact on the Group.

Notes to the Consolidated Financial Statements 2025 (Continued)

The IR should operate to some extent as a mitigant of those risks but it does not dispose of them. Further, the IR does not affect the right of homeowners or others with claims (e.g., home insurers) to take action. Homeowners are entitled to remain in the class action while also taking up the work programme on offer under the IR. A final outcome of a class action may ultimately replace the IR terms for the homes of class members and their successors.

The Group will monitor the provision and will reassess its adequacy if and as new and material information becomes available.

Provision for Interim Investigation Fund

Iplex® Australia's interim investigation fund was closed to new claims on finalisation of the IR. The total amount disbursed under the fund since its establishment in May 2023 was ~A$17.8 million (NZ$20 million). Of this, A$2.8 million (NZ$3.1 million) was recognised and classified in FY25 as a Significant Item, given that A$15 million (NZ$16 million) had already been recognised in FY24.

Fletcher Insulation® provision for product claims

Fletcher Insulation® Australia is the subject of claims relating to installed glass wool insulation containing an imported foil. Fletcher Insulation® Australia is investigating the complaints to ascertain the cause and extent of the issue. Fletcher Building's New Zealand insulation business, Comfortech®, did not use the same imported foil. The Group has considered the exposure Fletcher Insulation® Australia may have for the existing and future claims, with a provision recognised based on the facts and circumstances known at balance date. Fletcher Insulation® Australia is also assessing potential recoveries from its supplier of the product. There remains a risk that the Group's full exposure will be greater than the amount currently allowed.

Long-term Investments

This section details the long-term assets of the Group including property, plant and equipment, investment property, intangible assets and leases.

12. PROPERTY, PLANT AND EQUIPMENT

Land, buildings, plant and machinery and fixtures and fittings are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of purchasing land, buildings, plant and machinery, fixtures and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and the condition necessary for their intended service, including subsequent expenditure. To the extent acquisition, development and construction of capital projects extend over a period of 12 months, attributable borrowing costs are capitalised as part of the cost of the asset while the asset is being developed or constructed. On completion of development, all assets included in assets under construction are reclassified appropriately into the relevant categories of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Income Statement during the reporting period in which they are incurred.

Depreciation of property, plant and equipment is calculated on the straight-line method. Expected useful lives, which are regularly reviewed, typically range between:

Buildings	30 – 50 years
Plant and machinery	5 – 15 years
Fixtures and equipment	2 – 10 years

Resource extraction assets are held at historic cost and depleted over the shorter of the life of the site or right-to-use period. Site development costs incurred in order to commence extraction are capitalised as resource extraction assets.

Assets are reviewed annually for impairment indicators. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements 2025 (Continued)

2025	Land NZ$M	Buildings NZ$M	Plant & Machinery NZ$M	Fixtures & Equipment NZ$M	Resource Extraction NZ$M	Total NZ$M
Carrying value at the beginning of the year	262	333	1,336	159	117	2,207
Additions	4	71	145	56	16	292
Disposals			(10)	(1)		(11)
Depreciation expense		(10)	(110)	(24)	(10)	(154)
Impairment		(14)	(10)	(2)		(26)
Transfer to right-of-use assets	(39)					(39)
Transfer of assets to inventory	(37)	(4)				(41)
Currency translation	(1)	(1)	(3)			(5)
	189	**375**	**1,348**	**188**	**123**	**2,223**
Represented by:						
Cost	189	529	2,824	433	185	4,160
Accumulated depreciation and impairment		(154)	(1,476)	(245)	(62)	(1,937)
Carrying value at the end of the year	**189**	**375**	**1,348**	**188**	**123**	**2,223**
2024						
Carrying value at the beginning of the year	244	286	1,264	171	107	2,072
Additions	20	61	197	53	19	350
Acquisitions from business combination	1		1		1	3
Classified as held for sale	(2)	(1)	(10)	(32)		(45)
Disposals	(1)	(2)	(5)	(2)		(10)
Depreciation expense		(11)	(104)	(31)	(10)	(156)
Impairment			(8)			(8)
Currency translation			1			1
	262	**333**	**1,336**	**159**	**117**	**2,207**
Represented by:						
Cost	262	463	2,728	390	169	4,012
Accumulated depreciation and impairment		(130)	(1,392)	(231)	(52)	(1,805)
Carrying value at the end of the year	**262**	**333**	**1,336**	**159**	**117**	**2,207**

As at 30 June 2025, property, plant and equipment includes $461 million of assets under construction that are not depreciated until they are commissioned and brought into use (2024: $396 million).

Physical impacts from climate-related risk

In FY20, FY22 and FY24, the Group appointed Aon New Zealand to assess climate-related physical risks. The assessment focused on a number of climate-related hazards, including rainfall, temperature, sea level rise and extreme storm events, and other events such as bush fire.

Three scenarios over three time horizons (2030, 2050 and 2070) were used for the FY24 assessment. The scenarios used map to RCP2.5/SSP1, RCP2.6/SSP2 and RCP 8.5/SSP3 in the fifth and sixth IPCC assessment reports. Of the three scenarios assessed, the RCP 8.5/SSP3 scenario, also known as the "reasonable worst case" or "Hot House" scenario, is the scenario with the highest projected temperature rise.

The assessment generated a number of key outputs including:

- the Group's overall exposure to climate related hazards is moderate with flooding being the key exposure;
- less than 5% of the Group's asset value has high or extreme flood hazard exposure;
- the assessment did not identify a material change in risk in the FY2030 or 2050 timeframes; and
- some change in flood risk is expected for the FY2070 timeframe due to changes in climate stressors.

The Group is currently undertaking a review of climate-related physical risks in conjunction with Marsh Advisory. As at the reporting date, no material changes have been identified relative to the prior year assessment performed by Aon. Accordingly, there has been no change to the Group's view of physical climate risk exposure or the expected useful economic lives of non-current assets.

Notes to the Consolidated Financial Statements 2025 (Continued)

Key impacts arising from climate-related transition risk

A significant climate-related transition risk for the Group relates to the current New Zealand Emissions Trading Scheme (NZ ETS) settings, which will principally affect the Group's Golden Bay® business and operating model. Golden Bay® is New Zealand's only domestic cement manufacturer, providing supply chain resilience to the construction industry, and is a significant employer in the Northland region of New Zealand. Recent changes to ETS legislation in 2023, including the Climate Change Response (Late Payment Penalties and Industrial Allocation) Amendment Act 2023, have introduced uncertainty regarding future free allocation levels which, in the Group's view, disincentivises accelerated decarbonisation and increases the possibility of emissions leakage. While the business is committed to decarbonising cement and concrete, it cannot deploy the capital previously signalled to the market for domestic manufacturing until there is greater regulatory certainty. The Group considers that a Carbon Border Adjustment Mechanism (CBAM), or a mechanism that delivers an equivalent level playing field, would need to be in place for the business to continue to be able to manufacture cement domestically in the long term. In the absence of a CBAM or equivalent mechanism, Golden Bay® would likely need to consider transitioning to an import model by the earlier 2030's, which (if done) could result in a non-cash impairment and write-down of assets of up to ~$165 million, as well as potential make good and redundancy cash costs of up to ~$180 million. These amounts are scenario-based and subject to material judgement and estimation uncertainty; no impairment or provision related to this scenario has been recognised at the reporting date.

13. INVESTMENT PROPERTY

The Group's investment property primarily relates to Vivid Living®, the Group's retirement operations, and is held for long-term yields and is not occupied by the Group. The Group's investment property includes freehold development land and building units under development including adjacent common facilities.

Investment property is initially measured at cost and includes land and property construction costs, together with any directly attributable overheads of bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

The Group applies the fair value model for subsequent measurement of its development land and completed retirement units, with any resulting gain or loss being recognised in the Consolidated Income Statement. The measurement of fair value is within the scope of NZ IFRS 13 Fair Value Measurement, and determined by way of an independent valuation undertaken of the retirement village assets in accordance with professional valuation standards as at 30 June 2025.

All investment property has been determined to be level 3 in the fair value hierarchy as the fair value is determined using inputs that are unobservable.

The Group's investment property is categorised as follows:

	2025 NZ$M	2024 NZ$M
Development land at fair value	52	27
Retirement units under construction at cost	3	25
Completed retirement units at fair value	71	48
	126	**100**

Movement in the Group's investment property balances is outlined below:

	2025 NZ$M	2024 NZ$M
Opening balance	100	58
Additions	12	20
Transferred from inventory	8	20
Change in fair value	6	2
Closing balance	**126**	**100**

The Group's interest in all completed investment property was valued on 30 June 2025 by Colliers Limited. The fair value of completed investment property was $71 million (2024: $48 million).

During the year, 29 retirement units were provided to residents under Vivid Living®'s occupation right agreements (ORA) (2024: 17). As at 30 June 2025, the carrying value of the Group's ORA liability amounted to $44 million (2024: $17 million), recognised in "Other liabilities" (see **note 10**).

Notes to the Consolidated Financial Statements 2025 (Continued)

14. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Group's intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. Intangible assets with a definite life are amortised on a straight-line basis.

Goodwill is stated at cost, less any impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment, and when an indication of impairment exists. Brands for which all relevant factors indicate that there is no limit to the foreseeable net cash flows are considered to have an indefinite useful life and are held at cost and are not amortised but are subject to an annual impairment test.

For the purposes of considering whether there has been an impairment, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. When the book value of a group of assets exceeds the recoverable amount, an impairment loss arises and is recognised in the Consolidated Income Statement immediately.

Amortisation of definite life intangible assets are calculated on the straight-line method. Expected useful lives, which are regularly reviewed, typically range between:

Intangible assets, including software	5 – 15 years

Cloud computing arrangements

The Group recognises costs incurred in configuring or customising cloud application software as an intangible asset only if the activities create a resource that the Group can control and from which it expects to benefit. Such costs are amortised over the estimated useful life of the software application on a straight-line basis. The remaining useful life is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where the Group cannot determine whether it has control of the cloud application software, the arrangement is deemed to be a service contract. In such cases, any implementation costs (i.e. cost incurred to configure or customise the cloud application software) are expensed to the Consolidated Income Statement as incurred.

Where the provider of the cloud application software provides both configuration and customisation services, judgement is required to determine whether these services are distinct from the underlying use of the software application. Distinct configuration and customisation costs are expensed as incurred as the software application is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs, that significantly enhance or modify the cloud-based application, are recognised as a prepaid asset and expensed over the contract term on a straight-line basis.

To the extent the acquisition and development of capital intangible projects extend over a period of 12 months, attributable borrowing costs are capitalised as part of the cost of the asset while the asset is being developed. On completion, all cost included in asset under development are reclassified as "Other intangibles" and amortised when available for use.

Assessing the carrying value of goodwill and indefinite life brands requires management to estimate future cash flows to be generated by the related cash-generating unit. The key assumptions used in the value-in-use or fair value less costs of disposal basis include the expected rate of growth of revenues and earnings, the EBIT margin and the appropriate discount rate to apply, and are detailed in **note 2.3**.

Notes to the Consolidated Financial Statements 2025 (Continued)

2025	Goodwill NZ$M	Brands NZ$M	Other Intangibles NZ$M	Total NZ$M
Carrying value at the beginning of the year	644	232	158	1,034
Additions			3	3
Impairment/derecognition	(195)	(19)	(97)	(311)
Amortisation expense			(17)	(17)
Currency translation	(4)	(2)		(6)
	445	**211**	**47**	**703**
Represented by:				
Cost	445	312	250	1,007
Accumulated impairment/amortisation		(101)	(203)	(304)
Carrying value at the end of the year	**445**	**211**	**47**	**703**

2024	Goodwill NZ$M	Brands NZ$M	Other Intangibles NZ$M	Total NZ$M
Carrying value at the beginning of the year	824	285	144	1,253
Additions			54	54
Disposals			(1)	(1)
Acquired from business combination	6			6
Classified as held for sale	(33)	(2)	(14)	(49)
Impairment	(153)	(52)	(9)	(214)
Amortisation expense			(16)	(16)
Currency translation		1		1
	644	**232**	**158**	**1,034**
Represented by:				
Cost	644	312	344	1,300
Accumulated impairment/amortisation		(80)	(186)	(266)
Carrying value at the end of the year	**644**	**232**	**158**	**1,034**

Impairment of software assets

As at 30 June 2025, other intangible assets included $5 million of assets under development (2024: $105 million).

In June 2024, the Group announced a 25-month pause to the Group's Digital@Fletcher (D@F) ERP programme, a multi-year transformation to implement a single integrated ERP platform across all manufacturing and distribution business units. By 30 June 2024, only four business units had transitioned to the platform. During the current year, amortisation of $2 million was recognised on the D@F asset.

In June 2025, the Group stopped its Digital@Fletcher ERP transformation programme in line with its decision to decentralise decision-making to individual business units. To minimise future expenditure, the Group migrated its SAP S/4 Hana system to SAP RISE in May 2025, a subscription-based SaaS cloud solution (S/4 Hana Cloud Private Edition). Following this migration, and in accordance with NZ IAS 38 Intangible Assets, the Group determined that it no longer retained control over the previously capitalised ERP software asset. This conclusion was based on the transfer of operational responsibility to SAP, the non-substantive option to revert to the on-premise model due to significant costs and operational burdens and the loss of key cloud-exclusive capabilities such as AI features, automated testing and enhanced cybersecurity available through SAP RISE. As a result, the Group derecognised the ERP asset with a carrying amount of $95 million, classifying this amount as a Significant Item, recognised in the income statement. This treatment reflects significant accounting judgement and is consistent with the IFRIC March 2021 agenda decision on the accounting for SaaS cloud computing arrangements.

Notes to the Consolidated Financial Statements 2025 (Continued)

Significant intangible balances within cash-generating units (CGUs)

	Goodwill 2025 NZ$M	Goodwill 2024 NZ$M	Brands 2025 NZ$M	Brands 2024 NZ$M
Laminex® Australia	156	158	123	123
Higgins® New Zealand	24	24	19	19
Iplex® New Zealand	37	105	7	7
Stramit®	14	61	41	41
PlaceMakers®	56	56		
Waipapa Pine	52	57		
Humes®	19	49		
Other	87	134	21	42
	445	**644**	**211**	**232**

The goodwill allocated to significant CGUs accounts for 80% (2024: 79%) of the total carrying value of goodwill. The remaining "other" CGUs, which comprise 9 (2024: 9) in total, are each less than 7% of total carrying value (2024: 6%). The significant brand assets account for 90% (2024: 82%) of the total carrying value of brands. The remaining "other" brand assets are each less than 6% of total carrying value (2024: 5%).

15. LEASES

The Group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for property leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost and include, after consideration of the initial measurement of the lease liability, any lease incentives, initial direct costs and any make good costs associated with the lease. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If it is reasonably certain the Group will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension options

The Group has some lease contracts that include extension options. The Group assesses at lease commencement date whether it is reasonably certain it will exercise the extension options. The Group reassesses whether it is reasonably certain it will exercise the options if there is a significant event or significant change in circumstances within its control. These options provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As at 30 June 2025, five of the six largest property lease contracts (2024: six) have related extension options included in the estimated lease term (where management is reasonably certain to exercise the options), resulting in future lease payments being included in the measurement of the lease liability recorded in the Consolidated Balance Sheet.

Notes to the Consolidated Financial Statements 2025 (Continued)

2025	Land NZ$M	Buildings NZ$M	Plant & Machinery NZ$M	Total NZ$M
Opening net book value at the beginning of the year	12	963	216	1,191
Additions and renewals	10	211	86	307
Depreciation	(2)	(113)	(74)	(189)
Impairment	(1)	(7)		(8)
Terminations/revisions of extension options		(83)	(7)	(90)
Transfer of assets from property, plant and equipment	39			39
Currency translation		(4)		(4)
Closing balance at the end of the year	**58**	**967**	**221**	**1,246**
2024				
Opening net book value at the beginning of the year	12	1,102	210	1,324
Additions and renewals	1	152	108	261
Classified as held for sale		(96)	(26)	(122)
Depreciation	(1)	(124)	(75)	(200)
Impairment		(2)		(2)
Terminations/revisions of extension options		(71)	(2)	(73)
Currency translation		2	1	3
Closing balance at the end of the year	**12**	**963**	**216**	**1,191**

Lease liabilities	2025 NZ$M	2024 NZ$M
Opening balance	1,436	1,596
Additions and renewals	335	258
Classified as held for sale		(143)
Repayments	(177)	(206)
Terminations/revisions of extension options	(92)	(74)
Currency translation	(5)	5
Closing balance	**1,497**	**1,436**
Current portion	172	164
Non-current portion	1,325	1,272
Carrying amount at the end of the year	**1,497**	**1,436**

Notes to the Consolidated Financial Statements 2025 (Continued)

Funding and Financial Risk Management

This section includes details on the Group's funding and outlines the market, credit and liquidity risks that the Group is exposed to and how these risks are managed, including the use of derivative financial instruments.

Capital risk management

The Group's objectives when managing capital are to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure that safeguards the Group's ability to continue as a going concern. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, undertake share buybacks, issue new shares or sell assets to reduce net debt.

The Group has various debt facilities and covenants in place. A key measure is a through-the-cycle net debt to EBITDA ratio (leverage). Net debt represents the value of the Group's drawn borrowings adjusted for debt hedging activities and available cash funding. The Group has set a net debt target range of $400 million to $900 million, with dividends to be suspended until the dividend policy is reset and communicated to shareholders.

Credit rating

As at 30 June 2025, the Group's credit rating is Baa3 with a stable outlook, reaffirmed by Moody's on 25 July 2025. This followed a downgrade from Baa2 in June 2024. The initial Baa2 rating was assigned in October 2023. The downgrade had no material impact on near-term funding costs.

16. BORROWINGS

The Group borrows in the form of private placements, bank loans, capital notes and other financial instruments. Funding costs associated with the Group's borrowings are shown in **note 17**.

> Borrowings are initially recognised at fair value net of attributable transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Any borrowings that have been designated as hedged items (USD and any other foreign currency borrowings) are carried at amortised cost plus a fair value adjustment under hedge accounting requirements. Borrowings denominated in foreign currencies are retranslated to the functional currency at each reporting date.

Economic debt represents the face value of drawn borrowings adjusted for foreign currency movements hedged with derivative instruments. The Group uses cross currency interest rate swaps, interest rate swaps and forward foreign exchange contracts to manage its exposure to interest rates and borrowings sourced in currencies different from that of the borrowing entity's reporting currency. Details of debt hedging activities and instruments used are included in **note 18**.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's net debt arising from financing activities, including both cash and non-cash changes.

	2024 NZ$M	Drawdowns / Cash inflows NZ$M	Repayments / Cash outflows NZ$M	Currency translation NZ$M	Other non-cash movements (including hedge accounting) NZ$M	2025 NZ$M
Private placements	489		(198)	14	18	323
Bank loans	1,302	629	(1,302)	(2)		627
Capital notes	297		(80)			217
Other loans	20		(15)			5
Carrying value of borrowings (as per Consolidated Balance Sheet)	**2,108**	**629**	**(1,595)**	**12**	**18**	**1,172**
Less: value of derivatives*	(31)		18	(13)	(8)	(34)
Economic debt	**2,077**	**629**	**(1,577)**	**(1)**	**10**	**1,138**
Less: Cash and cash equivalents	(311)	172				(139)
Net debt	**1,766**	**801**	**(1,577)**	**(1)**	**10**	**999**

* Used to manage changes in hedged risks on debt instruments.

Notes to the Consolidated Financial Statements 2025 (Continued)

	2023 NZ$M	Drawdowns / Cash inflows NZ$M	Repayments / Cash outflows NZ$M	Currency translation NZ$M	Other non-cash movements (including hedge accounting) NZ$M	2024 NZ$M
Private placements	484			(3)	8	489
Bank loans	946	920	(565)	1		1,302
Capital notes	343	32	(78)			297
Other loans	30		(3)		(7)	20
Carrying value of borrowings (as per Consolidated Balance Sheet)	**1,803**	**952**	**(646)**	**(2)**	**1**	**2,108**
Less: value of derivatives*	(26)			3	(8)	(31)
Economic debt	**1,777**	**952**	**(646)**	**1**	**(7)**	**2,077**
Less: Cash and cash equivalents	(365)	54				(311)
Net debt	**1,412**	**1,006**	**(646)**	**1**	**(7)**	**1,766**

* Used to manage changes in hedged risks on debt instruments.

Carrying value of borrowings included within the Consolidated Balance Sheet as follows:

	2025 NZ$M	2024 NZ$M
Current borrowings	60	86
Non-current borrowings	1,112	2,022
Total borrowings	**1,172**	**2,108**
At reporting date, the Group had the following funding facilities:		
Utilised facilities	1,138	2,077
Unutilised bank loan facilities	916	760
Total facilities	**2,054**	**2,837**

Capital raise

During November and December 2024, the Group repaid $680 million of its outstanding borrowings on a pro rata basis, including full repayment and cancellation of the Group's Club Loan ($400 million) on 29 November 2024 and partial repayment and cancellation of the amounts outstanding under its USPP facility ($169 million) and syndicated bank facility ($111 million), on 10 and 11 December 2024 respectively. The repayments were funded via proceeds from the equity capital raise during the period. In conjunction with the partial repayment of USPP notes, the Group closed out corresponding interest rate swaps (notional value: NZ$200 million) and partially closed out cross currency interest rate swaps (notional value: US$94.6 million, EUR$20.3 million) that were used in hedging the underlying borrowings repaid. A $10 million loss from the close-out of the CCIRS hedge instruments that was related to the early redemption of USPP facility has been classified as a Significant Item in **note 2.2**. As a result of the debt repayments the Group also agreed certain amendments with all of its senior lenders (SFA and USPP), see further below.

Private placements

Private placements comprise loans of US$151 million, CA$15 million, EUR$21 million and GBP$10 million with maturities between 2026 and 2028.

Capital notes

At 30 June 2025 the Group had issued $217 million of listed capital notes to retail investors (2024: $297 million) with maturities between 2026 and 2029. The capital notes do not carry voting rights and do not participate in any change in value of the issued shares of Fletcher Building Limited.

On 28 January 2025, the Group through its subsidiary Fletcher Building Industries Limited (FBI) announced that the trustee for the noteholders of each series of capital notes had agreed to amend the conditions of the capital notes. This allows FBI to elect to redeem all capital notes of a series on the applicable election date for that series, as an alternative to the procedure for rollover of the capital notes on new terms. FBI elected to redeem all of the FBI190 Capital Notes that were due to rollover on 17 March 2025.

Notes to the Consolidated Financial Statements 2025 (Continued)

Listed capital notes are long-term fixed rate unsecured subordinated debt instruments that are traded on the NZDX. On election date, holders may choose either to keep their capital notes on new terms or convert the principal amount and any interest into shares of Fletcher Building Limited, at approximately 98% of the current market price. If the principal amount of these notes held at 30 June 2025 were to be converted to shares, 77 million (2024: 107 million) Fletcher Building Limited shares would be issued at the share price as at 30 June 2025, of $2.89 (2024: $2.83).

Instead of issuing shares to holders who choose to convert, Fletcher Building may, at its option, purchase or redeem the capital notes for cash at the principal amount plus any accrued interest.

As at 30 June 2025, the Group held $183 million (2024: $202 million) of its own capital notes.

Bank loans

Syndicated revolving credit facilities

At 30 June 2025, the Group had a NZ$836 million (2024: $925 million) and A$654.5 million (2024: A$674.5 million) syndicated revolving credit facility on an unsecured, negative pledge and borrowing covenant basis. The participating lenders are both New Zealand registered and offshore banks. The facility comprises four tranches as follows: A$654.5 million expiring in two tranches including July 2027 and June 2029, NZ$325 million expiring on 22 November 2026, NZ$400 million expiring on 1 July 2027 and NZ$200 million expiring on 31 May 2028. The funds under the syndicated revolving credit facility can be borrowed in Australian and New Zealand dollars only.

In the 2024 financial year, the Group announced amendments to its banking agreements which enabled it to rely on more favourable terms for covenant testing through to the end of calendar year 2025.

Other loans

At 30 June 2025, the Group had other loans of $5 million (2024: $20 million) and all were subject to the negative pledge. Other loans include bank overdrafts, short-term loans, working capital facilities and vendor loans.

Negative pledge

The Group borrows certain funds based on a negative pledge arrangement. The negative pledge includes a cross guarantee between a number of wholly owned subsidiaries and ensures that external senior indebtedness ranks equally in all respects and includes the covenant that security can be given only in very limited circumstances. At 30 June 2025, the Group had debt subject to the negative pledge of $920 million (2024: $1,779 million).

Covenants

The Group's financial covenants under its senior borrowing arrangements include interest cover and leverage ratio.

As a result of the debt repayments the Group agreed certain amendments with all of its lenders (SFA and USPP) which enable it to rely on more favourable terms for testing of its Senior Interest Cover covenant from December 2024 to September 2025. This is in addition to the Senior Interest Cover and Senior Leverage covenant amendments previously agreed and disclosed, which are continuing, for the period from June 2024 to December 2025 (inclusive) if required. Should the Group need to rely on the amended covenant levels, it will not pay a dividend until it agrees to be tested by, and complies with, its existing (original) covenant levels. The Group was in compliance with all financial covenants during the year and at balance date.

Covenants	Existing level	Dec 2025	Level for Jun 2026+
Senior Leverage	<3.5x	<3.25x	**<3.25x**
Senior Interest Cover	>2.25x	>2.25x	**>3.0x**
Total Interest cover	>2.0x	>2.0x	**>2.0x**

Note: The Senior Interest Cover covenant of >3.0x (from Jun-26+) is the level contained in the USPP lending agreements. The covenant in the SFA is >2.75x.

Notes to the Consolidated Financial Statements 2025 (Continued)

The impact of debt hedging activities on borrowings

2025	Underlying borrowing exposure			Economic debt exposure		
Currency of borrowings	Fixed rate NZ$M	Floating rate NZ$M	Impact of hedging NZ$M	Fixed rate NZ$M	Floating rate NZ$M	% Fixed
New Zealand Dollar	217	422	219	553	305	64%
Australian Dollar		210	70	113	167	41%
British Pound	23		(23)			
Canadian Dollar	18		(18)			
Euro	41		(41)			
United States Dollar	241		(241)			
Total	**540**	**632**	**(34)**	**666**	**472**	**59%**

2024	Underlying borrowing exposure			Economic debt exposure		
Currency of borrowings	Fixed rate NZ$M	Floating rate NZ$M	Impact of hedging NZ$M	Fixed rate NZ$M	Floating rate NZ$M	% Fixed
New Zealand Dollar	297	1,080	354	773	958	45%
Australian Dollar		227	104	147	184	44%
British Pound	21		(21)			
Canadian Dollar	18		(18)			
Euro	73		(73)			
United States Dollar	377		(377)			
Other		15			15	
Total	**786**	**1,322**	**(31)**	**920**	**1,157**	**44%**

Liquidity and funding risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial commitments as they fall due. Funding risk is the risk that the Group under normal circumstances, will not be able to refinance its maturing debts in an orderly manner. The Group manages its liquidity and funding risk by maintaining a target level of undrawn committed credit facilities and an appropriate spread of maturity dates in respect of the Group's debt facilities that it reviews on an ongoing basis.

The following maturity analysis table sets out the remaining contractual undiscounted cash flows, including estimated interest payments for non-derivative financial liabilities and derivative financial instruments. Creditors and accruals are excluded from this analysis as they are not part of the Group's assessment of liquidity risk because these are offset by debtors with similar payment terms.

Notes to the Consolidated Financial Statements 2025 (Continued)

2025	Contractual cash flows NZ$M	Up to 1 Year NZ$M	1–2 Years NZ$M	2–5 Years NZ$M	Over 5 Years NZ$M
Bank loans	627		325	302	
Capital notes	217	55	90	72	
Private placements	332		170	162	
Other loans	5	5			
Borrowings – principal cash flows	**1,181**	**60**	**585**	**536**	
Gross settled derivatives – to pay	(709)	(125)	(347)	(237)	
Gross settled derivatives – to receive	666	125	324	217	
Debt derivatives financial instruments – principal cash flows	**(43)**		**(23)**	**(20)**	
Total principal cash flows	**1,138**	**60**	**562**	**516**	
Contractual interest cash flows	**76**	**36**	**21**	**19**	
Total lease cash flow	**2,043**	**234**	**212**	**507**	**1,090**
Total contractual cash flows	**3,257**	**330**	**795**	**1,042**	**1,090**

2024					
Bank loans	1,302			1,302	
Capital notes	297	80	55	162	
Private placements	516			516	
Other loans	20		20		
Borrowings – principal cash flows	**2,135**	**80**	**75**	**1,980**	
Gross settled derivatives – to pay	458			458	
Gross settled derivatives – to receive	(516)			(516)	
Debt derivatives financial instruments – principal cash flows	**(58)**			**(58)**	
Total principal cash flows	**2,077**	**80**	**75**	**1,922**	
Contractual interest cash flows	**149**	**58**	**39**	**52**	
Total lease cash flow	**1,791**	**212**	**191**	**458**	**930**
Total contractual cash flows	**4,017**	**350**	**305**	**2,432**	**930**

17. NET FUNDING COSTS

Interest income and expense are recognised on an accrual basis in the Consolidated Income Statement using the effective interest method.

Interest costs relating to qualifying assets under development are capitalised as a component of the cost of development or construction. Where funds are borrowed specifically for qualifying projects, the actual borrowing costs incurred are capitalised. Where the projects are funded through general borrowings, the borrowing costs are capitalised based on the weighted average cost of borrowing. Borrowing costs incurred after commencement of commercial operations are expensed in the Consolidated Income Statement.

Funding costs also include the changes in fair value relating to derivatives used to manage interest rate risk, and the associated changes in fair value of the borrowings designated in a hedge relationship attributable to the hedged risk.

Notes to the Consolidated Financial Statements 2025 (Continued)

	2025 NZ$M	2024 NZ$M
Interest income	(6)	(5)
Interest on borrowings and derivatives	96	131
Interest capitalised to balance sheet	(13)	(13)
Other interest expense	7	7
Net interest expense	**84**	**120**
Changes in fair value relating to:		
Borrowings designated in a hedging relationship	(18)	8
Derivatives designated in a hedging relationship	18	(8)
Total changes in fair value		
Bank fees, registry and other expenses	1	2
Line fees	16	15
Debt restructure fees	1	5
Net funding costs	**102**	**142**

Included in interest on borrowings and derivatives is the net settlement of the Group's interest derivatives. This consists of $34 million of interest income and $42 million of interest expense (2024: $49 million interest income; $57 million interest expense). Other expenses include credit valuation adjustments (CVA)/debit valuation adjustments (DVA) on derivatives.

Capitalisation of borrowing costs

The Group funds capital projects with general borrowings and, where newly acquired or constructed assets meet qualifying criteria of NZ IAS 23 Borrowing costs, interest costs have been capitalised to their cost at a weighted average capitalisation rate of 5.62% (2024: 6.62%), resulting in $13 million of capitalised borrowing costs in the year ended 30 June 2025 (2024: $13 million). The capitalised amount mainly relates to Laminex® New Zealand's wood panels plant ($11 million).

Interest rate risk

At 30 June 2025, 59% of the Group's debt was subject to a fixed interest rate (2024: 44% fixed).

(i) Interest rate repricing

The following tables set out the interest rate repricing profile of interest bearing financial liabilities assuming floating rate facilities are utilised to maintain debt levels.

	2025 NZ$M	2026 NZ$M	2027 NZ$M	2028 NZ$M	2029 NZ$M	2030 NZ$M
Fixed financial liabilities	666	442	310	158	125	125
Floating financial liabilities	472	696	828	980	1,013	1,013
Economic Debt	**1,138**	**1,138**	**1,138**	**1,138**	**1,138**	**1,138**
% Fixed	59%	39%	27%	14%	11%	11%

The Group's overall weighted average interest rate (based on year-end borrowings) excluding fees is 5.60% (2024: 6.22%).

(ii) Interest rate risk

It is estimated a 100 basis point increase in interest rates would result in an increase in the Group's interest costs by approximately $8 million pre-tax on the Group's debt portfolio exposed to floating rates at balance date (2024: $11 million) assuming that all other variables remain constant.

Notes to the Consolidated Financial Statements 2025 (Continued)

18. FINANCIAL RISK MANAGEMENT

Exposures to credit, liquidity, foreign currency, interest rate and commodity price risks arise in the normal course of the Group's business. The principles under which these risks are managed are set out in policy documents approved by the Board. The policy documents identify the risks and set out the Group's objectives, policies and processes to measure, manage and report the risks. The policies are reviewed periodically to reflect changes in financial markets and the Group's businesses. Risk management is carried out in conjunction with the Group's central treasury function, which supports compliance with the risk management policies and procedures.

Derivative financial instruments, including forward foreign exchange contracts, interest rate swaps, foreign currency swaps, cross currency interest rate swaps, options, forward rate agreements and commodity price swaps are utilised to reduce exposure to market risks. All the Group's derivative financial instruments are held to hedge risk on underlying assets, liabilities, and forecast and committed trading and funding transactions. The Group policy specifically prohibits the use of derivative financial instruments for trading or speculative purposes.

The table below summarises the key financial market risks to the Group and how these risks are managed:

Financial risk	Description	Management of risks
Foreign currency trade transaction risk (note 18.1(i))	Arises on the conversion of a business unit's foreign currency revenue and expenditure to its functional currency, such that a material loss or a gain may be incurred. This covers imports, exports, capital expenditure, and foreign currency bank accounts balances that are not in a business unit's functional currency.	It is Group policy that no currency exchange risk may be entered into or allowed to remain outstanding should it arise on committed transactions. The Group uses foreign currency forward contracts and foreign currency options to manage the risk on firm commitments and recognised material trade related exposures. The majority of these transactions have maturities of less than one year from the reporting date.
Foreign currency balance sheet translation risk (note 18.1(ii))	Arises due to the translation of the Group's foreign denominated assets and liabilities, overseas operations and subsidiaries to the company's functional currency of NZD, such that the Group's reporting of financial ratios would be materially affected.	It is the Group's policy to hedge this foreign currency translation risk by borrowing in the currency of the asset in proportion to the Group's target debt to debt plus equity ratio. Where the underlying debt in any currency does not equate to the required proportion of total debt, debt derivatives, such as foreign exchange forwards, swaps and cross currency interest rate swaps are entered into. These are designated as net investment hedges where the borrowings or contracts are in a different currency from that of the business in which they are recognised. To manage the net exposure to foreign currency borrowings, the Group enters into cross currency interest rate swaps (CCIRS). CCIRS are used to manage the combined foreign exchange risk and interest rate risk as they swap fixed rate foreign currency borrowings and interest payments into equivalent New Zealand and Australian dollar-denominated amounts of principal with floating and fixed interest rates.
Interest rate risk (note 17 & note 18.2)	The risk that the value of borrowings or cash flows associated with the borrowings will change due to changes in market rates.	The Group manages the fixed interest rate component of its borrowings by entering into CCIRS, interest rate swaps, forward rate agreements and options. It aims to maintain fixed interest rate borrowings between certain ranges over specific time periods.
Commodity price risk	Arises from committed or highly probable trade transactions that are linked to commodities.	The Group manages its commodity price risks through negotiated supply contracts and, for certain commodities, by using commodity price swaps and options. The Group manages its commodity price risk depending on the underlying exposures, economic conditions and access to active derivatives markets. Cash flow hedge accounting is applied to commodity derivative contracts. At 30 June 2025, the Group has hedged a portion of its electricity and diesel usage for the period 1 July to 31 December 2030 and 30 June 2026 respectively. The average hedged electricity price is NZ$155/MWh and the average hedged diesel price (ex-Singapore) is NZ$0.87/Litre. A 10% increase in the New Zealand electricity spot price at balance sheet date would result in an increase to equity of approximately $4 million and no material impact on the Consolidated Income Statement. A 10% increase in the New Zealand diesel spot price at balance sheet date would not have a material impact on the Group's earnings or equity position.

Disclosures about the credit risk associated with financial instruments and fair value measurement of financial instruments are included in **notes 18.3** and **18.4**.

Notes to the Consolidated Financial Statements 2025 (Continued)

Derivative financial instruments and hedge accounting

Derivatives are recorded at fair value with the resulting gain or loss on remeasurement recognised in the Consolidated Income Statement unless the derivative is designated into an effective hedge relationship as a hedging instrument, in which case the timing of recognition in the Consolidated Income Statement depends on the nature of the designated hedge relationship. For a derivative instrument to be classified and accounted for as a hedge, it must be highly correlated with, and effective as a hedge of the underlying risk being managed. This relationship is documented from inception of the hedge. The fair values of derivative financial instruments are determined by applying quoted market prices, where available, or by using inputs that are observable for the asset or liability.

The Group may designate derivatives as:

- Fair value hedges (where the derivative is used to manage the variability in the fair value of recognised assets and liabilities);
- Cash flow hedges (where the derivative is used to manage the variability in cash flows relating to recognised liabilities or forecast transactions); or
- Net investment hedges (where borrowings or derivatives are used to manage the risk of fluctuation in the translated value of its foreign operations).

The Group holds derivative instruments until expiry except where the underlying rationale from a risk management point of view changes, such as when the underlying asset or liability that the instrument hedges no longer exists, in which case early termination occurs.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of a recognised asset or liability, or of a firm commitment, any gain or loss on the derivative (hedging instrument) is recognised directly in the Consolidated Income Statement, together with any changes in the fair value of the hedged risk (hedged item).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of assets or liabilities, or of a highly probable forecasted transaction, the effective part of any gain or loss is recognised directly in the cash flow hedge reserve within equity and the ineffective part is recognised immediately in the Consolidated Income Statement. The effective portion is reclassified to the Consolidated Income Statement when the underlying cash flows affect the Consolidated Income Statement.

If the hedge no longer meets the criteria for hedge accounting, hedge accounting is discontinued. The cumulative gain or loss previously recognised in the cash flow hedge reserve remains there until the forecast transaction occurs, or is immediately recognised in the Consolidated Income Statement if the transaction is no longer expected to occur.

Net investment hedges

Where the derivative financial instruments are designated as a hedge of a net investment in a foreign operation, the derivative financial instruments are accounted for on the same basis as cash flow hedges through the foreign currency translation reserve (FCTR) within equity.

Cost of hedging

The forward elements of foreign exchange forwards and swaps are excluded from designation as the hedging instrument and the foreign currency basis spreads of CCIRS are separately accounted for and recognised in Other Comprehensive Income as a cost of hedging.

Derivatives that do not qualify for hedge accounting

Where a derivative financial instrument does not qualify for hedge accounting, or where hedge accounting has not been elected, any gain or loss is recognised directly in the Consolidated Income Statement.

18.1 FOREIGN CURRENCY RISK

(i) Currency transaction risk

Cash flow hedge accounting is applied to forecast transactions and short-term intra-Group cash funding. The Group designates the spot element of foreign exchange forwards and swaps to hedge its currency risk and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the foreign exchange forwards and swaps to align with the hedged item. The main currencies hedged are the Australian dollar, the United States dollar and the Euro. The gross value of these foreign exchange derivatives at 30 June 2025 was $645 million (2024: $542 million).

(ii) Currency translation risk

The effect of the Group's hedge accounting policy in managing foreign exchange risk related to the Group's net investments in foreign operations is presented in the table below:

Notes to the Consolidated Financial Statements 2025 (Continued)

Hedged investments and hedging instruments used

	2025 Maturity: 0–37 months NZ$M	2024 Maturity: 0–49 months NZ$M
Amount of investment hedged		
Foreign currency AUD	70	104
Notional amount		
Cross currency interest rate swaps (13–37 months)	(70)	(104)
Hedge effectiveness		
Change in value used for calculating hedge ineffectiveness	1	1
Net investment hedge (gain)/loss recognised in Other Comprehensive Income	(1)	(1)

It is estimated a 10% weakening of the New Zealand dollar against the foreign currencies that the Group is exposed to on the net assets of its foreign operations, would result in an increase to equity of approximately $111 million (2024: $88 million) and no material impact on the Consolidated Income Statement.

The Group applies hedge accounting to foreign currency denominated borrowings that are managed by CCIRS. The hedge ratio applied is 1:1. The hedge relationship may be designated into separate cash flow hedges and fair value hedges to manage the different components of foreign currency and interest rate risk:

- fair value hedge relationship where CCIRS are used to manage the interest rate and foreign exchange risks;
- currency risk in relation to foreign currency denominated borrowings with fixed interest rates; and
- cash flow hedge relationship where CCIRS are used to manage the variability in cash flows arising from interest rate movements on floating interest rate payments and foreign exchange movements on payments of principal and interest.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, reference interest rates, tenors, repricing dates and maturities and the notional amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in the fair value of the hedged item using the hypothetical derivative method.

In these hedging relationships, the main sources of ineffectiveness are:

- changes in counterparty credit risk and cross currency basis spreads that are not reflected in the change in the fair value of the hedged item; and
- differences in repricing dates between the cross currency interest rate swaps and the borrowings.

The effect of the Group's hedge accounting policies in managing both its foreign exchange risk and interest rate risk related to borrowings denominated in foreign currency is presented in the table below:

2025	USD 13–37 Months Floating NZD/USD 0.6944 NZ$M	CAD* 37 Months Fixed – 4.43% AUD/CAD 0.927 NZ$M	EUR* 13 Months Fixed – 4.30% AUD/EUR 0.684 NZ$M	GBP* 37 Months Fixed – 4.80% AUD/GBP 0.568 NZ$M	Total NZ$M
Cash flow hedging and fair value hedging					
Cross currency interest rate swaps					
Nominal amount of the hedging instrument	250	18	41	23	332
Carrying amount	21	1	7	3	32
Accumulated cost of hedging recognised in Other Comprehensive Income	(1)				(1)
Change in value used for calculating hedge ineffectiveness	21		1		22
Hedging (gain)/loss recognised in Other Comprehensive income	(3)		(1)		(4)
Fair value hedge (gain)/loss in the Consolidated Income Statement	(18)				(18)

* Designated in cash flow relationship only

Notes to the Consolidated Financial Statements 2025 (Continued)

2024	USD 25–49 months Floating NZD/USD 0.6944 NZ$M	CAD* 49 Months Fixed – 4.43% AUD/CAD 0.927 NZ$M	EUR* 25 Months Fixed – 4.30% AUD/EUR 0.684 NZ$M	GBP* 49 Months Fixed – 4.80% AUD/GBP 0.568 NZ$M	Total NZ$M
Cash flow hedging and fair value hedging					
Cross currency interest rate swaps					
Nominal amount of the hedging instrument	404	18	73	21	516
Carrying amount	18		5	1	24
Accumulated cost of hedging recognised in Other Comprehensive Income	(4)				(4)
Change in value used for calculating hedge ineffectiveness	5		1	1	7
Hedging loss/(gain) recognised in Other Comprehensive Income	3		(1)	(1)	1
Fair value hedge (gain)/loss in the Consolidated Income Statement	(8)				(8)

* Designated in cash flow relationship only

18.2 INTEREST RATE RISK

The Group applies hedge accounting to the borrowings and the associated interest rate swaps, for movements in benchmark market interest rates. Hedge accounting is applied to these instruments for floating-to-fixed instruments as cash flow hedges or for fixed-to-floating instruments as fair value hedges. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in the fair value of the hedged item using the hypothetical derivative method.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swaps that is not reflected in the change in the fair value of the hedged item; and
- differences in repricing dates between the interest rate swaps and the borrowings.

2025	NZD 6-36 Months 4.74% NZ$M	AUD 19 Months 4.11% NZ$M	Total NZ$M
Cash flow hedging			
Interest rate swaps			
Nominal amount of the hedging instrument	335	43	378
Carrying amount - derivative assets/(liabilities)	(9)	(1)	(10)
Change in value used for calculating hedge ineffectiveness	(13)	(1)	(14)
Hedging loss/(gain) recognised in Other Comprehensive Income	13	1	14

2024	NZD 13-48 Months 4.34% NZ$M	AUD 31 Months 4.11% NZ$M	Total NZ$M
Cash flow hedging			
Interest rate swaps			
Nominal amount of the hedging instrument	475	44	519
Carrying amount - derivative assets/(liabilities)	4		4
Change in value used for calculating hedge ineffectiveness	(3)	(2)	(5)
Hedging (gain)/loss recognised in Other Comprehensive income	3	2	5

There was no hedge ineffectiveness recognised in the Consolidated Income Statement during the year.

Notes to the Consolidated Financial Statements 2025 (Continued)

18.3 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To the extent the Group has a receivable from another party, there is a credit risk in the event of non-performance by that counterparty and arises principally from receivables from customers, derivative financial instruments and the investment of cash.

(i) Impairment of financial assets

The Group has a credit policy in place under which customers are individually analysed for credit worthiness and assigned a purchase limit. If no external ratings are available, the Group reviews the customer's financial statements, trade references, bankers' references and/or credit agencies' reports to assess credit worthiness. These limits are reviewed on a regular basis. Owing to the Group's industry spread at balance date, there were no significant concentrations of credit risks in respect of trade receivables. Refer to **note 8** for debtor balances and ageing analysis.

The Group has two types of financial assets that are subject to the expected credit loss model:

- Debtors (including trade debtors, contract debtors and contract retentions) – **note 8**
- Construction contract assets – **note 3**

While cash and cash equivalents are also subject to the impairment requirements of NZ IFRS 9 Financial Instruments, the identified impairment loss was immaterial.

Most goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Credit risks may be further mitigated by registering an interest in the goods sold and the proceeds arising from that supply. The Group does not otherwise require collateral in respect of trade receivables.

Debtors and construction contract assets

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The construction contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of historical sales the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The table below provides movement in the Group's expected credit loss provision:

	2025 NZ$M	2024 NZ$M
Opening provision for expected credit losses	(15)	(20)
Increase in provision for doubtful debts recognised in the Consolidated Income Statement	3	(1)
Receivables written off during the year as uncollectible	(4)	1
Unused amount reversed		2
Reclassified to held for sale		3
Closing provision for expected credit losses	**(16)**	**(15)**

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses in the Consolidated Income Statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Derivative financial instruments and the investment of cash

The Group enters into derivative financial instruments and invests cash with various counterparties in accordance with established Board approved credit limits as to credit rating and dollar value but does not require collateral or other security except in limited circumstances. In accordance with the established counterparty limits, there are no significant concentrations of credit risk in respect of these financial instruments and no loss is expected.

The Group has not renegotiated the terms of any financial assets that would otherwise be overdue or impaired. The carrying amount of non-derivative financial assets represents the maximum credit exposure. The carrying amount of derivative financial assets is at their current fair value.

Notes to the Consolidated Financial Statements 2025 (Continued)

18.4 FAIR VALUES

The estimated fair value measurements for financial assets and liabilities compared to their carrying values in the Consolidated Balance Sheet, are as follows:

		2025		2024	
	Classification	Carrying value NZ$M	Fair value NZ$M	Carrying value NZ$M	Fair value NZ$M
Financial assets					
Cash and liquid deposits	Amortised cost	139	139	311	311
Debtors	Amortised cost	743	743	799	799
Forward exchange contracts – fair value through profit or loss	Fair value	1	1	2	2
Forward exchange contracts – cash flow hedge	Fair value	5	5	1	1
Forward exchange contracts – net investment hedge	Fair value				
Cross currency interest rate swaps – split designation	Fair value	26	26	32	32
Cross currency interest rate swaps – cash flow hedge	Fair value	11	11	7	7
Interest rate swaps – cash flow hedge	Fair value			6	6
Commodity price swaps – cash flow hedge	Fair value	8	8	8	8
Total financial assets		**933**	**933**	**1,166**	**1,166**
Financial liabilities					
Creditors and accruals	Amortised cost	1,002	1,002	1,024	1,024
Bank loans	Amortised cost	627	627	1,302	1,302
Private placements	Amortised cost	323	339	489	486
Other loans	Amortised cost	5	5	20	20
Capital notes	Amortised cost	217	211	297	274
Forward exchange contracts – fair value through profit or loss	Fair value	5	5	1	1
Forward exchange contracts – cash flow hedge	Fair value	2	2	3	3
Forward exchange contracts – net investment hedge	Fair value				
Cross currency interest rate swaps – split designation	Fair value	5	5	13	13
Interest rate swaps – cash flow hedge	Fair value	10	10	2	2
Commodity price swaps – cash flow hedge	Fair value	3	3	1	1
Total financial liabilities		**2,199**	**2,209**	**3,152**	**3,126**
Total financial instruments		**(1,266)**	**(1,276)**	**(1,986)**	**(1,960)**

Fair value measurement

All of the Group's derivatives are in designated hedge relationships and are measured and recognised at fair value.

All derivatives are level 2 valuations based on accepted valuation methodologies. Forward exchange fair value is calculated using quoted forward exchange rates and discounted using yield curves derived from quoted interest rates matching maturity of the contract. The fair value of commodity price swaps is measured using a derived forward curve and discounted using yield curves derived from quoted interest rates matching the maturity of the contract.

Interest rate derivatives are calculated by discounting the future principal and interest cash flows at current market interest rates that are available for similar financial instruments.

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) other than quoted prices included within level 1.
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value disclosures

The fair values of borrowings used for disclosure are measured under level 2, by discounting future principal and interest cash flows at the current market interest rate plus an estimated credit margin that is available for similar financial instruments with a similar credit profile to the Group.

The interest rates across all currencies used to discount future principal and interest cash flows are between 1.8% and 8.1% (2024: 2.6% and 10.3%) including margins, for both accounting and disclosure purposes.

Notes to the Consolidated Financial Statements 2025 (Continued)

Group Structure and Related Parties

This section details the Group's capital, non-controlling interest of subsidiaries, investments in associates and joint ventures and information relating to transactions with other related parties.

19. DIVIDENDS AND SHAREHOLDER TAX CREDITS

Dividends	2025 NZ$M	2024 NZ$M
Full year dividend paid October 2023 (16.0 cents per share)		124
		124

The Board determined that it would not declare a final dividend for the 2025 financial year.

Shareholder tax credits

Imputation and franking credits allow the Company to transfer the benefit from the tax it has paid in New Zealand and Australia respectively to its shareholders when it pays dividends.

	2025 NZ$M	2024 NZ$M
Imputation credit account		
Imputation credits at the beginning of the year	3	37
Taxation paid	2	3
Imputation credits attached to dividend paid		(37)
Imputation credits available for use in subsequent accounting periods	**5**	**3**

	2025 A$M	2024 A$M
Franking credit account		
Franking credits at the beginning of the year	38	38
Franking credits available for use in subsequent accounting periods	**38**	**38**

20. CAPITAL

Ordinary shares are classified as shareholders' funds. Costs directly attributable to the issue of new shares or options are shown in shareholders' funds as a reduction from the proceeds. Acquired shares are classified as treasury stock and presented as a deduction from share capital under the treasury stock method, as if the shares are cancelled, until they are reissued or otherwise disposed of.

Issue of shares

On 23 September 2024, Fletcher Building Limited announced a NZ$700 million equity raise comprising a fully underwritten c.NZ$282 million institutional placement ("Placement") and c.NZ$418 million pro rata accelerated non-renounceable entitlement offer (Entitlement Offer). The Placement and Entitlement Offer were fully underwritten. A total of 291,853,776 new shares were issued at an offer price of NZ$2.40 per share as part of the capital raise, with proceeds of $679 million raised, net of transaction costs. All new shares issued rank equally in all respects with Fletcher Building's existing ordinary shares.

	2025 NZ$M	2024 NZ$M
Reported capital at the beginning of the year excluding treasury stock	2,995	2,993
Issue of shares	679	
Repurchase of shares		
Vested share-based payment	6	2
Reported capital at the end of the year excluding treasury stock	**3,680**	**2,995**

All ordinary shares are issued and fully paid and carry equal rights in respect of voting, dividend payments and distribution upon winding up.

Notes to the Consolidated Financial Statements 2025 (Continued)

	2025 NZ$M	2024 NZ$M
Number of ordinary shares issued and fully paid		
Number of shares on issue at the beginning of the year	783,043,596	783,043,596
Issue of shares	291,853,776	
Total number of shares on issue	1,074,897,372	783,043,596
Less shares accounted for as treasury stock	(4,303,432)	(6,322,384)
	1,070,593,940	**776,721,212**

21. NON-CONTROLLING INTERESTS

Non-controlling interests are allocated their share of profit for the year in the Consolidated Income Statement and are presented separately within equity in the Consolidated Balance Sheet. The effect of all transactions with non-controlling interests that change the Group's ownership interest but do not result in a change in control are recorded in equity.

	2025 NZ$M	2024 NZ$M
Share capital	9	9
Reserves	(4)	2
	5	**11**

22. INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND JOINT OPERATIONS

A joint arrangement is an arrangement where two or more parties have joint control. The Group classifies its joint arrangements as either joint operations or joint ventures depending on the legal, contractual and other rights and obligations.

Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the Consolidated Income Statement, and the Group's share of movements of the investee's other comprehensive income in the Consolidated Statement of Comprehensive Income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Investment in joint ventures and associates

Investments in associates and joint ventures are measured using the equity method. The equity method has been used for associate entities over which the Group has significant influence but not control.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

	2025 NZ$M	2024 NZ$M
Investment by associate/joint venture:		
Wespine Industries Pty Ltd	70	71
Hexion Australia Pty Ltd	25	24
Altus® NZ Limited	80	82
NX2 Hold LP	23	24
Other	20	20
	218	**221**

Notes to the Consolidated Financial Statements 2025 (Continued)

	2025 NZ$M	2024 NZ$M
Equity-accounted earnings comprise:		
Sales – 100%	469	257
Earnings before taxation – 100%	48	49
Earnings before taxation – Fletcher Building share	13	13
Taxation expense	(3)	(3)
Earnings after taxation – Fletcher Building share	**10**	**10**

Interest in joint operations

The Group recognises its interest in the assets, liabilities, revenue and expenses of joint operations.

Name of joint operation	Principal activity	Principal place of business	2025 %	2024 %
Liveable Streets	Maintenance	Auckland	50%	50%
P2W Construction JV	Construction	Auckland	50%	50%
Eastern Busway Alliance	Construction	Auckland	60%	60%
Waterview Connection Joint Operations	Maintenance	Auckland	23%	23%
Kirkbride Alliance	Construction	Auckland		56%
Hamilton Expressway	Construction	Waikato	61%	61%
Mackays to Peka Peka	Construction	Wellington	75%	75%
Transport Rebuild East Coast	Maintenance	Hawke's Bay	33%	33%
Ground Improvement	Construction	Canterbury		50%

23. RELATED PARTY DISCLOSURES

The disclosures below set out transactions and outstanding balances that Group companies and other related parties have with each other.

Key management personnel are defined as the Executive Committee and Board of Directors.

2025	Sales to related parties NZ$M	Purchases from related parties NZ$M	Amounts owing from related parties (within debtors) NZ$M	Amounts owing to related parties (within creditors) NZ$M
Wespine Industries Pty Ltd and Hexion Australia Pty Ltd		39		7
Altus® NZ Limited		5		
NX2 Hold LP	(10)			
Construction Fiji			5	
Others	4	12	1	
2024				
Wespine Industries Pty Ltd and Hexion Australia Pty Ltd		39		5
Altus® NZ Limited		4		
NX2 Hold LP	19			
Others	3	13		

As at 30 June 2025, the Group held no material cash deposits on behalf of two alliances/joint operations (Mackays to Peka Peka and Hamilton Expressway). The Group holds 75% and 61% respective interest in these alliances/joint operations.

Notes to the Consolidated Financial Statements 2025 (Continued)

	2025 NZ$M	2024 NZ$M
Key management personnel compensation		
Directors' fees	2	2
Executive committee remuneration paid, payable or provided for:		
Short-term employee benefits	13	12
Long-term employee benefits	(1)	2
Termination benefits	4	

Fletcher Building Retirement Plan

During the year Fletcher Building Nominees Limited (the New Zealand retirement plan) transferred to members or sold on market all shares held in Fletcher Building (2024: held $2.1 million of shares).

Other Information

This section provides additional required disclosures that are not covered in the previous sections.

24. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments are those where future expenditure has been committed at year end, but not recognised as liabilities as follows:

	2025 NZ$M	2024 NZ$M
Committed at year end		
Property, plant and equipment and other long-term assets	111	114

25. CONTINGENT LIABILITIES

Contingent liabilities are possible legal or constructive obligations arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured. When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

The Group, in the normal course of business, may be subject to legal claims and other exposures in respect of which no provision has been made. Obligations assessed as having probable future economic outflows capable of reliable measurement are recognised as provisions at reporting date. Matters assessed as having possible future economic outflows, where the outflows are capable of reliable measurement, are disclosed as contingent liabilities. Contingent liabilities that cannot be reliably quantified are described but not included in the total amount disclosed below.

Individually significant matters, including narrative on potential future exposures incapable of reliable measurement, are disclosed below, to the extent that disclosure does not prejudice the Group.

Guarantees

In certain circumstances, the Group guarantees the performance of particular business units in respect of their obligations. This includes bonding and bank guarantee facilities used primarily by the construction business as well as performance guarantees for certain of the Group's subsidiaries.

Contingent liabilities in relation to guarantees, quantifiable claims and others

	2025 NZ$M	2024 NZ$M
Contingent liabilities with respect to guarantees extended on trading transactions, performance bonds and other transactions	241	426
Contingent liabilities with respect to quantifiable claims	30	30
	271	**456**

Notes to the Consolidated Financial Statements 2025 (Continued)

Class action proceedings: Western Australia plumbing failures

On 6 August 2024, the Group announced that a class action proceeding had been filed in the Federal Court of Australia against Iplex® Pipelines Australia (Iplex® Australia), on behalf of persons, Australia-wide, who acquired polybutylene pipes manufactured by Iplex® Australia composed of a resin known as Typlex-1050. The class action alleges that the Pro-fit product was not of acceptable quality at the time of supply and seeks a broad range of damages (unquantified), including: costs of removing, repairing, replacing and disposing of the affected pipe; repair costs and/or possession damaged by the affected pipe; reduction in property value, vexation, distress and disappointment. Iplex® Australia is defending the action and has brought cross-claims against certain WA builders and plumbers.

On 27 August 2024, the Group announced that Western Australian home builder, BGC, had filed legal proceedings against Iplex® Australia in relation to the Pro-Fit pipes issues, making similar allegations to those raised in the class action. Iplex® Australia is defending the BGC proceedings.

The proceedings are both currently in the discovery phase and are expected to remain in that phase for at least the rest of this calendar year.

The outcome of both these proceedings and associated liabilities, if any, remains uncertain at the date of this report. Ultimately, if Iplex® Australia is found to bear full or part responsibility for the amounts claimed, the cost to it in meeting any damages claims could have a material impact on the Group's financial position. It is not practicable as at 30 June 2025 to provide an estimate of the financial effect, including any quantum of costs or any penalty, or the timing of their incurrence, and disclosure of any possible impact would be materially prejudicial to the Group's commercial interests.

Commerce Commission Winstone Wallboards® proceedings

On 1 November 2024, the Group announced that the New Zealand Commerce Commission had filed legal proceedings against Winstone Wallboards®, seeking declarations that Winstone Wallboards® contravened the Commerce Act 1986 in relation to its historical use of volume rebates, together with associated civil pecuniary penalties. The volume rebates were discontinued by Winstone Wallboards® in 2022.

Winstone Wallboards® does not believe that its previous use of volume rebates, which are widespread in the industry, breached the Commerce Act and is defending the proceedings. The proceedings are at a relatively early stage and the claims made by the Commission cannot be quantified at this time. As at 30 June 2025, it is not practicable to provide, in relation to these proceedings: (a) an estimate of financial effect; (b) an indication of the uncertainties in relation to the amount or timing of any outflow; or (c) the possibility of any pecuniary penalty.

Class action proceedings: Building + Interiors disclosures

On 13 March 2023, the Group announced that class action proceedings had been filed against it in the Supreme Court of Victoria making allegations that between 17 August 2016 and 23 October 2017 the Group misrepresented the performance and financial position of its Building + Interiors (B+I) business and failed to disclose information as to its true financial position. The claim is brought on behalf of shareholders who acquired an interest in fully paid ordinary shares in the Group on the Australian Securities Exchange or NZX Main Board between those dates. The Group is defending the proceedings. Based on current status of the proceedings, the claims made on behalf of shareholders have not yet been and are not required to be quantified. As at 30 June 2025, it is not practicable to provide: (a) an estimate of the financial effect; (b) an indication of the uncertainties relating to the amount or timing of any outflow; or (c) the possibility of any reimbursement.

Construction defects

As part of its business, the Group's Construction division has exposure for defects in construction projects post their completion. That exposure arises either from the terms of the relevant contract or at law. As at 30 June 2025, the Group was subject to claims of this type. In assessing them, the Group has applied estimates and judgements, including assessing the merits of the claim, the cost to repair and the likelihood of receipt of payment or other recovery. These estimates and judgements may change as the claim or repair work progresses. The Group has considered its exposure to the claims received to date and, where it considers appropriate to do so, has provided for them. There remains a risk that, ultimately, the final exposure of the Group to these claims will be greater than the amount allowed.

26. TAXATION

The provision for current tax is the estimated amount due for payment during the next 12 months by the Group. The provision for deferred tax has been calculated using the balance sheet liability method.

Deferred tax is recognised on tax losses, tax credits and on the temporary difference between the carrying amount of assets and liabilities and their taxable value where recovery is considered probable. Deferred tax is not recognised on the following temporary differences:

- The initial recognition of goodwill; and
- The initial recognition of asset and liabilities for a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

There are no significant deferred tax liabilities in respect of the undistributed profits of subsidiaries and associates.

Judgements are required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty as there is a possibility of future changes in the interpretation and/or application of tax legislation. This may impact the amount of current and deferred tax assets and liabilities recognised in the Consolidated Balance Sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Income Statement.

Notes to the Consolidated Financial Statements 2025 (Continued)

The Organisation for Economic Co-operation and Development's (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The BEPS Pillar Two model rules seek to apply a 15% global minimum tax across all jurisdictions and will apply to the Group from 1 July 2024, being the Australian domestic implementation date. The rules are not expected to have a material impact as the Group does not have significant operations in low-tax jurisdictions. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Below is the reconciliation of earnings before taxation to taxation expense:

	2025 NZ$M	2024 NZ$M
Losses before taxation - continuing operations	**(432)**	**(24)**
Taxation at 28 cents per dollar	(121)	(7)
Adjusted for:		
Difference in tax rates	(3)	
Non-assessable income	(7)	(5)
Non-deductible expenses	66	34
Tax losses for which no deferred tax asset was recognised		
Tax in respect of prior years	(2)	(1)
Removal of building depreciation		34
Tax (benefit)/expense on earnings - continuing operations	**(67)**	**55**
Income tax expense on continuing operations is attributable to:		
Tax on earnings before Significant Items	58	119
Tax benefit on Significant Items	(125)	(64)
Tax (benefit)/expense on earnings - continuing operations	**(67)**	**55**
Income tax expense on discontinued operation is attributable to:		
Tax on earnings before Significant Items		1
Tax benefit on Significant Items	(2)	(15)
Tax benefit on earnings - discontinued operation	**(2)**	**(14)**
Income tax expense is attributable to:		
Total current taxation expense		(3)
Total deferred taxation benefit	(69)	44
Tax (benefit)/expense on earnings	**(69)**	**41**
Current tax assets/(liabilities)		
Included within the Consolidated Balance Sheet as follows:		
Current tax assets	29	28
Current tax liabilities		
	29	**28**
Movement in current tax assets during the year:		
Opening provision for current tax assets	28	6
Current period tax benefit	(8)	(10)
Prior period adjustments	8	13
Non-controlling interest share of taxation expense	1	
Tax recognised directly in reserves	1	1
Net tax payments		15
Other tax movements		3
Currency movement	(1)	
	29	**28**

Notes to the Consolidated Financial Statements 2025 (Continued)

	2025 NZ$M	2024 NZ$M
Provision for deferred tax assets		
Included within the Consolidated Balance Sheet as follows:		
Deferred tax assets	209	136
	209	**136**
Movement in deferred tax assets during the year:		
Opening deferred tax assets	136	193
Current period deferred tax benefit	75	3
Prior period adjustment	(3)	(13)
Removal of building depreciation		(34)
Tax recognised directly in reserves	2	3
Reclassification to held for sale		(17)
Currency movement	(1)	1
	209	**136**
Composed of:		
Provisions and other liabilities	146	101
Inventories	14	15
Debtors	5	4
Property, plant and equipment	(67)	(68)
Brands	(63)	(69)
Tax losses	117	91
Right-of-use assets	(345)	(326)
Lease liabilities	408	393
Other	(6)	(5)
	209	**136**

The net deferred tax assets balance of $209 million at 30 June 2025 (2024: $136 million) largely comprises New Zealand and Australia carried forward tax losses incurred in the current and prior periods, timing differences on the Group's provisions and net deferred tax assets on the Group's right-of-use assets/liabilities. It is expected there will be sufficient future earnings in New Zealand and Australia to utilise the deferred tax assets in each of these jurisdictions.

Removal of building depreciation (New Zealand)

In the last financial year, the New Zealand Government passed legislation to remove commercial building depreciation for tax purposes, the main asset impacted by the new legislation was the Winstone Wallboard®'s recently commissioned plasterboard plant in Tauriko (Bay of Plenty, New Zealand). As a result, the Group's deferred tax liabilities increased by $34 million with an one-off tax expense of $34 million recognised in the year ended 30 June 2024, as the tax base of the Group's buildings in New Zealand reduced to nil.

27. RETIREMENT PLANS

Fletcher Building Limited is the principal sponsoring company of a plan that provides retirement and other benefits to employees of the Group in New Zealand and Australia. Participation in this plan has been closed for a number of years, although defined contribution savings plans have been made available.

The Group's plan assets and liabilities in respect of individual defined benefit retirement plans are calculated separately for each plan by an independent actuary, as being the fair value of the plan's assets less the present value of the future obligations to the members. The value of the asset recognised cannot exceed the present value of any future refunds from the plans or reductions in future contributions to the plans, unless a constructive right to a refund of the surplus exists, in which case the amount to be refunded is recognised as an asset. In the Group's balance sheet, plans that are in a surplus position are not offset with plans that are in a liability position. The refund of the New Zealand surplus is subject to Financial Markets Authority (FMA) approval under FMCA 2013 Section 177.

Notes to the Consolidated Financial Statements 2025 (Continued)

Principal assumptions made in the actuarial calculation of the defined benefit obligation relate to the discount rate, rate of salary inflation and life expectancy. The calculation of the defined benefit obligations are based on years of service and the employees' compensation during their years of employment. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. A discount rate of 4.52% has been applied in 2025 on benefit obligations (2024: 4.82%). In applying sensitivity analysis, a 1% lower discount rate assumption increases the defined benefit obligation by $11 million (2024: $12 million), whilst adding one additional year of life expectancy of scheme members decreases the obligation by $7 million (2024: $7 million increase).

The following table provides the weighted average assumptions used to develop the net periodic pension cost and the actuarial present value of projected benefit obligations for the Group's plans:

	2025 %	2024 %
Assumed discount rate on benefit obligations	4.52	4.82
Annual rate of increase in future compensation levels	2.30	2.39

Fletcher Building Limited has an obligation to ensure that the funding ratio of the New Zealand plan's assets is at least 115% of the plan's actuarial liability. At 31 March 2025, the value of the plan assets was 210% of the actuarial liability and the funded surplus was $153 million (31 March 2024: 199%, $146 million).

During the year, the Group obtained High Court approval for amendments to the Pension Plan Trust Deed. These permit the Trustees to grant discretionary additional benefits of up to one month's pension annually, conditional on maintaining a minimum post-payment funding ratio of 140%. The amendments also clarified that any residual surplus on wind-up remains attributable to the Company subject to FMA approval. The resulting $10 million actuarial impact has been recognised in Other Comprehensive Income, with no material change in the net defined benefit asset.

During the year the Group contributed less than $1 million (2024: less than $1 million) in respect of its Australian defined benefit plans. The Group is currently not contributing to the New Zealand plan. It contributed $56 million (2024: $51 million) in respect of its defined contribution plans worldwide, including Kiwisaver and Australia Superannuation.

	2025 NZ$M	2024 NZ$M
Recognised net asset		
Assets of plans	363	367
Projected benefit obligation	(213)	(215)
Funded surplus	150	152
Asset ceiling effect		
Recognised net asset	**150**	**152**
Movement in recognised net asset		
Recognised net asset at the beginning of the year	152	126
Actuarial movements for the year	(7)	21
Net periodic pension cost	5	5
Recognised net asset	**150**	**152**
Assets of the plans		
Assets of plans at the beginning of the year	367	348
Actual return on assets	25	38
Total contributions	1	2
Benefit payments	(30)	(20)
Currency translation		(1)
	363	**367**

Notes to the Consolidated Financial Statements 2025 (Continued)

	2025 NZ$M	2024 NZ$M
Assets of the plans consist of:		
Australasian equities	27	30
International equities	103	141
Property	2	20
Bonds	164	109
Cash and short-term deposits	48	47
Other assets	19	20
	363	**367**
Projected benefit obligation		
Projected benefit obligation as at the beginning of the year	(215)	(222)
Service cost	(2)	(2)
Interest cost	(10)	(10)
Past service cost/curtailments		
Actuarial loss arising on changes in demographic assumptions	(10)	(1)
Member contributions	(1)	
Actuarial gain arising on changes in financial assumptions	(3)	
Actuarial loss arising on other assumptions - experience adjustments	(3)	(1)
Benefit payments	29	20
Currency translation	2	1
	(213)	**(215)**
Net periodic pension cost		
Service cost	(2)	(2)
Net interest income	7	6
Net periodic pension benefit – recognised in earnings before interest and taxation	**5**	**4**

28. SHARE-BASED PAYMENTS

The Group has a number of employee incentive schemes, and whilst some are offered to all employees, others are offered only to specific individuals.

All schemes are equity-settled share-based payment arrangements, accounted for under NZ IFRS 2 Share-based Payments and are measured at fair value at grant date. The fair value of shares or options granted to employees is recognised as an employee expense in the Consolidated Income Statement over the restrictive period, with the restrictive period being the period over which the service requirement of the particular scheme is met, with a corresponding increase in the employee share-based payment reserve.

When shares or options vest and shares are awarded to employees, the amount in the share-based payment reserve relating to those instruments is transferred to share capital. When share-based payments do not vest as a result of market conditions not being met, the amount in the share-based payment reserve is reclassified to retained earnings. When share-based payments do not vest due to a performance condition not being met, any amount previously recognised is released to the Consolidated Income Statement.

Long-term incentive (LTI) share scheme

The Group has a long-term share-based performance incentive scheme targeted at selected employees most able to influence the results of the Group (invited to participate at the discretion of the Company). The aim is to drive long-term, sustainable results and create shareholder value by aligning our most senior people with the shareholders' interests, ensuring value is only created for our people where relative Total shareholder Return (TSR) is realised.

The long-term share scheme allows scheme participants to acquire shares in the Company at market price (i.e. face value at the time of grant), funded by an interest-free loan from the Group. The scheme participants are entitled to vote on the shares and to receive cash dividends, the proceeds of which are used to reduce the loan. The shares are held in trust for the scheme participants by the Trustee, Fletcher Building Share Schemes Limited.

Notes to the Consolidated Financial Statements 2025 (Continued)

Entitlement under the scheme is dependent upon the Group's TSR exceeding the 51st percentile of the TSR of the comparator Group over a three-year restricted period. Scheme participants can elect to extend the restrictive period for an additional year if the Group's TSR means that the vesting level is between the 51st and 75th percentile of the comparator Group. The three-year restrictive period is automatically extended for an additional year if the minimum vesting threshold is not met.

At the end of the restrictive period or any extension, the Group will pay a bonus to the executives to the extent that performance hurdles have been met, the after-tax amount of which will be generally sufficient for the scheme participants to repay the balance of the loan in respect of the shares which are to be transferred.

If the performance hurdles are not met or are only partially met and the shares do not transfer to the scheme participants, the amount in the share-based payments reserve will remain in equity and will not be released to earnings, with the trustee acquiring the beneficial interest in some or all of the relevant shares. The loan provided in respect of those shares which do not transfer to the scheme participants (the forfeited shares) will be novated to the trustee and will be fully repaid by the transfer of the forfeited shares.

During the 2022 year, there was an introduction of a return on funds employed (ROFE) measure in addition to the current relative total shareholder return (rTSR) measure. The use of ROFE in the LTI share scheme aligns to the Group's focus on performance and growth. The weighting of rTSR has been adjusted from 100% to 50% with ROFE sitting at 50%. For both measures, 0% vests at threshold and 100% at maximum (i.e. up to 50% for each measure) with straight-line vesting in between. All grants from 2022 onwards do not include the opportunity to extend the restrictive period.

The following are details with regard to the scheme:

	2024 Award	2023 Award	2022 Award	2021 Award
Grant date	1 September 2024	1 September 2023	1 September 2022	1 July 2021
Number of shares granted	1,302,514	745,440	616,654	395,085
Market price per share at grant date	$2.96	$4.88	$5.61	$7.48
Total value at grant date (NZ$)	$3,855,441	$3,637,747	$3,459,429	$2,955,236
Vesting date	31 August 2027	31 August 2026	31 August 2025	30 June 2024
Number of shares:				
Number of shares originally granted	1,302,514	745,440	616,654	395,085
Less forfeited over life of scheme	(81,107)	(298,021)	(137,782)	(309,032)
Less vested over life of scheme				
Number of shares held at 30 June 2025	**1,221,407**	**447,419**	**478,872**	**86,053**
Cumulative number of shares held	**2,233,751**	**1,012,344**	**564,925**	**86,053**

* As of 1 July 2025, the 2021 award scheme did not vest.

	2025 NZ$M	2024 NZ$M
Total fair value expense in year for LTI	(1)	2
Amount recognised at year end in the share based payment reserve	5	10

Fair value has been determined using Monte Carlo valuation methodology.

Deferred short-term incentive (STI) plan

A senior short-term incentive (STI) share-based payment scheme has been put in place for selected senior employees (invited to participate at the discretion of the Company), which is recognised on the achievement of the Group and individual performance objectives using a balanced scorecard. The aim is to align the financial interests of participating senior employees with the Company's shareholders and recognise the differing priorities, and development phases in which our businesses are operating through individual targets and measures.

The scheme grant date is 1 July each year, with 1 July 2021 being the first scheme offered. Following the release of the final audited financial year results, the selected employees STI's are split between a cash payment and a deferred STI portion entitling the employee to share rights. Achievement is calculated based on various non-market conditions specific to the individual, safety goals, as well as financial goals and is performed one year after grant date, generally in September, with the cash component settled at this time. The share rights portion of award convert into Fletcher Building ordinary shares two years from achievement date, where the number of share rights awarded are determined based on the share price at 30 June, one year after grant date. For most employees, the award is subject to the participant remaining employed with the Group for three years.

	2025 NZ$M	2024 NZ$M
Total fair value expense in year for deferred STI	(1)	3

Notes to the Consolidated Financial Statements 2025 (Continued)

Employee retention share scheme

The employee retention share scheme is a one-off share-based arrangement granted to certain senior management and executives as a targeted retention measure. The total fair value expense recognised in respect of this scheme was less than $500,000 in each of the two financial years presented.

Employee share purchase scheme - FBuShare

FBuShare is Fletcher Building's employee share purchase scheme available to all eligible Group employees. The plan aims to connect our people with our performance, and to promote employee engagement and retention. Employees purchase shares (purchased shares) at market prices in the Group and, if they continue to be employed after a three-year qualification period, they become entitled to receive one bonus award share for every two shares purchased in the first year of each qualification period and still owned at the end of that period. FBuShare does not require any performance criteria to be met. FBuShare has a minimum contribution rate of NZ$250 per annum and a maximum contribution rate of NZ$5,000 per annum (or the equivalent currency in other countries) of the employees after-tax pay. Directors are not eligible to participate in FBuShare.

Dividends paid will be re-invested in additional shares. Employees will receive award shares on any additional shares, subject to the same conditions set out above. The employees are responsible for any income tax liability payable on dividends and on the value of any award shares.

At the end of each three-year qualification period, employees may continue to hold any purchased, additional and award shares or they may sell some or all of the shares.

During the year, approximately 0.7 million award shares vested. At 30 June 2025, approximately 1.9 million shares would be required to satisfy the obligation to provide award shares to FBuShare participants based on the purchased share balances.

	2025 NZ$M	2024 NZ$M
Total fair value expense in year for employee share purchase scheme		2

Shape the future
with confidence

Independent auditor's report to the shareholders of Fletcher Building Limited
Report on the audit of the financial statements

Opinion

We have audited the financial statements of Fletcher Building Limited (the "Company") and its subsidiaries (together the "Group") on pages 5 to 69, which comprise the consolidated balance sheet of the Group as at 30 June 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of movements in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements on pages 5 to 69 present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2025 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young provides agreed upon procedures, taxation compliance, financial statement preparation services and limited financial due diligence to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.
The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report (Continued)

Long-term fixed price construction contracts

Why significant	How our audit addressed the key audit matter
A substantial amount of the Group's revenue relates to revenue from construction contracts. Where these contracts are fixed price and have a long-term duration, revenue and margin are recognised over time as the services are performed. This is calculated based on the proportion of total costs incurred at the reporting date compared to the Group's estimation of total costs of the contract, applied to the total expected revenue from the relevant contract. Expected revenue comprises fixed contractual revenue and, where relevant, other amounts such as variations due to scope changes or extension of time claims. Where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under that contract, an onerous contract provision is recorded for the difference between these amounts. There is a high level of management judgement and estimation involved in accounting for the Group's fixed price and long-term construction contracts, in particular relating to: • initial forecasting of total cost to complete, and revisions to these forecast costs as a result of events or conditions that occur during the performance of the contract or are expected to occur to complete the contract; • the recognition of variable consideration based on an assessment by the Group as to whether it is highly probable that the amount will be approved by the customer and therefore recovered; and • the estimation of the unavoidable cost and economic benefits expected when a contract has become onerous. Disclosures regarding the Group's construction contracts are included in **notes 2.2**, **3**, **4** and **11** of the financial statements.	In obtaining sufficient appropriate audit evidence, we: • confirmed our understanding of the Group's processes regarding accounting for contract revenues and costs. We tested selected controls including: – the performance of monthly project reviews, which involves management assessing key aspects of contract performance and forecasting; – the project reviews undertaken by divisional and Group management, where relevant; and – controls related to contract costs incurred in the year. • Selected a sample of contracts for testing based on a number of quantitative and qualitative factors. These qualitative factors included known or expected to be onerous contracts, those with significant deterioration of forecast margin, significant unapproved variations and/or claims and other factors which might indicate a greater level of judgement was required by the Group. For the contracts selected, where relevant and appropriate, we: – read the key contract terms and conditions to evaluate and address any identified risks arising from the specific contract type; – sample tested the estimated costs to complete, where material, by agreeing or comparing key forecast cost assumptions to underlying evidence such as subcontractor quotes, historical costs, employment records or agreements with subcontractors; – evaluated the Group's ability to forecast total cost to complete by analysing the accuracy of previous forecasts relative to actual outcomes or to current estimates of cost to complete, assessing the reason for any changes to the estimate; – read and considered external legal and construction experts' reports to identify factors which might influence the recognition of variable consideration or liquidated or other damages included in management's assessment of the least net cost to fulfil onerous contracts; – compared variable consideration to supporting documentation taking into account relevant contractual terms, and where appropriate, executive leadership team and Board approvals; – evaluated project revenues on a sample basis against claims certified by the customer; – evaluated contract performance in the period since year end to the date of this report to assess the Group's year end judgements in respect of revenue recognition and forecast costs to complete; – evaluated any insurance recoveries relevant to the expected value of onerous contract provisions; and • considered the adequacy of the associated disclosures in the financial statements including whether they appropriately describe the assumptions made and uncertainties in estimating the onerous contract provisions.

Independent Auditor's Report (Continued)

Provisions – Iplex® Australia Industry Response

Why significant	How our audit addressed the key audit matter
In November 2024, the Group recognised a provision in relation to Iplex® Australia Industry Response with a balance of $154m reported as at 30 June 2025. NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* provides criteria for recognition of liabilities for such matters. The application of this standard required significant judgement in determining whether a present obligation existed at balance date, whether the provision could be reliably measured and measurement of the recorded provision. There is complexity in relation to the assessment of this matter and uncertainty as to the outcome and quantification of associated future economic outflow. Accordingly, we considered this to be a key audit matter. Disclosures regarding the provision recognised are included in **notes 2.2** and **25** of the financial statements.	In obtaining sufficient appropriate audit evidence, we: • evaluated the Group's assessment as to whether a present obligation exists arising from past events based on the available facts and circumstances; • in order to assess the facts and circumstances: – inspected the agreement with the West Australian government and where appropriate held discussions with the Group's internal and external legal counsel; – held discussions with management, reviewed Board and Audit & Risk Committee papers, and attended Audit and Risk Committee meetings to understand progress on the matter; and – considered the underlying documentation prepared by the Group's external specialists and other relevant documents; • evaluated the competence, capabilities and objectivity of the Group's external specialists; • involved our EY actuarial specialists to assess the appropriateness of the methodology adopted by management's specialist to determine the leak rate; • evaluated the methodology adopted to calculate the provision in accordance with Accounting Standards, and assessed whether the assumptions such as leak rate, leak mix, costs incurred to date and estimated amounts were reasonable; and • considered the adequacy of the associated disclosures in the financial statements including whether they appropriately describe the assumptions made and uncertainties in estimating the product claim provision.

Independent Auditor's Report (Continued)

Goodwill and intangible assets with indefinite useful lives impairment assessment

Why significant	How our audit addressed the key audit matter
The Group holds goodwill and intangible assets with indefinite useful lives of $656 million at 30 June 2025. Impairments totalling $214 million have been recognised during the year ended 30 June 2025. The recoverable amount of the Group's Cash Generating Units with Goodwill ("CGUs") is determined each reporting period by reference to valuations prepared using discounted cash flow models ("DCF models"). DCF models contain significant judgement and estimation in respect of future cash flow forecasts, discount rate and terminal growth rate assumptions. Changes in certain assumptions can lead to significant changes in the assessment of the recoverable amount. Disclosures regarding the Group's key assumptions adopted and the sensitivity to reasonably possible changes in key assumptions which could result in impairment for higher risk CGUs are included in **note 2.3** of the financial statements. Disclosures regarding the Group's impairment recognised are included in **notes 2.2**, **2.3** and **14** of the financial statements.	In obtaining sufficient appropriate audit evidence, we: • understood the Group's goodwill and intangible assets with indefinite useful lives impairment assessment process and identified relevant controls; • assessed the Group's determination of CGUs and those CGUs considered to have a higher likelihood of impairment based on our understanding of the nature and financial performance of the Group's business units; • obtained the Group's DCF models and, for those CGUs with a higher likelihood of impairment, compared earnings before interest and tax forecasts to the Board approved FY26 budget; • assessed key inputs to the DCF models including future cash flow forecasts, allocation of corporate costs, discount rates and terminal growth rates; • considered the accuracy of previous Group cash flow forecasting to inform our evaluation of forecasts included in the DCF models; • for those CGUs with a higher likelihood of impairment, involved our valuation specialists to assess the Group's discount and terminal growth rates. Our valuation specialists were also involved in benchmarking the Group's assessed recoverable amounts with relevant market multiples and assessing the clerical accuracy of the DCF models; • performed sensitivity analysis in relation to the discount rate, terminal growth rate and forecast cash flows to consider the potential impact of changes in these assumptions to the recoverable amounts; • for the CGUs where goodwill and intangible assets with indefinite useful lives were determined to be impaired and an impairment was recognised, we assessed the output of the DCF models against the carrying value of the CGUs to assess the calculation of the impairment recognised; and • considered the adequacy of the associated disclosures in the financial statements particularly focusing on the disclosure of the CGUs where the impairment assessment is sensitive to reasonably possible changes in assumptions and the disclosure related to the CGUs where an impairment has been recognised.

Independent Auditor's Report (Continued)

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the other information. The other information comprises the annual report, which includes the Climate Statement but does not include the financial statements and our auditor's report thereon. We obtained the annual report other than the Climate Statement prior to the date of this auditor's report. The Climate Statement is expected to be made available to us after the date of this report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Climate Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: **https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/**. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Graeme Bennett.

Ernst + Young

Chartered Accountants
Auckland
20 August 2025

Mandatory Disclosures

1. CORPORATE GOVERNANCE

Fletcher Building's Corporate Governance Statement, current as at 20 August 2025, is available on the Group's website at **https://fletcherbuilding.com/investor-centre/corporate-governance**.

During the financial year ended 30 June 2025, Fletcher Building followed all of the recommendations in the NZX Corporate Governance Code dated January 2025 other than in the following respects (as approved by the Board):

Code Principle	Code recommendation	Key difference	Commentary
Principle 8: The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.	If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.	In September 2024, the Company raised $700 million of capital by way of a $282 million institutional placement and a $418 million pro rata accelerated non renounceable entitlement offer.	The Offer Document dated 23 September 2024 sets out at section 8 the reasons why the Board chose to raise capital through an accelerated non renounceable entitlement offer (ANREO). In concluding that the ANREO structure was in the best interests of Fletcher Building, the Board obtained independent expert investment banking advice in relation to the merits of the offer and considered: (a) the fairness of the structure to shareholders; and (b) the benefits of the ANREO structure such as better pricing, allocation flexibility and execution certainty. A copy of the Offer Document is available on the NZX and ASX websites.
Principle 5: The remuneration of directors and executives should be transparent, fair and reasonable.	An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.	The full detail of the Company's Managing Director are not set out in this annual report.	The remuneration arrangements of the Company's Managing Director will be set out in the Remuneration Report that will be made available to shareholders on the Group's website in connection with the Company's 2025 Notice of Annual Shareholders' Meeting.

2. CLIMATE-RELATED DISCLOSURES

Fletcher Building's 2024 Climate Statements are available on the Group's website at **https://fletcherbuilding.com/sustainability/sustainability-reports-publications-and-policies**. Fletcher Building will release its 2025 Climate Statement on the Group's website by 31 October 2025, in accordance with applicable reporting requirements.

Mandatory Disclosures (Continued)

3. DIRECTORS

The table below sets out the names of the directors of Fletcher Building as at 30 June 2025.

The Board considers that all of the directors are independent other than Andrew Reding. Andrew Reding is considered by the Board to be a non independent director because he is employed as the Managing Director and Chief Executive Officer of Fletcher Building. In summary 'independence' means that the director is not an employee and does not have any direct or indirect position, association or relationship that could reasonably influence, or could reasonably be perceived to influence, in a material way, the director's capacity to:

(a) bring an independent view to decisions in relation to Fletcher Building; or

(b) act in the best interests of Fletcher Building; or

(c) represent the interests of Fletcher Building's financial product holders generally,

including having regard to the factors described in the NZX Corporate Governance Code that may impact on director independence, if applicable.

Director	Role
Peter Crowley	Independent Chair
Cathy Quinn	Independent director
Sandra Dodds	Independent director
Tony Dragicevich	Independent director
Andrew Reding	Non independent Managing Director
Jacqui Coombes	Independent director
James Miller	Independent director

Barbara Chapman resigned as a director with effect from 30 April 2025.

Mandatory Disclosures (Continued)

DIRECTOR ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below shows directors' attendance at the Board and Committee meetings during the year ended 30 June 2025.

	Board	Audit & Risk Committee (ARC)	Disclosure Committee (DC)	Nominations Committee (NOMS)	People & Remuneration Committee (PREM)	Safety, Health, Environment & Sustainability Committee (SHES)
Number of meetings held*	**31**	**4**	**10**	**4**	**6**	**6**
Peter Crowley, Chair (1)	30	4	9	4	5	6
Cathy Quinn (2)	31	4	10	2		6
Sandra Dodds (3)	30	4	10	2		6
Tony Dragicevich (4)	22			2	3	6
Andrew Reding (5)	21	1		1	4	5
Jacqui Coombes (6)	5	1		-	1	
James Miller (7)	2	-	-	-		
Barbara Chapman, Acting Chair (8)	27	2	8	4	4	3

(1) Appointed as Chair on 3 February 2025, member of NOMS to 2 February 2025, member of ARC to 31 May 2025, member of DC, member of PREM to 2 February 2025, member of SHES to 2 February 2025. Effective from 3 February 2025, Peter attended Committee meetings in an ex officio capacity.
(2) Chair of DC, Chair of SHES, member of ARC, member of NOMS to 31 May 2025.
(3) Chair of ARC, member of DC, member of SHES.
(4) Appointed director on 1 August 2024, member of SHES, appointed member of PREM effective 1 March 2025.
(5) Appointed director on 22 August 2024, appointed Managing Director and Group CEO effective from 30 September 2024. Andrew attended Committee meetings in an ex officio capacity.
(6) Appointed director on 14 April 2025, member of PREM and appointed Chair effective 1 May 2025, member of NOMS.
(7) Appointed director on 1 June 2025, member of ARC, member of DC, member of NOMS.
(8) Acting Chair to 2 February 2025 and director until resignation effective 30 April 2025, Chair of NOMS to 2 February 2025, Chair of PREM to 30 April 2025, member of ARC from 3 February 2025, member of DC to 2 February 2025. Barbara attended Committee meetings in an ex officio capacity to 2 February 2025.
* Where a director is not a member of a committee but attended meetings, they did so as an observer.

The directors' meetings referred to in the table above do not include additional ad hoc or transactional committee meetings held through the year.

DIRECTORS' REMUNERATION STRUCTURE

The current total directors' remuneration pool approved by shareholders (in 2011) is $2 million per annum. Directors receive remuneration determined by the Board, provided that the directors' aggregate remuneration per annum does not exceed the shareholder-approved remuneration pool. There are no schemes for retirement benefits for non-executive directors. The remuneration scale for directors is outlined below:

Board/Committee	Role	FY25 (1)
Board of Directors	Chair (2)	$320,000
	Non-executive director	$155,500
Audit and Risk	Chair	$38,000
	Member	$19,500
Disclosure(3)	Chair	$20,000
	Member	$10,000
Nominations	Chair	-
	Member	$8,500
People and Remuneration	Chair	$29,000
	Member	$14,500
Safety, Health, Environment and Sustainability	Chair	$29,000
	Member	$14,500

(1) FY25 fees were paid effective from 1 July 2024. The Chair's remuneration was reduced from $391,000 to $320,000 effective 1 July 2024.
(2) No additional fees are paid to the Board Chair for committee roles.
(3) Disclosure Committee fees were introduced effective 1 March 2025.

Mandatory Disclosures (Continued)

In addition to the above, overseas based directors are paid an annual travelling allowance of $18,000 in recognition of the additional time spent travelling to and from New Zealand for Company-related matters.

Any fees paid to directors for unscheduled additional work are time-based and payable at the rate of $1,200 per half day. The aggregate amount of such fees is limited to $70,000 in the year and any one director is limited to receiving no more than $14,500 in the year. Directors do not receive any further remuneration for also being directors of Fletcher Building Industries Limited, the NZX-listed issuer of the Group's capital notes. Directors' fees exclude GST, where appropriate. In addition, Board members are entitled to be reimbursed for costs directly associated with carrying out their duties, including travel costs.

DIRECTORS' REMUNERATION

Details of the total remuneration received by each director during the financial year ended 30 June 2025 is as follows:

Director	Board Fees	Audit & Risk Committee (ARC)	Disclosure Committee (DC)[9]	Nominations Committee (NOMS)	People & Remuneration Committee (PREM)	Safety, Health, Environment & Sustainability Committee (SHES)	Ad hoc Committees[10]	Overseas based directors' travelling allowance	Total Remuneration
Peter Crowley (Chair)[1]	$90,708 $133,33*			$-*			$5,000	$18,000	$280,292
Cathy Quinn[2]	$155,500	$19,500	$6,667*	$7,792		$29,000*	$12,333		$230,792
Sandra Dodds[3]	$155,500	$38,000*	$3,333			$14,500	$4,833	$18,000	$234,167
Tony Dragicevich[4]	$142,542				$4,833	$13,292		$16,500	$177,167
Andrew Reding[5]	$17,081						$5,000		$22,081
Jacqui Coombes[6]	$33,159			$1,789	$636 $4,833*				$40,417
James Miller[7]	$12,958	$1,625	$833	$708					$16,125
Barbara Chapman (Acting Chair)[8]	$186,667* $38,875	$- $4,875	$-	$-*	$-* $7,250				$237,667
TOTAL	**$999,573**	**$64,000**	**$10,833**	**$10,289**	**$17,552**	**$56,792**	**$27,167**	**$52,500**	**$1,238,706**

* Chair of Committee

(1) Director appointed as Chair on 3 February 2025, member of NOMS to 2 February 2025 and appointed Chair effective 3 February 2025, member of ARC to 31 May 2025, member of DC, member of PREM to 2 February 2025, member of SHES to 2 February 2025. Effective from 3 February 2025, Peter attended Committee meetings in an ex officio capacity. No additional fees are paid to the Board Chair for committee roles.

(2) Chair of DC, Chair of SHES, member of ARC, member of NOMS to 31 May 2025.

(3) Chair of ARC, member of DC, member of SHES.

(4) Appointed director on 1 August 2024, member of SHES, appointed member of PREM effective 1 March 2025.

(5) Appointed director on 22 August 2024, appointed Managing Director and Group CEO effective from 30 September 2024. From Group CEO appointment date, no Director fees was payable.

(6) Appointed director on 14 April 2025, member of PREM to 30 April 2025 and appointed Chair effective 1 May 2025, member of NOMS.

(7) Appointed director on 1 June 2025, member of ARC, member of DC, member of NOMS.

(8) Acting Chair to 2 February 2025 and director until resignation effective 30 April 2025, Chair of NOMS to 2 February 2025, Chair of PREM to 30 April 2025, member ARC from 3 February 2025, member of DC to 2 February 2025. Barbara attended additional Committee meetings in an ex officio capacity to 2 February 2025. No additional fees are paid to the Board Acting Chair for committee roles.

(9) DC fees introduced effective 1 March 2025.

(10) Ad hoc committees include those established for the 2024 capital raise and construction contract review processes.

Mandatory Disclosures (Continued)

MANAGING DIRECTOR'S AND GROUP CEO'S REMUNERATION

The remuneration Andrew Reding received for FY25 is set out below.

Andrew commenced as a Board director on 22 August 2024, prior to being appointed as Managing Director and Group CEO on 30 September 2024. For the period between 22 August and 30 September 2024 he therefore received $22,081 in director fees. Andrew has not received any additional director fees for his role as Managing Director since commencing as Managing Director and Group CEO.

The following table details the remuneration Andrew Reding received as Managing Director and Group CEO for the period 30 September 2024 to 30 June 2025.

	FY25
Base remuneration	$1,093,255
Other benefits [1]	$1,720
Short-term incentive paid in the financial year [2]	-
Long-term incentive vested in the financial year [3]	-
Total remuneration received [4]	$1,094,975

Long-term incentives **Granted but only awarded after 3 years, if performance criteria are met**	**FY25**
Long-term incentive – number of shares granted	$447,607[5]
Long-term incentive – face value of grant	$2,175,000

Refer to the Remuneration Report for details of the Short- and Long-Term incentives.

(1) Includes medical insurance.

(2) No Short-Term incentive was paid during FY25.

(3) As the Managing Director and Group CEO only started in FY25, he was not eligible for any LTI vesting during FY25.

(4) This table sets out remuneration paid and incentives awarded for the relevant financial year.

(5) Based on a share price of NZ$2.96 being the volume weighted average price for the five business days prior to 1 September 2024. This grant has a 3 year vesting period.

Further details of the remuneration arrangements of the Managing Director and Group CEO will be set out in the Remuneration Report that will be made available to shareholders on the Company's website in connection with the Company's 2025 Notice of Annual Shareholders' Meeting.

Mandatory Disclosures (Continued)

DISCLOSURE OF INTERESTS BY DIRECTORS

The following are particulars of entries made by directors in the Company's interests register during the 12 months ended 30 June 2025, pursuant to section 140(2) of the Companies Act 1993. The director will be regarded as interested in all transactions between Fletcher Building and the disclosed entity. Changes to entries disclosed during the year to 30 June 2025 are noted in brackets, for the purposes of section 211(1)(e) of the Companies Act 1993.

Peter Crowley	Fletcher Building Industries Limited (Director, appointed Chair 3 February 2025)	Chair
	Barrambin Trading Company Pty Limited (resigned 20 June 2025)	Director
	Riverside Marine Holdings Pty Limited (appointed 20 June 2025)	Director
	The Riverside Coal Transport Company Pty Limited (resigned 30 June 2025)	Director
Cathy Quinn	Fertility Associates Holdings Limited	Chair
	Tourism Holdings Limited	Chair
	Fletcher Building Industries Limited	Director
	Fonterra Co-operative Group Limited	Director
	Rangatira Limited	Director
	Pin Twenty Limited	Director/Shareholder
	MinterEllisonRuddWatts	Consultant
	Council of the University of Auckland	Pro-Chancellor
Sandra Dodds	Contact Energy Limited	Director
	Fletcher Building Industries Limited	Director
	OceanaGold Corporation	Director
	Snowy Hydro Limited	Director
Tony Dragicevich	Capral Limited	Managing Director & CEO
	Fletcher Building Industries Limited (appointed 1 August 2024)	Director
Andrew Reding	Fletcher Building Industries Limited (appointed 22 August 2024)	Director
	AR Sharetrading Limited	Director/Shareholder
	Avertana Limited (resigned directorship 6 June 2025)	Director/Shareholder
	Hydroxsys Holdings Limited (resigned directorship 19 February 2025)	Director/Shareholder
	Tectonus Limited	Director/Option holder
Jacqui Coombes	Fletcher Building Industries Limited (appointed 14 April 2025)	Director
	Guzman y Gomez Limited	Director
James Miller	Channel Infrastructure Limited	Chair
	Fletcher Building Industries Limited (appointed 1 June 2025)	Director
	Mercury NZ Limited [1]	Director
	Ryman Healthcare Limited	Director
	Vista Group International Limited	Director

(1) Retires 19 September 2025.

There were no specific disclosures made by any directors during the year of any interests in transactions entered into by them with Fletcher Building or any of its subsidiaries.

INFORMATION USED BY DIRECTORS

There were no notices from directors of the Company requesting to disclose or use Company information received in their capacity as directors.

INDEMNITY AND INSURANCE

In accordance with section 162 of the Companies Act 1993 and the constitution of the Company, Fletcher Building has continued to indemnify and insure its directors, executives and employees acting on behalf of the Company against potential liability or costs incurred in any proceeding, except to the extent prohibited by law. The insurance does not cover liabilities arising from criminal actions.

Mandatory Disclosures (Continued)

DIRECTORS' HOLDING OF SECURITIES

The policy of the Board is that non-executive directors (or their associates) must hold at least 40,000 shares in the Company, or a number equivalent to a director's base fee at the time of joining the Board, to demonstrate their commitment to and alignment with the Company. Directors have three years from their date of appointment to accumulate that holding. Non-executive directors do not participate in any Company share or option plan.

DISCLOSURE OF DIRECTORS' INTERESTS IN SECURITIES

Set out below is a table of the securities of the Company and Fletcher Building Industries Limited (a wholly-owned subsidiary of the Company) in which each director had a relevant interest at 30 June 2025.

Director	Ownership	Ordinary Shares	Capital Notes
Peter Crowley	Beneficial	72,270	
Cathy Quinn	Beneficial	57,816	
	Non-Beneficial (1)	175,181	15,969,500
Sandra Dodds	Beneficial	31,680	
Tony Dragicevich	Beneficial	70,000	
Andrew Reding	Beneficial	113,281	
	Beneficial interest in shares under the Executive Long Term Share Scheme	447,607	

(1) Cathy Quinn holds a non-beneficial interest in Fletcher Building shares as a director/shareholder of Pin Twenty Limited.

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARE TRANSACTIONS

Directors disclosed, pursuant to section 148(2) of the Companies Act 1993, the following transactions involving relevant interests in Fletcher Building shares and capital notes during the year ended 30 June 2025.

Director	Date of transaction	Nature of transaction	Nature of relevant interest	Consideration	Number of securities
Tony Dragicevich	26 September 2024	On-market acquisition of ordinary shares	Beneficial interest	AU $92,750	35,000
Tony Dragicevich	27 September 2024	On-market acquisition of ordinary shares	Beneficial interest	AU $91,125	35,000
Sandra Dodds	2 October 2024	On-market acquisition of ordinary shares	Beneficial interest	NZ $27,500	10,000
Barbara Chapman	15 October 2024	Acquisition of ordinary shares under entitlement offer	Beneficial interest	NZ $53,448	22,270
Peter Crowley	15 October 2024	Acquisition of ordinary shares under entitlement offer	Beneficial interest	AU $48,994	22,270
Sandra Dodds	15 October 2024	Acquisition of ordinary shares under entitlement offer	Beneficial interest	AU $14,696	6,680
Cathy Quinn	15 October 2024	Acquisition of ordinary shares under entitlement offer	Beneficial interest	NZ $42,758	17,816
Cathy Quinn (1)	15 October 2024	Acquisition of ordinary shares under entitlement offer	Non-beneficial interest	NZ $129,562	53,984
Andrew Reding	15 October 2024	Acquisition of ordinary shares under entitlement offer	Beneficial interest	NZ $26,174	10,906
Andrew Reding	15 October 2024	Acquisition of ordinary shares under entitlement offer	Beneficial interest	NZ $2,136	890
Andrew Reding	9 December 2024	Award of LTI interest in ordinary shares	Beneficial interest under executive long-term share scheme	-	447,607
Andrew Reding	21 February 2025	On-market acquisition of ordinary shares	Beneficial Interest	NZ $249,218	75,000
Cathy Quinn (1)	17 March 2025	Redemption on maturity of capital notes	Non-beneficial interest	NZ $9,216,000	(9,216,000)

(1) As a director/shareholder of Pin Twenty Limited, Cathy Quinn disclosed (a) a non-beneficial interest in the 53,984 shares acquired by Pin Twenty Limited on 15 October 2024; and (b) a non-beneficial interest in Pin Twenty Limited's 9,216,000 Fletcher Building Industries Limited capital notes redeemed on 17 March 2025.

Mandatory Disclosures (Continued)

4. OTHER DISCLOSURES

GENDER COMPOSITION

The comparison of gender composition within Fletcher Building as at 30 June 2024 and as at 30 June 2025 is set out in the table below.

	2025			2024		
	Female	Male	Gender Diverse	Female	Male	Gender Diverse
Board of Directors (1)	3 (43%)	4 (57%)	0 (0%)	3 (50%)	3 (50%)	0 (0%)
Executive Committee (1)	2 (20%)	8 (80%)	0 (0%)	2 (15%)	11 (85%)	0 (0%)
Senior Management (1)	21 (32%)	44 (68%)	0 (0%)	24 (33%)	48 (67%)	0 (0%)
All employees	26%	74%	0%	25%	74%	1%

(1) Andrew Reding (Managing Director and Group CEO) has been counted in both the Board of Directors and Executive Committee data. The Executive Committee for these purposes comprises those persons who report directly to the Managing Director and Group CEO. The members of the Executive Committee are 'Officers' for the purposes of NZX listing rule 3.8.1(c).

DIVERSITY AND INCLUSION

The Board is satisfied with the initiatives being implemented by the Group and its performance with respect to the Inclusion and Diversity Policy.

AUDITOR'S FEES

EY has continued to act as auditors of the Group. Details of the fees and expenses paid to EY are provided in **note 6** of the consolidated financial statements within this Annual Report. Any additional work performed by EY beyond the statutory audit was pre-approved in accordance with the Auditor Independence Policy, available on the Company's website.

CREDIT RATING

As at 30 June 2025, the Group had a credit rating of Baa3 from Moody's Investors Services which was affirmed on 27 September 2024 with the outlook revised from negative to stable. This rating remains unchanged as at the date of this Annual Report.

DONATIONS

Please refer to **note 6** of the audited consolidated financial statements for donations made in FY25. All political donations must be approved by the Board.

Mandatory Disclosures (Continued)

EMPLOYEE REMUNERATION

Section 211(1)(g) of the Companies Act 1993 requires disclosure of the number of employees or former employees of the Group whose remuneration and any other benefits received during the year in their capacity as employees, was equal to or exceeded $100,000 per annum and to state the number of such employees or former employees in brackets of $10,000. These amounts are included below and include all applicable employees or former employees of Fletcher Building worldwide. The remuneration amounts include all monetary amounts and benefits actually paid during the year, including redundancies and the face value of long-term incentives vested.

From NZD to NZD	New Zealand business activities	International business activities	Total
100,000 – 110,000	684	279	963
110,000 – 120,000	450	301	751
120,000 – 130,000	433	231	664
130,000 – 140,000	306	182	488
140,000 – 150,000	259	177	436
150,000 – 160,000	197	134	331
160,000 – 170,000	129	113	242
170,000 – 180,000	124	100	224
180,000 – 190,000	78	67	145
190,000 – 200,000	94	66	160
200,000 – 210,000	62	37	99
210,000 – 220,000	57	41	98
220,000 – 230,000	37	30	67
230,000 – 240,000	30	26	56
240,000 – 250,000	25	17	42
250,000 – 260,000	24	17	41
260,000 – 270,000	28	13	41
270,000 – 280,000	20	6	26
280,000 – 290,000	20	9	29
290,000 – 300,000	10	12	22
300,000 – 310,000	9	5	14
310,000 – 320,000	14	5	19
320,000 – 330,000	12	8	20
330,000 – 340,000	6	3	9
340,000 – 350,000	11	3	14
350,000 – 360,000	11	1	12
360,000 – 370,000	4	4	8
370,000 – 380,000	7	4	11
380,000 – 390,000	6	5	11
390,000 – 400,000	7	1	8
400,000 – 410,000	1	1	2
410,000 – 420,000	3	0	3
420,000 – 430,000	5	6	11
430,000 – 440,000	0	2	2
440,000 – 450,000	1	1	2
450,000 – 460,000	3	1	4
460,000 – 470,000	7	2	9
470,000 – 480,000	5	0	5
480,000 – 490,000	4	0	4
490,000 – 500,000	1	0	1
500,000 – 510,000	2	1	3
510,000 – 520,000	1	0	1
520,000 – 530,000	1	1	2
530,000 – 540,000	2	0	2
540,000 – 550,000	2	0	2
550,000 – 560,000	1	1	2
560,000 – 570,000	0	1	1
570,000 – 580,000	2	1	3
590,000 – 600,000	1	2	3
610,000 – 620,000	1	1	2
620,000 – 630,000	1	0	1
640,000 – 650,000	0	1	1
650,000 – 660,000	1	1	2
680,000 – 690,000	1	0	1
700,000 – 710,000	0	1	1
710,000 – 720,000	0	1	1
740,000 – 750,000	1	1	2
760,000 – 770,000	1	0	1
770,000 – 780,000	2	0	2
830,000 – 840,000	1	0	1
870,000 – 880,000	1	1	2
900,000 – 910,000	1	0	1
920,000 – 930,000	1	1	2
970,000 – 980,000	1	0	1
990,000 – 1,000,000	0	1	1
1,000,000 – 1,010,000	1	0	1
1,020,000 – 1,030,000	1	0	1
1,040,000 – 1,050,000	0	1	1
1,060,000 – 1,070,000	1	0	1
1,090,000 – 1,100,000	2	0	2
1,110,000 – 1,120,000	1	0	1
1,150,000 – 1,160,000	0	1	1
1,340,000 – 1,350,000	1	0	1
1,410,000 – 1,420,000	0	1	1
1,530,000 – 1,540,000	1	0	1
1,590,000 – 1,600,000	0	1	1
1,780,000 – 1,790,000	1	0	1
Total	**3,218**	**1,930**	**5,148**

The decrease in the highest bracket from the FY24 report to the FY25 report reflects the changes in Group CEO incumbents throughout the year. The individual in the highest bracket is Nick Traber (Acting Group CEO to 29 September 2024), for whom a detailed breakdown of remuneration received will be provided in the Remuneration Report.

This table is required by law and sets out remuneration that has been received during this year and so includes amounts that relate to prior periods (due to timing of payments).

Mandatory Disclosures (Continued)

EXERCISE OF NZX/ASX DISCIPLINARY POWERS

Neither NZX nor ASX has taken any disciplinary action against Fletcher Building during the financial year ended 30 June 2025 and there was no exercise of powers by NZX under NZX Listing Rule 9.9.3 (relating to powers to cancel, suspend or censure an issuer) with respect to Fletcher Building during the reporting period.

NZX WAIVERS

There were no waivers granted by NZX or relied on by Fletcher Building Limited in the 12 months ended 30 June 2025.

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS

The total number of voting securities of Fletcher Building at 30 June 2025 was 1,074,897,372 fully paid ordinary shares, each conferring on the registered holder the right to one vote on a poll at a meeting of shareholders.

Size of holding	Number of shareholders	% of shareholders	Number of ordinary shares	% of ordinary shares
1 – 1,000	14,381	46.55	5,893,215	0.55
1,001 – 5,000	10,849	35.11	26,535,357	2.47
5,001 – 10,000	2,839	9.19	20,340,675	1.89
10,001 – 100,000	2,645	8.56	64,586,914	6.01
100,001 Over	182	0.59	957,541,211	89.08
Total	30,896	100.00	1,074,897,372	100.00

SUBSTANTIAL PRODUCT HOLDERS

According to notices given under the Financial Markets Conduct Act 2013, the following persons were substantial product holders of Fletcher Building as at 30 June 2025. The total number of voting securities of Fletcher Building Limited at 30 June 2025 was 1,074,897,372 fully paid ordinary shares.

Substantial product holder	Number of ordinary shares in which relevant interest is held	Date of notice
Allan Gray Australia Pty Ltd (Allan Gray Australia) and its related bodies corporate	201,342,178	6 June 2025
Schroders Investment Management Australia Limited and its related bodies corporate	65,903,472	28 May 2025

Mandatory Disclosures (Continued)

20 LARGEST REGISTERED HOLDERS AS AT 30 JUNE 2025

Holder Name	Number of ordinary shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	146,668,753	13.64
Citicorp Nominees Pty Limited	137,539,432	12.80
JP Morgan Nominees Australia Limited	109,156,387	10.16
Citibank Nominees (New Zealand) Limited – NZCSD	62,369,691	5.80
HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD	56,397,969	5.25
BNP Paribas Nominees (NZ) Limited – NZCSD	55,607,315	5.17
JPMorgan Chase Bank NA NZ Branch – Segregated Clients Acct – NZCSD	40,725,887	3.79
HSBC Nominees (New Zealand) Limited – NZCSD	33,226,205	3.09
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited – NZCSD	31,933,056	2.97
BNP Paribas Nominees Pty Ltd	31,271,386	2.91
Accident Compensation Corporation – NZCSD	20,671,800	1.92
New Zealand Depository Nominee Limited	20,249,620	1.88
ANZ Wholesale Australasian Share Fund – NZCSD	18,077,701	1.68
Tea Custodians Limited Client Property Trust Account – NZCSD	17,894,063	1.66
JBWere (NZ) Nominees Limited (NZ Resident A/C)	15,382,107	1.43
Simplicity Nominees Limited – NZCSD	12,414,992	1.15
JBWere (NZ) Nominees Limited (Res Inst A/C)	9,495,664	0.88
Custodial Services Limited	9,408,174	0.88
PT (Booster Investments) Nominees Limited	8,356,847	0.78
BNP Paribas Noms Pty Ltd	8,116,633	0.76
Total	**844,963,682**	**78.61**

New Zealand Central Securities Depository Limited (NZCSD) provides a custodial depository service which allows electronic trading of securities to members. It does not have a beneficial interest in these securities. As at 30 June 2025, the total number of ordinary shares held in NZCSD was 378,390,689 which amounted to 35.20% of the ordinary shares on issue.

Mandatory Disclosures (Continued)

SUBSIDIARY COMPANY INFORMATION

The persons listed below respectively held office as directors of Fletcher Building Limited or one or more of its subsidiary companies as at 30 June 2025, or in the case of those persons with the letter (R) after their name ceased to hold office during the year. Except where shown below, Fletcher Building's indirect ownership interest in these companies as at 30 June 2025 was 100%.

No employee of Fletcher Building appointed as a director of a Fletcher Building company retains any remuneration or other benefits, as a director. The remuneration and other benefits of such employees, received as employees, are included in the relevant bandings for remuneration disclosed in the "Employee Remuneration" section. Except where shown below, no other director of any subsidiary company within the Group receives director's fees or other benefits as a director.

Company	Directors
Amatek Holdings Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Amatek Industries Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Amatek Investments Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Approach Signs Limited	P Boylen, W Wright, B McKenzie (R)
Bandelle Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R),
Baron Insulation Pty Ltd	A Rowe, W Wright, B McKenzie (R), G O'Reilly (R)
Belvedere FRL No 1 General Partner Limited (51%)	S Evans, P Majurey
Belvedere FRL No 1 Limited Partnership (51%)	
Belvedere FRL No 2 General Partner Limited (51%)	S Evans, P Majurey
Belvedere FRL No 2 Limited Partnership (51%)	
Brian Perry Civil Limited	P Boylen, W Wright, B McKenzie (R)
Building Prefabrication Solutions Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
Burnham 2020 Limited	T Williams, W Wright, B McKenzie (R), N Traber (R)
Cleaver Building Supplies Limited (75%)	M Cleaver, J Peters, J Jang (R)
Crane Enfield Metals Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Crane Group Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Crane Share Plan Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Crevet Pipelines Pty Ltd	P Lavelle, W Wright, B McKenzie (R), G O'Reilly (R)
Crevet Pty Ltd	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
CTCI Pty Limited	S Leagh-Murray, W Wright, B McKenzie (R), G O'Reilly (R)
Delcon Holdings (No. 11) Limited	T Williams, W Wright, H McBeath (R), B McKenzie (R)
ee-Fit Pty Limited	A Rowe, W Wright, B McKenzie (R), G O'Reilly (R)
FBHS (Aust) Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R), D Orr (R)
FBII (Puhoi) Limited	P Boylen, W Wright, B McKenzie (R)
FBSOL Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R), D Orr (R)
Fletcher Building (Australia) Pty Ltd	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Fletcher Building (Fiji) Pte Limited	P Boylen, A Henderson, S Tuinamuana, A Whitton, A Kumar (R)
Fletcher Building Educational Fund Limited	K Eagle, J McDonald, R Rendle, C Carroll (R)
Fletcher Building Holdings Limited	H Wong, W Wright, B McKenzie (R)
Fletcher Building Holdings New Zealand Limited	H Wong, W Wright, B McKenzie (R)
Fletcher Building Industries Limited	J Coombes, P Crowley, S Dodds, A Dragicevich, J Miller, C Quinn, A Reding, B Chapman (R)
Fletcher Building Limited	J Coombes, P Crowley, S Dodds, A Dragicevich, J Miller, C Quinn, A Reding, B Chapman (R)
Fletcher Building Nominees Limited	M Binns, J Chapman, H McKenzie, C Munkowits, G Niccol, T Williams
Fletcher Building Products Australia Pty Ltd	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Fletcher Building Products Limited	H McBeath, W Wright, B McKenzie (R)
Fletcher Building Share Schemes Limited	J Chapman, G Niccol
Fletcher Building Welfare Fund Nominees Limited	D Lucas, S Schulz, D Sixton, C Stewart
Fletcher Challenge Building UK Limited	S Evans, W Wright, B McKenzie (R)
Fletcher Challenge Forest Industries Limited	S Evans, W Wright, B McKenzie (R)

Mandatory Disclosures (Continued)

Company	Directors
Fletcher Concrete and Infrastructure Limited	H McBeath, T Williams, W Wright, B McKenzie (R), N Traber (R)
Fletcher Construction (Solomon Islands) Limited	P Boylen, A Henderson
Fletcher Construction Buildings Limited	P Boylen, W Wright, B McKenzie (R)
Fletcher Construction Company (Fiji) Pte Limited	P Boylen, A Kumar
Fletcher Construction Holdings Limited	P Boylen, W Wright, B McKenzie (R)
Fletcher Construction Infrastructure Limited	P Boylen, W Wright, B McKenzie (R)
Fletcher Construction Management Services Limited	P Boylen, W Wright, B McKenzie (R)
Fletcher Development Limited	S Evans, W Wright, B McKenzie (R)
Fletcher Distribution Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
Fletcher Industries Australia Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Fletcher Insulation Pty Limited	A Rowe, W Wright, B McKenzie (R), G O'Reilly (R)
Fletcher Morobe Construction Limited	P Boylen, R Simpson
Fletcher Property Limited	H Wong, W Wright, B McKenzie (R)
Fletcher Residential Limited	S Evans, W Wright, B McKenzie (R)
Fletcher Steel Limited	H McBeath, T Williams, W Wright, B McKenzie (R)
Fletcher Wood Products Limited	H McBeath, W Wright, B McKenzie (R)
Gatic Pty Limited	P Lavelle, W Wright, B McKenzie (R), G O'Reilly (R)
Geraldton Independent Building Supplies Pty Limited	S Leagh-Murray, W Wright, B McKenzie (R), G O'Reilly (R)
Higgins Contractors Limited	P Boylen, W Wright, B McKenzie (R)
Higgins Group Holdings Limited	P Boylen, W Wright, B McKenzie (R)
Homai MFR General Partner Limited (51%)	S Evans, P Majurey
Homai MFR Limited Partnership (51%)	
HotForm Products Limited (51%)	C Lee, J Mainwaring, R Sutherland, D Sutton, S Hansen (R)
Iplex Pipelines Australia Pty Limited	P Lavelle, W Wright, B McKenzie (R), G O'Reilly (R)
Iplex Pipelines NZ Limited	H McBeath, W Wright, B McKenzie (R)
Iplex Properties Pty. Limited	P Lavelle, W Wright, B McKenzie (R), G O'Reilly (R)
Kaipatiki FRL General Partner Limited (51%)	S Evans, P Majurey
Kaipatiki FRL Limited Partnership (51%)	
Key Plastics Pty. Ltd.	P Lavelle, W Wright, B McKenzie (R), G O'Reilly (R)
Kingston Bridge Engineering Pty Ltd	P Lavelle, W Wright, B McKenzie (R), G O'Reilly (R)
Kinsey Kydd Building Supplies Limited	W Wright, B McKenzie (R)
Kusabs Building Supplies Limited (75%)	J Peters, G Kusabs, J Jang (R)
Laminex Group Pty Limited	S Leagh-Murray, W Wright, B McKenzie (R), G O'Reilly (R)
Leary Building Supplies Limited (75%)	B Leary, J Peters, J Jang (R)
Macready Building Supplies Limited (75%)	J Macready, J Peters, J Jang (R)
Matt Orr Building Supplies Limited (75%)	M Orr, J Peters, J Jang (R)
McGill Building Supplies Limited (75%)	J McGill, J Peters, J Jang (R)
McInnes Building Supplies Limited	W Wright, B McKenzie (R)
Mico New Zealand Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
Milnes Holdings Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Moire Road General Partner Limited (51%)	N Donnelly, S Evans, S Rapson (R)
Moire Road Limited Partnership (51%)	
Morinda Australia Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R), D Orr (R)
Northern Iron and Brass Foundry Pty. Ltd.	P Lavelle, W Wright, B McKenzie (R), G O'Reilly (R)
Ōkahukura GP Limited (51%)	D Clay, S Evans
Ōkahukura Limited Partnership (51%)	
Oliveri Solutions Pty Limited	F Hopkins, J Woodcock, W Wright, B McKenzie (R), G O'Reilly (R)
Paul Robinson Building Supplies Limited (75%)	J Peters, P Robinson, J Jang (R)

Mandatory Disclosures (Continued)

Company	Directors
Pavement Technology Limited	P Boylen, W Wright, B McKenzie (R)
Penny Engineering Limited	P Boylen, W Wright, B McKenzie (R)
Penrose Retirement Nominees Limited	M Binns, J Chapman, H McKenzie, C Munkowits, G Niccol, T Williams
PlaceMakers Christchurch Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Co 1 Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Co 2 Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Co 3 Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Co 4 Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Co 5 Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Co 6 Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Gisborne Limited (75.28%)	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Hawkes Bay Limited (94.06%)	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Invercargill Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Supply, Fix & Install Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
PlaceMakers Waiheke Limited (75%)	D Banks, J Peters, J Jang (R)
PlaceMakers Wanaka Limited (80%)	J Peters, B Stanley-Joblin, J Jang (R)
Polymer Fusion Education Pty Ltd	P Lavelle, W Wright, B McKenzie (R), G O'Reilly (R)
Raylight Aluminium Limited (80%)	C Mearns, J Peters, M Buckenham (R), J Jang (R)
Reece Building Supplies Limited (75%)	J Peters, J Reece, J Jang (R)
Renewable Wood Fuels Limited	H McBeath, W Wright, B McKenzie (R)
Roys Hill Aggregates Limited	A Blathwayt, T Hazell
S Cubed Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R), D Orr (R)
Selwyn Quarries Limited	T Williams, W Wright, B McKenzie (R), N Traber (R)
Shed Boss NZ Limited	T Williams, W Wright, H McBeath (R), B McKenzie (R)
Sonata Acoustic Panels Pty Limited	A Rowe, W Wright, G O'Reilly (R)
Stanley Building Supplies Limited	J Peters, W Wright, J Jang (R), B McKenzie (R)
Stramit Corporation Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R), D Orr (R)
Tasman Australia Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Tasman Building Products Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Tasman Insulation New Zealand Limited	H McBeath, W Wright, B McKenzie (R)
Tauoma FRL GP Limited (51%)	S Evans, P Majurey
Tauoma FRL Limited Partnership (51%)	
TBP Group Pty Limited	F Hopkins, W Wright, B McKenzie (R), G O'Reilly (R)
Te Tau Waka General Partner Limited (51%)	D Clay, S Evans
Te Tau Waka Limited Partnership (51%)	
Terrace Insurances (PCC) Limited	K Burke, J Crowder, M Rogers, B McKenzie (R), A Symons (R)
The Fletcher Construction Company (Fanshawe Street) Limited	P Boylen, W Wright, B McKenzie (R)
The Fletcher Construction Company Limited	P Boylen, W Wright, B McKenzie (R)
The Fletcher Organisation (Vanuatu) Limited	P Boylen, A Care
The Fletcher Trust and Investment Company Limited	P Boylen, W Wright, B McKenzie (R)
Vivid Living Limited	S Evans, W Wright, B McKenzie (R)
Waipapa Pine Limited	H McBeath, W Wright, B McKenzie (R)
Water Filters Australia Pty Limited	J Woodcock, W Wright, B McKenzie (R), G O'Reilly (R)
Wednesday Pte Limited	P Boylen, A Kumar
Winstone Wallboards Limited	H McBeath, W Wright, D Thomas, B McKenzie (R)

Mandatory Disclosures (Continued)

As at 30 June 2025, Fletcher Building held an indirect ownership interest in the following associates and joint ventures.

Company	Ownership
Altera Apartments General Partner Limited	50%
Altera Apartments Limited Partnership	50%
Altus NZ Limited	50%
Bellus Apartments General Partner Limited	50%
Bellus Apartments Limited Partnership	50%
Greenraft Limited	33.33%
Hexion Australia Pty Ltd	50%
Higgins Holdings (Fiji) Pte Limited	50%
Ilico Apartments General Partner Limited	50%
Ilico Apartments Limited Partnership	50%
Interpipe Holdings Limited	50%
JFC Pumps Limited	50%
NX2 Hold GP Limited	13.40%
NX2 Hold Limited Partnership	13.40%
Oamaru Shingle Supplies Limited	33.33%
P2W Services Limited	50%
Rangitikei Aggregates Limited	50%
Rodney Aggregates Supplies Limited	50%
Verto Apartments General Partner Limited	50%
Verto Apartments Limited Partnership	50%
Wespine Industries Pty Ltd	50%

Fletcher Building