Fletcher Building

Amendment to 2024 Annual Report

Auckland, 21 August 2024: Fletcher Building Limited wishes to correct a typographical error in the Independent Auditor's Report forming part of its 2024 Annual Report released earlier today.

In the first paragraph on page 148, the word "million" has been added, as follows:

"An impairment of $222 million has been recognised during the year ended 30 June 2024."

This error has been rectified, and attached is the updated 2024 Annual Report.

ENDS

Authorised by:
Haydn Wong
Company Secretary

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Annual Report 2024

Fletcher Building Limited

Fletcher Building

Subcontractor teams continue work on Fletcher Living's® Waiata Shores development.

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. All references to financial years FY24 and FY23 in this annual report are to the financial year ended 30 June.

References to $ and NZ$ are to New Zealand dollars unless otherwise stated.

In certain sections of this report the Group has chosen to present certain financial information exclusive of the impact of significant items and/or the results of the legacy projects, consistent with previous market guidance. Where such information is presented, it is clearly described and marked with an appropriate footnote. This allows the readers of this report to better understand the underlying operations and performance of the Group.

Contents

Welcome to our FY24 Annual Report, which describes our business operations, approach to doing business and performance for the year. As with our previous reports, we have included commentary on our strategy, governance, environmental and social performance of our business alongside our financial results. We welcome questions, comments or suggestions about this report to **investor.relations@fbu.com.**

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

Our Year

Performance

Governance

Financial Report

Other Disclosures

This Annual Report is dated 21 August 2024 and is signed on behalf of the Board by:

Barbara Chapman
Acting Chair

Sandra Dodds
Director

Front cover: Fletcher Living's® Head of Sustainability Nicola Tagiston with LowCO™ Home residents Ella and Brendan Smith. Nicola was awarded the Emerging Leader award at the 2024 NAWIC (National Association for Women in Construction) Awards.

Throughout this annual report there are QR codes which you can scan with your mobile phone camera to view additional online material.

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.

For personal use only

We are Fletcher Building

Fletcher Building is a significant manufacturer, retailer, home builder and partner on major construction and infrastructure projects. Spanning the full value chain, we operate diversified businesses across our core markets of New Zealand and Australia, from resource extraction, product manufacturing and distribution through to property development and infrastructure construction.

Our purpose, 'improving the world around us through smart thinking, simply delivered' is focused on accessing the best ideas from around the world, or through innovating in our own right, and bringing them to market in ways that make our customers' lives easier. As a business, we are decarbonising, minimising waste and continually innovating to produce better, more sustainable products and homes. In doing so, we are building better environments for our customers and communities, and a more sustainable future for generations to come.

Fletcher Building is dual listed on the NZX and ASX, and operates through six divisions – Building Products, Distribution, Concrete, Australia, Residential and Development and Construction.

Australia

Laminex, Fletcher Insulation, Stramit, iplex, Oliveri

South Pacific

Fletcher Building has operations in Papua New Guinea, Fiji, Samoa and American Samoa, Tonga, Vanuatu and the Solomon Islands.

New Zealand

GIB, PlaceMakers, Fletcher, Fletcher Steel, Fletcher Living, vivid living, iPLEX Pipelines, Firth, Humes, Higgins, Laminex New Zealand, Dimond Roofing, Dimond Structural, Golden Bay, CSP, Comfortech, Pacific Coilcoaters, mico, Winstone Aggregates, altus, easysteel, Fletcher Reinforcing, Clever Core, Fletcher Wire products, Waipapa Pine, Decon

Safety TRIFR (1)

3.3

2023: 3.1

Employee NPS

35

2023: 29

Carbon Emissions (2)

19%

reduction from FY18 baseline year

Customer NPS (3)

48

2023: 42

The above metrics exclude Tradelink®, which is treated as a discontinued operation.

(1) Total Recordable Injury Frequency Rate. Total number of recorded injuries per million hours worked. Does not include Restricted Work Injuries. FY24 excludes Wood Products. FY23 excludes Rocla and Tumu®.

(2) Combined Scope 1 and Scope 2 emissions for the Group.

(3) Net Promoter Score measures how satisfied our customers are with our business; excludes Altus® and the Construction division.

The 'Methodology used for non-financial measures' section of this report explains how the above measures are calculated.

At a glance

12,500+
People in New Zealand, Australia and the South Pacific [1]

780
Operating sites [1]

Revenue [1]
$7,683m
2023: $7,679m

Net (loss)/earnings – reported
($227m)
2023: $235m

EBIT before significant items [1, 2]
$509m
2023: $785m

EBIT margin before significant items [1, 2]
6.6%
2023: 10.2%

Cash flows from operating activities
$398m
2023: $388m

Leverage ratio (net debt/EBITDA)
1.99x
2023: 1.22x

Earnings per share
(29.0) cents
2023: 30.0 cents

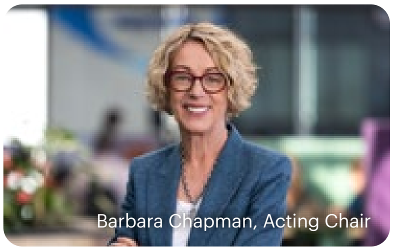
Total dividend
nil
2023: 34.0 cents

Information as at 30 June 2024.

(1) From continuing operations; excludes Tradelink® which is treated as discontinued operations.

(2) Measures before significant items are non-GAAP measures used by management to assess the performance of the Group and have been derived from Fletcher Building's financial statements for the year ended 30 June 2024.

Acting Chair's Report


Barbara Chapman, Acting Chair

Dear Shareholders

As we reflect on the past financial year, I want to acknowledge the considerable disruption we have faced as a Company. This year has tested our resilience and adaptability and the Board appreciates the support our shareholders have provided as we work to overcome these challenges.

Governance and accountability

The requirement to announce additional legacy Construction cost provisions over the course of the year, together with the ongoing plumbing issues in Western Australia, have negatively affected both the Company's reputation and its financial performance.

In recognition of this, we have made a number of Board and Management changes as we progress through a period of renewal.

Ross Taylor retired in August 2024 having led Fletcher Building as CEO since November 2017. During his time, Ross refocused the Company to its current New Zealand and Australia operations, turned around the Australia division and reset the Construction division including delivering completion on almost all the 80 loss-making projects. Ross led the Company with renewed focus on our underlying businesses with important investment, drove commitments and improved its performance in safety, sustainability, customer and people metrics. He led the business strongly as we adapted to the arrival and impact of COVID-19. The Board is grateful for his contribution.

On 20 August 2024, the Board was pleased to announce the appointment of Andrew Reding as Group Chief Executive Officer and Managing Director, following a global search. We are pleased to have secured a leader of Andrew's calibre, experience and respect in the market. His deep understanding of the sectors we operate in, coupled with his knowledge of Fletcher Building, make him the ideal executive to lead the Group. He assumes his new role on 30 September 2024.

The Board would also like to express our appreciation to Nick Traber for his contribution as Acting Group CEO. He has been instrumental in providing stability at a critical time, and on behalf of the Company, we thank him for his energy and leadership during this period.

On Board changes, Bruce Hassall retired as Chair having served on the Board for seven years. He governed through the significant restabilisation of the Company including a focus on cleaning up the legacy issues and repositioning the go-forward business for long-term performance and growth.

Further Board retirements included Doug McKay, Martin Brydon and Rob McDonald. All three served from 1 September 2018 and were very effective in either leading or being part of a number of subcommittees.

We thank all our departing directors for their involvement and influence.

Joining the Board as a non-executive director in August 2024 was Tony Dragicevich, who brings significant industry experience in leading distribution and manufacturing businesses across Australia and New Zealand. Tony's appointment is subject to shareholder approval at the Annual Shareholders' Meeting.

The Board and Executive team composition is a critical priority for the Board. It is essential that the Board and leadership team have the right skills and capability required to drive the performance of the business to deliver value in the near and longer-term.

Operational challenges

The macro-economic backdrop of higher interest rates and inflation have persisted throughout the year and placed pressure on developers and those invested in the housing market. Building market activity in New Zealand and Australia declined considerably, with the lower volumes having a significant impact on the performance of Fletcher Building businesses. In response, the Group has been focused on the disciplined management of cost, working capital, cash, capital expenditure and debt, as well as right-sizing of businesses, where required, to the current market conditions.

Western Australia plumbing, legacy Construction, Higgins®, Tradelink® divestment

At the half year, we reported extensively on the ongoing Western Australia plumbing issues, where our testing and expert reports on causation showed that the leaks are caused by installation failures and that there is no manufacturing defect. Since that time, we have been working through developing and implementing a workable and appropriate industry solution. Builders have continued to draw down on the A$15 million fund we established to remediate repairs for their customers. We acknowledge the class action proceeding filed in the Federal Court of Australia and served on Iplex® Pipelines Australia (Iplex®) in August 2024. Iplex® intends to defend the proceedings. As per our detailed disclosure notes, risks remain on this matter.

Regrettably, we also reported $180 million of additional provisions on a number of the final Construction legacy projects at the half year. Progress is being made on the New Zealand International Convention Centre and Hobson Street Hotel project (NZICC), and through the year the Construction team completed and handed over the carparks and the Horizon Hotel to the client. In addition, the remaining Contract Works Insurance claims with the project insurers and the client were settled in line with those assumed in the provisions taken in February 2024, de-risking this aspect of the project. The current provision on the project is unchanged from that taken in February 2024. However, risks will remain until the project is completed, as described in our detailed disclosure notes. These include risks on time and cost to complete the construction works and commission the building, and the potential for disputes and wash-up claims.

The Board has established additional subcommittees that monitor and maintain regular oversight on both Western Australia plumbing issues and the Construction business and legacy projects. During FY24, the Board has placed particular emphasis on regularly engaging with a broad range of shareholders to receive and discuss their feedback.

Disappointingly, a full review of the Higgins® businesses at the year end led to a $117 million non-cash impairment and write-down in their carrying value. We have tasked Management to deliver on the credible path it has to drive the business forward.

Positively, the successful shift to a 50/50 joint venture for the Fiji Construction business is highly strategic as it will enable the Company to work with two strong local partners, Fiji National Provident Fund and Fijian Holdings Limited. Further, the Board was pleased to enter into an agreement on the sale of Tradelink® subsequent to year end and expects settlement on 30 September 2024.

Taking into account these key matters, the net loss attributable to shareholders for FY24 was $227 million compared to a profit of $235 million in FY23. This included $333 million of significant items (mainly on legacy provisions and Higgins) and $141 million net loss from discontinued operations related to Tradelink®.

Given the current market conditions and in line with the dividend policy (which is to pay dividends in the range of 50% to 75% of net earnings before significant items, and having regard to available cash flow) and covenant agreements, the Board has not declared a final dividend.

Managing through-the-cycle

We remain connected to our purpose of 'improving the world around us through smart thinking, simply delivered' with our focus on customer, people, safety and sustainability and our longer-term pipeline of investments that will deliver when the market returns to growth. With continued housing undersupply, significant infrastructure demand, ageing population and supportive immigration settings, the long-term macro fundamentals are solid.

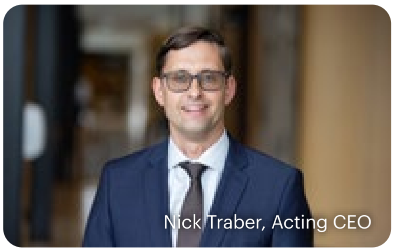
In the immediate term, the Board remains focused on seeing the legacy Construction projects and Western Australia plumbing matters to completion and on navigating the headwinds in the economies where we operate, ensuring the balance sheet remains robust.

It has been pleasing to see the continued improvements on our non-financial metrics of safety, sustainability, customer and people as disclosed in this report. This is critical for the delivery of long-term sustainable performance.

On behalf of the Board, I would like to express my gratitude to our people for their hard work and dedication during this very difficult year. We also thank our shareholders for your patience and support given the disappointing performance. As we face the current challenges, the Group is maintaining its strong focus to manage them and deliver sustainable outcomes for all stakeholders.

Barbara Chapman
Acting Chair

Acting CEO's Report



Nick Traber, Acting CEO

The 2024 financial year has been a challenging one for Fletcher Building. The Company is navigating tough market conditions with slowing demand, inflationary and competitive pressures as well as a transition in leadership. Despite the obstacles, Fletcher Building's businesses have demonstrated resilience with a focus on optimising our operational performance and tightly managing the things within our control. These focus areas include costs, cash, capital expenditure, extending the tenor of our debt facilities and obtaining more favourable terms for covenant testing, selling Tradelink® and resolving outstanding legacy issues.

Financial performance overview

Market volumes declined materially in FY24. In New Zealand, market volumes fell 25% and in Australia, market volumes fell 15%, each compared to the first half of FY23, resulting in substantial **revenue** declines in our materials and distribution businesses. Offsetting this, and despite a tough housing market this year, our New Zealand residential business sold 886 units, compared to 617 in FY23. Combined with higher revenues in the Construction division, Group revenue from continuing operations for the year was $7,683 million versus $7,679 million in FY23.

Our focus on **costs** in the softer market has been a key priority across the Group. Gross overhead cost reductions for the year were $111 million, partly offset by continued overhead inflation of $91 million and restructuring costs of $16 million. We also adjusted the implementation of our **capital expenditure** programme to the current market environment, with base capex reduced and in-flight growth projects reviewed and rephased.

Earnings before interest and tax (EBIT) for continuing operations and before significant items, was $509 million, down 35% from $785 million in FY23. The **Group EBIT margin** before significant items from continuing operations softened in FY24 to 6.6%, from 10.2% in FY23.

Disappointingly, **total significant items** for continuing operations for FY24 were $333 million. This was primarily due to a $117 million non-cash impairment and write-down in the carrying value of the Higgins® business, and the additional provisions required on our legacy Construction projects announced at HY24.

During the year, we made the decision to divest our Tradelink® operations in Australia, and in August 2024 we were pleased to enter into a sale agreement with Metal Manufactures Pty Limited. As a consequence, Tradelink® has been treated as a discontinued operation in the financial statements. Including the impairment and write-down of $158 million, the net loss from discontinued operations was $141 million.

After factoring in Tradelink® discontinued operations, we recorded a **net loss after tax** of $227 million, compared to net earnings of $235 million in FY23. Our **return on funds employed (ROFE)** before significant items was 10.0%, compared to 17.1% in FY23.

Strong **cash flow** performance and tight control of **working capital** have been key priorities over the past year. Trading cash flows from continuing operations (excluding legacy and significant items) were $784 million, compared to $537 million in FY23. Overall cash flows from operational activities were $398 million compared to $388 million in FY23. At year end, net debt of $1.8 billion was better than guidance, and we had strong liquidity of $1.1 billion.

Our people, customers and communities

We are continuously driving to improve our non-financial performance. Our focus remains on enhancing the positive impact that we can make on our people, customers, communities and the environment.

Reflecting our commitment to **Health and Safety**, in FY24 we recorded one serious injury (3 in FY23), a significant improvement on the 21 serious injuries we sustained during the same 12-month period only five years ago. Additionally, we have maintained a Total Recordable Injury Frequency Rate (TRIFR) of 3.3 (3.1 in FY23) and a steady 89% of our sites remained injury free across the year.

Investing in our people continues to be a core priority. We have expanded our efforts to attract, retain, and develop top talent, fostering a diverse culture of excellence, collaboration, and innovation. FBuSay, our annual internal engagement survey, spotlighted our progress, with an employee Net Promoter Score (eNPS) of 35, a 6-point uplift on eNPS of 29 in FY23. Pleasingly, we have welcomed 236 more women into leadership across our businesses. This has lifted our proportion of women in leadership to 23% from 21%, as we move to our goal of 30% by FY27.

Understanding and meeting the needs of our **customers** continues to be a key component of our strategy. We strengthened our levels of customer engagement, leveraging digital tools and data analytics to improve service and build stronger relationships. Pleasingly, we recorded a Net Promoter Score (NPS) of 48 (compared to NPS 42 in FY23), which is nearing our target of NPS ≥55, a strong testament to the customer programmes each of our businesses have been driving forward.

Over the past year, our commitment to **sustainability** has resulted in substantial progress toward our environmental goals. We continue to make steady progress in decarbonising our operations. This year, our combined scope 1 and 2 emissions were 969 kt CO_2e (1,012 in FY23), 19% lower than our FY18 baseline year.

The response from our customers, as we decarbonise and introduce more sustainable products and solutions into the market, has been excellent. This year we derived 74% of our product revenue from products with sustainability certifications in our manufacturing businesses. Similarly, we are focused on how we manage waste across our 780+ sites, achieving 87% of waste diverted from landfill this year, and exceeding our target of 70% diversion by FY26.

The Residential and Development division has continued to performed well through the cycle and over the years, generating strong EBIT margins and ROFE above 15%. We think it is the right time to explore capital partnership options for Residential and Development, to invest in and drive the next phase of the business's success. Consequently, we have engaged Jarden to explore partnership options with both local and international investors.

Legacy issues

With regards to our Construction legacy projects, we achieved full works completion on the **Pūhoi to Warkworth motorway**, one of the largest infrastructure projects ever undertaken in New Zealand. This means that our last remaining Construction legacy projects are the **New Zealand International Convention Centre and Hobson Street Hotel (NZICC)** and the Wellington International Airport carpark (WIAL). On NZICC, in FY24 we handed over the **Horizon Hotel** to the client and settled our Contract Works Insurance claims. The remainder of the NZICC project, plus remedial works on the WIAL carpark, are on track for completion through FY25.

Meanwhile, we remain focused on reaching a pragmatic industry response to the plumbing matters in Western Australia. Constructive negotiations continue and Iplex is intent on trying to reach an agreement in principle with the Government and key parties in the near term.

Outlook

We expect the year ahead to remain challenging, with macro-economic pressures likely to persist through the year. At this point, we are planning for FY25 market volumes in our materials and distribution businesses to be 10% to 15% lower year-on-year compared to FY24, however we remain vigilant to further market weakness. In this environment, we have a strong focus on tightly managing costs and cash flows. We will also focus on protecting our people, delivering on our promise to customers and ensuring our businesses are well positioned for when our markets return to growth.

I want to acknowledge that the year has been disruptive for many of our stakeholders. I wish to offer my sincere appreciation for how our people have adapted and remained focused on supporting each other and our customers this year.

As my time with Fletcher Building comes to a close, I also offer my personal thanks to our people, customers and shareholders for their continued support and commitment as we settle into a new phase of Fletcher Building's story.

Nick Traber
Acting CEO

Positioning ourselves for the future

A committed and leading provider of building products and customer-led solutions for attractive trans-Tasman markets.

As our businesses and our customers navigate the current economic cycle, we remain busy further strengthening the fundamentals of how our businesses operate to be resilient to market movements and provide strong positioning for growth when the time is right.

Uniquely positioned in attractive markets across New Zealand and Australia, Fletcher Building's focus is to deliver leading and diversified building materials and customer solutions, through our strong brands. The long-term growth outlook for the region is robust, with demand for high quality housing and infrastructure to support growing populations, the subject of enduring macro tailwinds.

We actively manage our portfolio by tapping into a deep knowledge to go where attractive markets in our sector are. This informs where we believe we should grow and where we should recycle capital for future opportunities.

To drive performance across our portfolio of businesses, we hold each to account across six key focus areas. In doing so, we believe we can drive market leading performance across both financial and non-financial measures. The way we go about this is always characteristic of our committed and capable people, and the values we share.

Driven through key focus areas

SAFETY

A place where the belief that 'all injuries are preventable' is possible, together we work to send each of our people home safely, every day.

CUSTOMER

Relentless focus on providing more of the products, services and solutions our customers love.

INNOVATION & GROWTH

Investing in sustainable business and the next generation of building products and services for our local markets.

OPERATIONAL & FINANCIAL PERFORMANCE

Well run businesses that are disciplined on cost and profitable with good margins as we perform through the cycle of our industry.

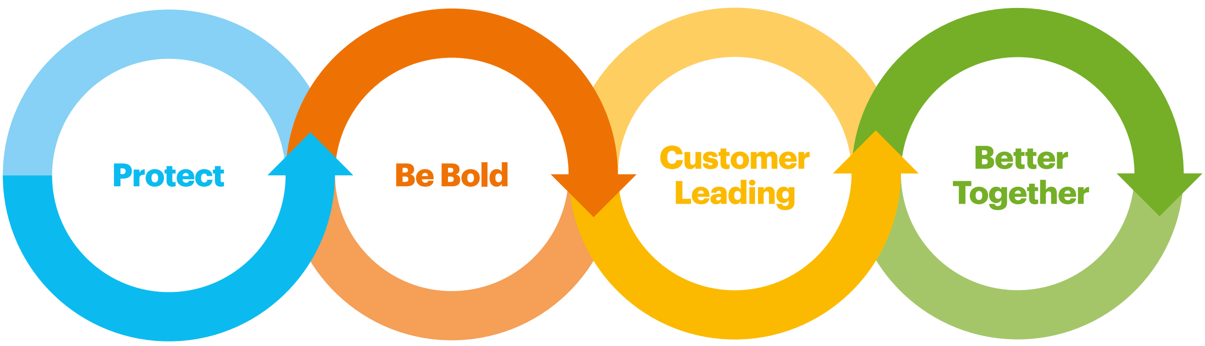
SUSTAINABILITY

Decarbonising, minimising waste and continually innovating to produce better, more sustainable products and homes.

CAPABLE & HIGHLY ENGAGED PEOPLE

A culture of inclusive and diverse workplaces, where people feel a sense of belonging and can reach their full potential.

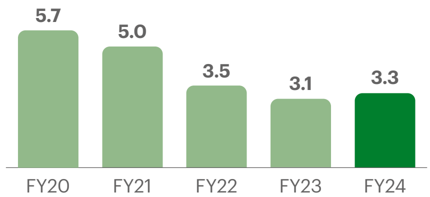
Anchored by our Values



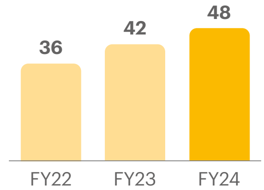
Progress to target

As we navigate through the current market, we remain focused as we continue to close the gap towards best-in-class performance against our goals.

Total Recordable Injury Frequency Rate (TRIFR[1])

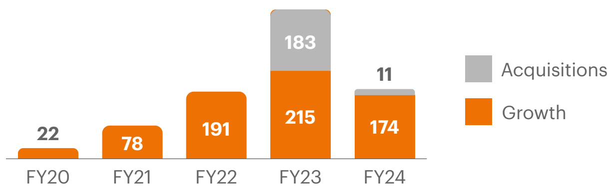


Customer Net Promoter Score (NPS[2])
Target ≥55

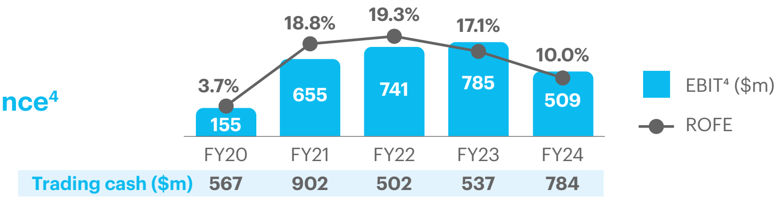


Data collected for FY20 and FY21 not comparable.

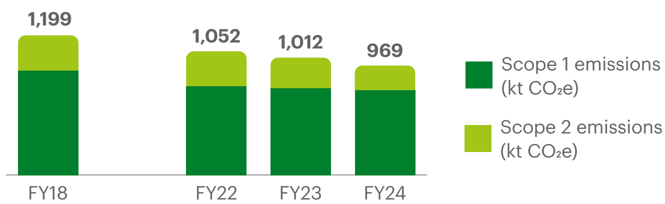
Growth and Investments $m[3]



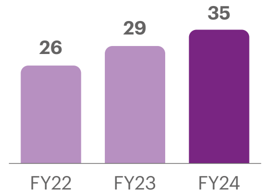
Operational and Financial Performance[4]
Target ROFE > 15%



Carbon Emissions[5]
19% decrease since FY18
Target 30% by FY30



Employee Engagement Rating[6]
Target >40



Data collected for FY20 and FY21 not comparable.

The above metrics exclude Tradelink® which is treated as a discontinued operation.
[1] Total number of recorded injuries per million hours worked. Does not include Restricted Work Injuries. FY24 excludes Wood Products.
[2] Net Promoter Score measures how satisfied our customers are with our business; excludes Altus® and the Construction division.
[3] Acquisitions include Tumu® branches in Hawke's Bay and Waipapa in FY23. Growth includes investment in the new Winstone Wallboards® plant in Tauriko, new Laminex® New Zealand plant in Taupō, new PlaceMakers® Frame & Truss plant, and Steel site consolidation in Papakura.
[4] Earnings before interest and tax, excluding significant items. FY20 significantly impacted by COVID-19 lockdowns. Trading Cash excludes significant items, legacy and discontinued operations.
[5] Scope 2 emissions assessed using location-based methodology. FY18 is the baseline year for Fletcher Building's verified Science-based Target for carbon reduction.
[6] Employee engagement measures employee's sentiment, giving our people the opportunity to share what it's like to work for Fletcher Building.

SAFETY

Health and Safety

Zero injuries, everyday, everywhere

In FY24, a strong focus on our culture and bringing our critical risks under control led to fewer serious injuries, and contributed to less severe injuries overall. Safety Leadership Programme and frontline Power Up team-based refresher training continued, and several areas of the business trialled health and wellbeing initiatives that will be made available across the Group from FY25 onwards.

In FY24

3.3
TRIFR
FY23: 3.1

1
serious injury
FY23: 3

59%
risks controlled through Critical Control Verification (CCV) processes
FY23: 48%

87%
of our people believe all injuries are preventable
FY23: 86%

89%
sites injury free

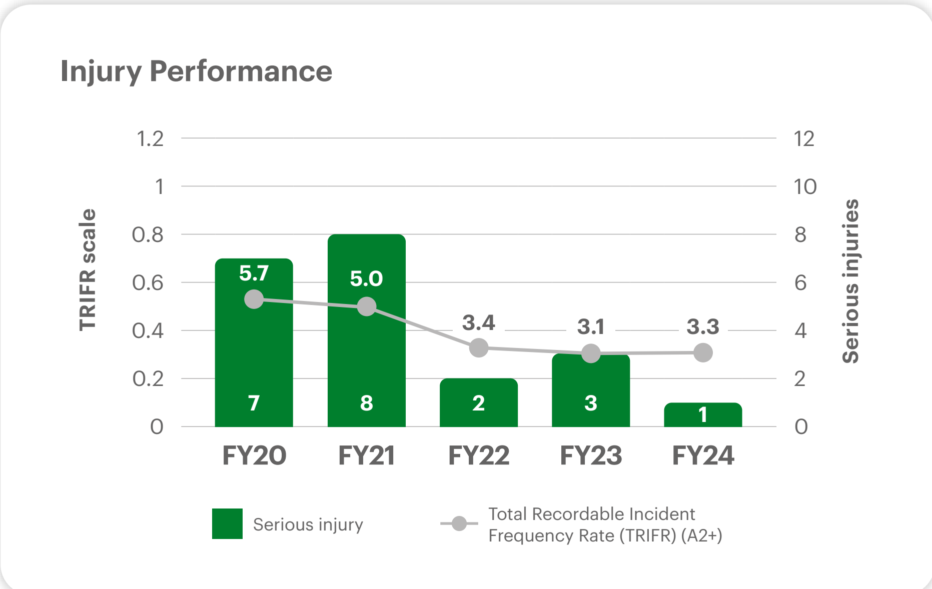
Protect-powered safety performance

Our focus in FY24 has been to continue to build capability by refreshing our Safety Leadership Programme (SLP) and Power Up for frontline across each of our businesses. This investment in our leaders and teams has been essential in maintaining our safety performance as we upskill new safety leaders and introduce the Protect Safety programme to new starters. Safety continues to be our leading driver for employee engagement and 90% of our people state that they believe their leaders take responsibility for safety.

When it comes to the safety of our people, we can never be too comfortable that we are doing enough. As we enter FY25, the Protect Safety programme will be adapted and updated to keep skills fresh and grow the maturity of our safety culture. We keep challenging our established and emerging safety leaders and teams to grow their capabilities, even as business-wide safety cultures mature and as injuries become less frequent.

Overall, the total number of injuries we recorded in FY24 was relatively unchanged from FY23, with the Total Recordable Injury Frequency Rate (TRIFR) of 3.3. Encouragingly, we are recording fewer injuries related to our critical risks, and those recordable injuries that are sustained, tend to be less severe. It's our goal to achieve zero serious injuries, and in FY24, we recorded one serious injury compared to three serious injuries in FY23.

In FY24, 89% of our sites remained injury free, including the entire Building Products division for five straight months. This demonstrates that achieving 'zero injuries' is possible.



CONTENTS

Our award-winning Safety Leadership Programme (SLP) is evolving to an adaptive framework as safety culture matures. Here, new learning modules for SLP 2.0 Healthy Work are trialled by a range of business leaders before they are made more widely available in 2025.

Never leaving it to luck: action on high potential, near-miss incidents

A core part of the Protect mindset is to remain vigilant to emerging risk, particularly as our overall safety performance continues to improve.

High potential incidents (potentially serious or fatal incidents where we 'got lucky' by avoiding more serious or fatal injury), are a major focus for us. Our people have steadily increased their reporting of these events as leaders have demonstrated their commitment to listening and learning from these incidents. Our reporting has nearly doubled over the past five years, giving us more opportunities to learn before they potentially translate into a serious incident.

In FY24, our analysis shows that our decrease in injury rates has occurred with a simultaneous increase in near-miss incident reporting. This decrease is also supported by significant risk containment activities and frontline observations related to our critical risks.

Building confidence in keeping risk under our control

In FY24 all divisions established baseline controls for 21 identified safety, health and environmental critical risks managed across our businesses. The benefit of this lead measure is for our people to have more confidence in the application of critical controls: controls we know will protect our people from serious injury or a fatality.

A total of over 12,000 Critical Control Verifications (CCVs) were performed by line leaders and supported by safety teams in FY24.

At the beginning of the year, our CCVs confirmed that of these critical risks, 48% were considered 'fully controlled' across all our risks and all our sites (in other words, 48% of the time, all of the critical controls were in place when checked). This has steadily improved over the course of the year and the proportion of 'fully controlled' risks has increased to over 59% at the end of FY24. In FY25, we will be targeting further improvements and driving Risk Elimination Plans to eliminate exposure of people to risk through 'above the line controls', such as engineering controls.

Proving the value of Critical Controls

Our Residential and Development division was the first to complete its full rollout of CCVs and develop a targeted plan for improving critical risk performance. At the start of the year, they verified that 49% of risks were considered fully controlled so they pursued an improved performance from this base.

The Fletcher Living® team embedded the use of CCVs at key phases of the build to check specific critical risks and controls (such as for scaffolding at the start-up phase), and they started analysing their results at a local, site level each month. Through targeted plans and interventions, the team improved its performance to over 70% controlled at year end. This corresponded to zero serious injuries (down from two in FY23) and zero high potential events (down from 16 in FY23).

Videos:
Welcome to Protect - our safety programme.

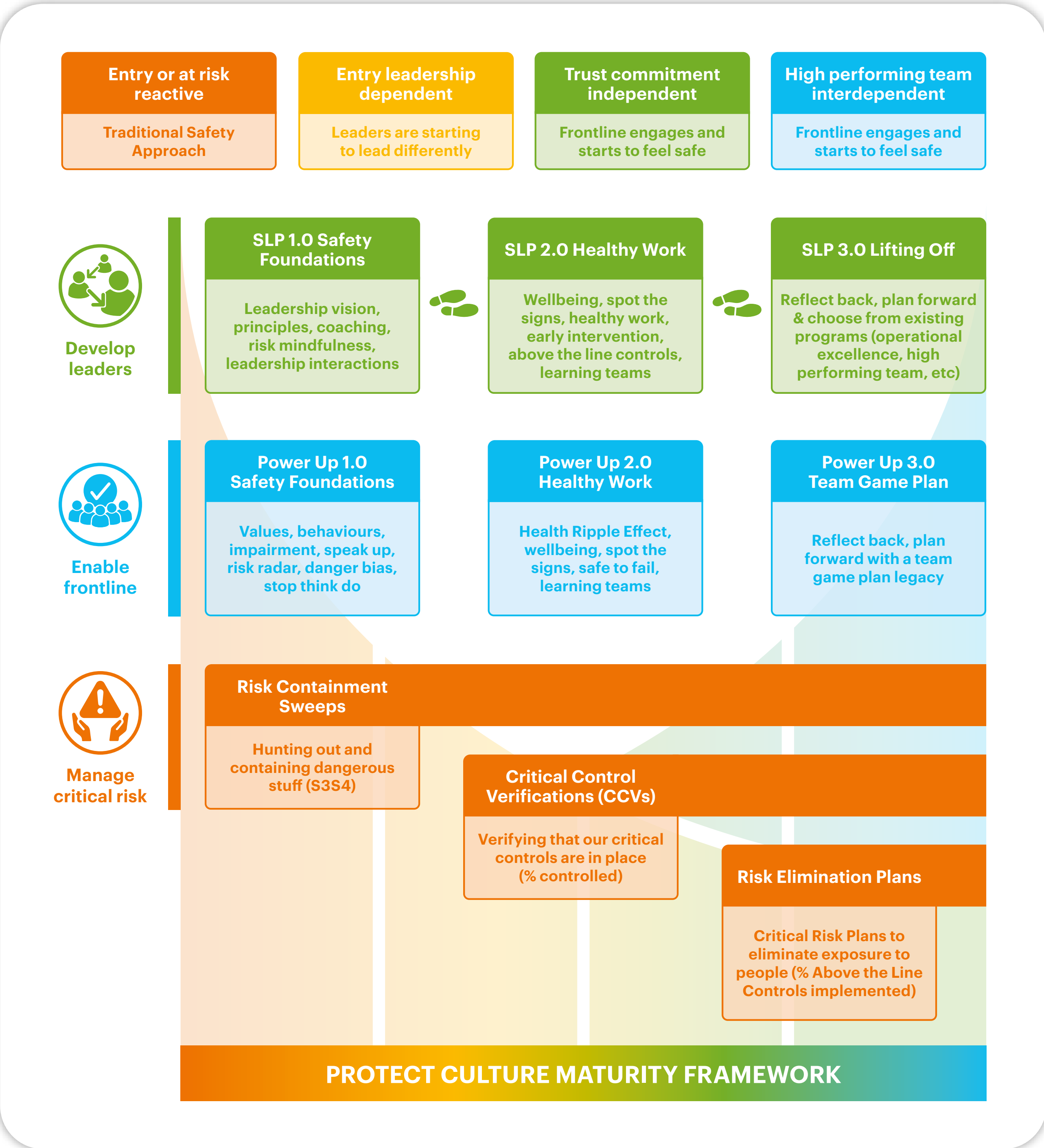
Introducing the Protect Colours Framework

We know that not all individuals' and teams' culture and capabilities are the same at any one time. It is for this reason that our Protect programme must evolve to become an adaptive framework that fosters safety culture amongst teams, while also challenging and growing individuals' safety skills.

In FY24 we launched the Protect Culture Maturity Framework (or 'Colours Framework') which is founded on the Dupont Bradley Curve and articulates how we will develop our safety culture maturity over time. This framework supports continuous development for businesses, teams and individuals as their safety culture shifts from reactive, at-risk compliance cultures, through to more team-based, interdependent and high performing safety cultures.

It is non-linear so safety leaders can move their businesses and teams forward (or backward) at any time along the curve to access the right learning and tools as they are ready.

To align with this approach, a progressive curriculum of our Protect programme learning is being made available. Entirely new modules, Safety Leadership Programme 'SLP 2.0 Healthy Work' for leaders and 'Power Up 2.0 Healthy Work' for frontline will offer a strong wellbeing and psychosocial risk focus for teams that are ready in FY25. New syllabus elements are designed to help teams build further trust, expand their safety 'why' to address health and to continue to increase our frontline leadership on these issues.



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At Laminex®'s distribution centre in Auckland all 35 of their people participated in six weeks of nutrition and health education sessions culminating in a 'Wellbeing Masterchef' healthy meal-prep challenge. The programme facilitated by LifeCare Consultants and with funding from the Employee Welfare Fund (EWF) helped teams establish a longer-term common goal – to regularly eat breakfast, something not everyone was doing every day. The support extended to equipping the site's kitchen with smoothie makers, as well as new vending machines with healthier choice food options.

Wellbeing at work

More and more of our people tell us that they want to prioritise what we are calling 'healthy work' practices in our day to day. For some people this means accessing team-based lifestyle programmes, whereas for others this includes specific medical or mental health support.

In FY24 we undertook a review of our wellbeing approach and we identified that, consistent with the research globally, the best thing we can do for the mental health of our people is to continue to drive a high performing culture where people feel safe, valued and have a sense of purpose. Additionally, we identified that the most impact we can have on individuals is through easy access to medical and mental health advice for employees and their families. And finally, we learned that lifestyle change programmes where teams 'opted in' for fun social activities or habit-forming changes, saw the most significant results.

Many of our businesses already do great work with their teams to champion good health. In FY24, over 18,000 of our people and their families came together for events with either physical, social or mental challenges. For example, at Firth's® Hunua site, the team tackled a specific goal, to reduce sugary drink intake and increase physical activity, which they did by 71%. At Winstone Wallboards®, 20 people participated in a weight-loss challenge, where 74kgs were collectively shed.

At Fletcher Insulation® in Australia, the team has developed its own "Living Safely Everywhere" platform. This expanding safety thinking includes health initiatives such as skin cancer awareness and mental health, and even supported 18 people to participate in a mental health first aid course.

As a result of this review and by looking closely at what works for our people, we have partnered with the Employee Welfare Fund to reimagine wellbeing for our people. Our new 'FB Well' programme will build on our Healthy Work focus, offering our teams a menu of options to support social connection, mental wellness, financial stability and physical health. In addition, we will be rolling out online employee care platform Sonder to our employees and their families, providing them with easy access to medical advice, safety support and mental health care all in one place.

> "It was heart-warming to see how much the team learned from these sessions. Together we have committed to making an effort to have breakfast and a lot of team members have recognised the importance of movement and joined the gym."

Sue Evans - Auckland Distribution Centre Manager, Laminex® New Zealand.

18,000

people involved in EWF wellbeing events in FY24

FB Well POWERED BY protect

FLETCHER BUILDING
Employee Welfare Fund

CUSTOMER

Our Customers

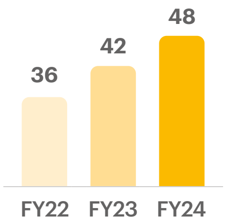
We believe that the key to our success is in how satisfied and loyal our customers are. Ensuring that all our businesses maintain relentless focus on their customers is a key priority for Fletcher Building.

48.0

NPS

FY23: 42.0

Net Promoter Score[1]



1 Relationship Net Promoter Score (NPS)

In the past twelve months, we have continued to make progress in understanding customer needs more deeply and driving these perspectives into our business strategy, operations and practices. In FY24, we recorded a six-point improvement in the main measure of our customer engagement, Net Promoter Score (NPS)[1] to a result of NPS 48 (compared to NPS 42 in FY23). While this is a pleasing result making strong progress towards our Group target of 55+, we think there is still room to improve the consistency and focus of how we show up for our customers.

One area of focus is ensuring our people are fully engaged in how they make a difference. Encouragingly, in our latest internal engagement survey, our people showed an improved attitude to performing for our customers. On responding to questions on the experience they offer customers, we recorded a three-point uplift in internal engagement (eNPS) to a combined result of 35.5 (compared to the same measure of eNPS 32.5 in FY23).[2]

Relentless focus and insights-driven action

Regardless of what market we operate in, our customers tell us that the fundamentals of product delivery and quality, backed by exceptional service, are what matter most to them.

Each of our businesses is held to account on customer performance metrics and the quality of its plans to address pain points important to our customers. These plans with specific actions are designed based on deep insights gathered on the efficacy of our customer relationships and interactions, and by benchmarking against competitors to better understand how we are positioned in the markets we operate. We also closely monitor our performance on delivery and service with a variety of tools, including tracking delivery in-full on-time (DIFOT) for relevant businesses. Across the group these insights point to opportunities to deliver even more exceptional service, new products and innovative solutions to always exceed customers' expectations.

By taking this insights-based approach, we have been able to drive performance, upskill our senior leaders, and bring the voice of the customer directly to planning and decision making.

[2] Includes Tradelink®.

Customers have responded strongly to Comfortech's® H1 Hub with online tools for planning projects in light of new regulation to support increased insulation of homes.

Comfortech®: Customer solutions engineered for comfort, climate and protection

> "Pink® Batts® provide the easiest documentation to fit [insulation to] tight spaces and meet H1 values."
>
> Anon (customer), NPS Survey data

The benefits of using an insights-led approach to deeply understand what is important to our customers, are demonstrated by several of our businesses who already do this well.

Comfortech® Building Performance Solutions (formerly named Tasman Insulation and Forman Building Systems) acted on the opportunity to support customers to navigate how building regulation changes would affect their projects. Effective from May 2023, the H1 Building Code requirements in New Zealand brought sizeable change to how new build construction must support energy efficiency. The team understood that customers wanted suppliers to make this process easy, with three key customer purchasing criteria clear on preference for products designed and tested for New Zealand conditions and always readily available.

Comfortech® created simple online tools which show solutions specifically designed to meet the H1 Building Code requirements. The 'H1 Hub' now offers educational information for residential and commercial builds, as well as technical resources that offer high quality, accurate information that is readily available and easy to use.

In addition, Comfortech® has introduced a range of Pink® Superbatts® products which maximise thermal performance and are specifically developed to meet the H1 Building Code changes.

As a result of continuing to evolve and respond to industry challenges, the team's H1 solutions are often positively referenced in customer surveys. In addition, the H1 Hub on the Comfortech® website saw an 83% increase in traffic during the first three months of the H1 changes coming into effect and the business has continued to supply customers nationwide with a delivery in full on time (DIFOT) score of over 90%.

Comfortech®

NPS
50.0
FY23: 61.7

DIFOT
90%

H1. Done.
WE'VE GOT YOUR INSULATION SOLUTIONS COVERED.

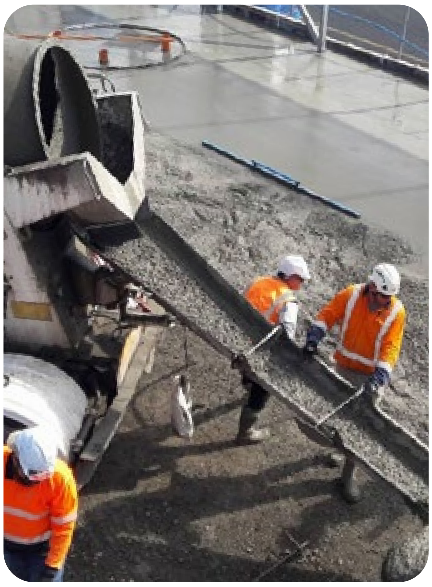
Firth®: Supporting customers with easy digital tools for common build challenges

Firth® have been developing, manufacturing and delivering concrete and concrete products to New Zealanders for almost a century from its 70+ sites. This long standing success can be attributed to constantly adapting to evolving customer needs and requirements, in particular using digital means to enable market leading solutions to solve complex customer problems.

This approach has proven highly effective in partnering with customers to enable better business outcomes.

The variables customers often have to manage to ensure a successful concrete pour can be challenging, not least the predictability of the weather. Firth® have made a mobile platform Truckast available for customers to offer live insights to help drive efficiency of order delivery and pour performance on site. Truckast also provides a range of other uses including order management, a real-time view of trucks making their way to site and weather forecasts for the pour location.

Firth's® ability to deliver the products and services customers require, when they need them, has set it apart from



competitors and this is reflected in how customers feel about their experience with Firth®. In FY24, the company recorded an increase in customer engagement with a 10 point uplift in NPS, to a market leading NPS of 77.3 (compared to NPS 67.7 in FY23).

Firth®

NPS
70.8
FY23: 67.6

Website: Firth®

INNOVATION & GROWTH

Continued investment in sustainable, local manufacturing

We are proud to have made $850 million of investments in productive assets and sustainable manufacturing in New Zealand, Australia and across the Pacific over the past five years. In doing so, we are reinvesting in the future of local economies and prioritising sustainable building products for more high quality, warm, dry and healthy homes people love to live in. This foresight has strengthened our businesses to continue to support our customers as we have been navigating a significantly softer market environment in FY24.

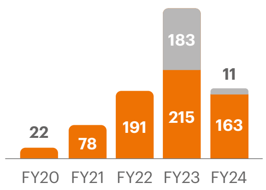
>$850 million

investment in productive assets over the past 5 years

≥15% ROFE

target for investments made (at maturity)

Growth and Investments $m*



*The above metrics exclude Tradelink® which is treated as a discontinued operation.

Acquisitions include Tumu® branches in Hawke's Bay and Waipapa in FY23. Growth includes investment in the new Winstone Wallboards® plant in Tauriko, new Laminex® New Zealand plant in Taupō, new PlaceMakers® Frame & Truss plant, and Steel site consolidation in Papakura.

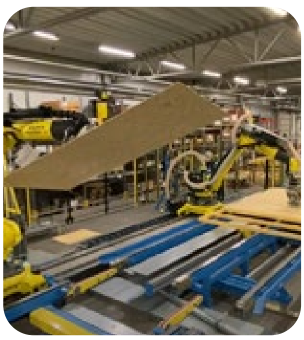
Laminex® New Zealand: Leading the next generation of popular, sustainable building products

As a natural building material, wood has strong customer appeal, and is flexible to local climate and conditions. It is ideal for how we construct exterior and finishing elements of most buildings in this part of the world, and typically more sustainable than alternatives. Laminex® New Zealand continues to perform and customers respond well to its range of wood panels, popular with commercial and home builders alike.

The construction of its $350 million Taupō plant expansion has progressed in FY24 and will be on track to begin production from late 2026.

The new 20,000m² Taupō facility will allow the business to diversify its range of popular panels, modular housing floors, walls, ceilings and cabinetry, such as leading Melteca® range, used in kitchens, bathroom and commercial projects. It will also include a fully integrated processing and packaging line which will generate further operational efficiencies, increase the number of products on offer and can scale to triple current production capacity when needed.

Powered and lit with low-carbon options, the plant will initially employ 66 people on opening and is designed to sensibly manage waste and produce some of its own energy requirements through a bio-mass facility on site. These features increase the sustainability of the products coming off the line, create operational efficiencies, as well as keeping running costs relatively contained.



PlaceMakers® Frame & Truss: Enhanced quality and efficiency for Auckland builds

In Auckland, PlaceMakers® Frame & Truss is redeveloping an Onehunga manufacturing site formerly home to Winstone Wallboards®. On completion in 2026, the new plant will allow the business to enhance efficiency and increase local weekly production capacity from 500m³ product per week, to 1,200m³ of its modern timber wall-frame and roof-truss pre-fabrication components.

Advanced automation within the plant, including the use of robotics, will decrease fabrication lead time from months to weeks, significantly improve precision dimensioning and tolerance of the finished product, as well as provide an even safer environment for the team. Modern machinery and innovation built into the $112 million facility upgrade will enable PlaceMakers® Frame & Truss to develop its cassette floor offer while also advancing new product offerings such as sheathed structural support products. All timber off-cuts generated will be recycled across Fletcher Building businesses to minimise waste.

7x less[1]
carbon emitted than a typical new-build standalone home[1]

Homestar 10[2]
(v5) New Zealand Green Building Council

80%[1]
potable water savings (house) & 50% (terrace)

For design and expected performance information, go to the LowCO website.

[1] For information on the reference emissions for a standard build, and the design and calculated performance projections for LowCO, see page 64 or refer to the case studies on the LowCO website.

LowCO™: Homes fit for a lower-carbon future

Working together with customers to address the environmental impact of new homes and the building products they require, is essential as we adapt to a changing climate.

In 2021, Fletcher Living® embarked on an ambitious project, pulling together a group of sustainability and technical experts from across Fletcher Building and the wider industry to shrink the carbon footprint of residential homes. The project reimagined how homes could be built more sustainably showcasing a pathway to a low emission, climate resilient future.

The result: Fletcher Living's® first low carbon home, known as LowCO.

In January 2024, the three-bedroom stand-alone LowCO home designed for low energy, low carbon and low water use with biodiverse landscaping[2], was completed, and in July 2024, the Smith family moved in. Three other terrace-style LowCO homes have now also been completed.

The Smiths will remain in regular contact with the project team over the first three years of use, as the team continues to learn how the house stands up to the demands of family life compared to their modelling.

Ella Smith says, "Brendan is keeping a keen eye on the smart monitoring technology installed in the house, such as temperature, water and energy usage. For me, I am excited about experiencing sustainable living beyond the usual baseline of solar and rainwater."

On average, the lifespan of a typical New Zealand detached home is 90 years. In their research the LowCO team found that during this time our houses would need to emit 7x less carbon than a typical New Zealand new-build detached house to be consistent with keeping global warming below 1.5 degrees Celsius.

While operating savings will help recover upfront costs for a homeowner, the LowCO build is more expensive to build, than an equivalent sized three-bedroom standalone Fletcher Living® home, demonstrating why it is so important for industry to make sustainable products more available at scale.

Fletcher Residential and Development's Head of Sustainability and LowCO project lead, Nicola Tagiston reflects that "while the individual energy, water, and green technologies in LowCO are incredibly forward-thinking and represent best practices, what makes LowCO extraordinary is its building science and data-driven approach to design and material choices. The project has enabled our own businesses, such as Comfortech® and Firth®, along with public entities like Watercare, building science experts Sustainable Engineering Ltd and landscape architecture through Beca, to unite around a common goal of building a low carbon house."

"LowCO stands as an opportunity to keep learning and testing future, more sustainable building practices. It is also a testament to what the industry can achieve when we prioritise the needs of future generations and push the boundaries of what is possible in construction today."

[2] LowCO achieved a Homestar 10 rating as a result of the sustainable aspects of the design.

Sustainability

Doing sustainably better business, in partnership with our customers and communities, is core to our business strategy. We understand that our business activities can have impacts on the environment, and it is important to our customers, shareholders and our people to reduce these impacts. To do this, we put significant effort into actions that are important to our customers and can create meaningful change.

In FY24 we made positive progress on our sustainability measures. These actions have been internationally recognised, again achieving leadership ratings from the Carbon Disclosure Project and inclusion in the S&P Sustainability Yearbook.

19%

Reduction in GHG emissions since FY18(1)

A-

CDP 'Leadership' level for management of GHG emissions

A-

CDP Supplier engagement rating

CDP DISCLOSURE INSIGHT ACTION

Fletcher Building Limited
Sustainability Yearbook Member
S&P Global

Action on emissions

We are committed to reducing our greenhouse gas (GHG) emissions to limit the impact of our operations on our planet, and to mitigate climate risk to our business. In addition to reducing our own GHG emissions, we support our supply chain to understand and reduce their emissions too.

A summary of our process for assessing climate-related risks is included in the Corporate Governance section of this report. We will also issue a separate Climate Statement for FY24 in line with mandatory reporting requirements set by the New Zealand External Reporting Board.

Scope 1 and Scope 2 GHG emissions for our ongoing operations were 969 thousand tonnes of CO_2e (kt CO_2e) which is a reduction of 4% from FY23 and a reduction of 19% from our baseline year of FY18[1]. While some of the reduction from FY23 to FY24 is due to lower production activity in FY24, our business is becoming less carbon intensive as we implement carbon reduction measures.

GHG emissions relative to our revenue have decreased 22% from 162 t CO_2e/$m in FY18 to 126 t CO_2e/$m in FY24.

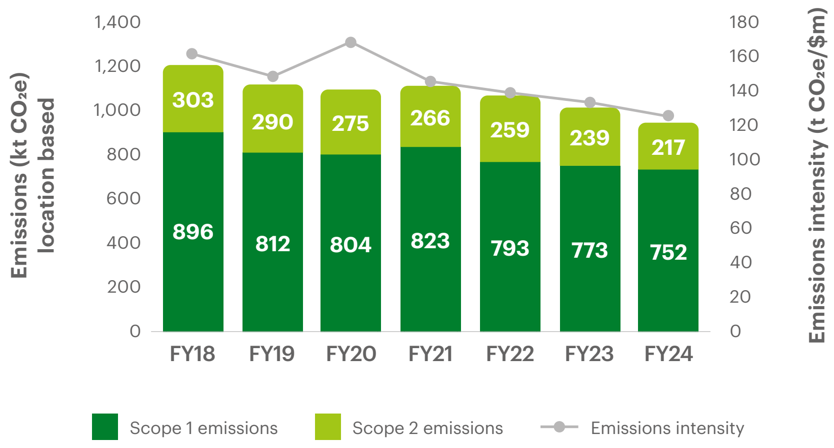
The highest sources of GHG emissions for our business are from our cement operations at Golden Bay™, electricity used in our Australian businesses, process heat from our manufacturing operations in New Zealand, and the fuel used for transport in New Zealand.

We made progress in all these areas in FY24. Coal use at Golden Bay™ was reduced through substitution with alternative fuels including waste tyres that would otherwise be sent to landfill, using 18,000 tonnes in FY24. Together with our use of biofuel, we achieved 47% substitution of coal with alternative fuels at Golden Bay™ during FY24. In FY25 we will explore further options to reduce coal usage.

Carbon dioxide is also produced from the cement manufacturing process itself, and therefore requires industry solutions for these emissions. In FY24 we collaborated with Concrete New Zealand on development of this country's concrete industry roadmap to achieve net zero carbon emissions by 2050. The roadmap charts a clear path to substantial carbon reduction across the industry and it is our collective goal to reduce emissions by 44 per cent from 2020 levels, by 2030. To do this we will need to increase the production and use of lower carbon cement and concrete in New Zealand. For our operations, we continued to research and pilot options for lower carbon cement in FY24, and will continue in FY25.

[1] Emissions and comparisons provided in this report are calculated for the Group on an equity share basis for our continuing operations, and exclude Tradelink®. In this, and in our previous Annual Reports, emissions are reported according to the Greenhouse Gas Protocol location-based methodology for Scope 2 emissions. FY24 emissions including Tradelink®, calculated using both the location-based and market-based methodologies, are available on the Sustainability Reports section of our website. The Methodology for non-financial measures section of this report explains how emissions have been assessed and where the assurance statements can be found.

Carbon emissions



74%

product revenue from sustainably certified products in our manufacturing businesses

87%

waste diverted from landfill

Our Australian businesses are becoming less carbon intensive both as a result of the electricity grid in Australia decarbonising and due to our actions to install and purchase green electricity. The rooftop solar installation constructed in FY24 for one of our Laminex® operations in Queensland will provide a reduction of approximately 900 t CO_2e in FY25 by comparison with previous years and a second installation is underway. In FY25 we will investigate further rooftop solar and renewable electricity purchasing options for our businesses in Australia.

The use of natural gas for process heat reduced in our New Zealand operations. The installation of more efficient infrared ovens in our Steel business in the previous year reduced emissions by c.2,500 t CO_2e in FY24 by comparison with previous years. Our new wallboards facility at Tauriko was designed with energy efficiency in mind, resulting in c.1,850 t CO_2e of GHG reduction in this year, which we would expect to improve further with a full year of operation in FY25.

We continue to transition our Construction road fleet toward hybrid vehicles, and increased from 18% hybrid in FY23 to 32% in FY24. We are actively looking for cost effective options for lower emission heavy fleet and equipment. We upgraded some of our bitumen tankers with more efficient vehicles which also have higher load capacity, meaning fewer trips by road, and we sourced an electric dumper for our Wellington Belmont quarry which we estimate will result in a reduction of 30,000 litres of fuel during FY25.

Our supply chain (Scope 3) emissions were 1,326 kt CO_2e in FY24, which is a 7% decrease from FY23, mainly due to lower activity. We continue to work with our supply chain on emissions reduction and were proud to be recognised for leadership in supplier engagement by the Carbon Disclosure Project (CDP) in FY24 with an 'A-' rating for our supplier engagement on carbon reduction.

Te Ara Tūhono/Pūhoi to Warkworth motorway built in joint venture with Acciona, is one of only three projects outside North America to gain certification by the Greenroads Sustainability Transport Council. Achieving 'Silver' accreditation, the project was recognised for outstanding performance in construction environmental management and site health and safety management, as well as for community and iwi engagement.

SUSTAINABILITY

Prioritising sustainable products and solutions

The future of the building products and construction sector is best supported through developing and using more sustainable building products and solutions. Pleasingly, in FY24 we made more of these products available and increased the proportion of these products sold to customers.

We completed LowCO™, our sustainable homes of the future, in FY24. The LowCO house and terraces are designed to use significantly less carbon, electricity and water than a standard build. One of the aims of building to the exacting standards required by LowCO is to be an exemplar of sustainable residential construction – which is why LowCO's designs are freely available for anyone to use.

Lower carbon infrastructure construction is important to our customers and communities. To support progress towards this, we partnered in the launch of the New Zealand Environmental Product Declaration library housed within Mott MacDonald's Moata Carbon Portal, a tool designed to streamline measurement and reduction of embodied carbon in infrastructure projects.

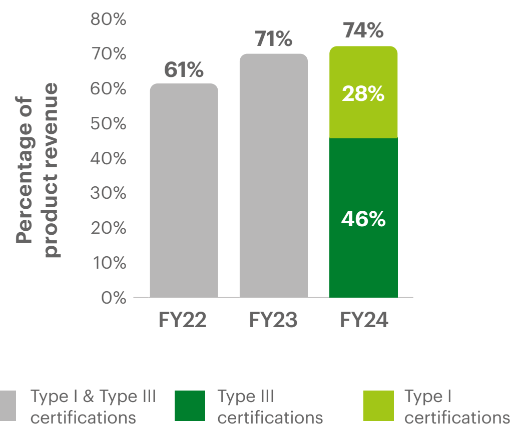
We increased the number of sustainability certifications held by our products. When we refer to 'sustainably certified' products, we mean products made or sold by our manufacturing businesses that hold a credible, third party verified, sustainability certification that is recognised in green building and sustainable infrastructure ratings. These products support our customers to build using more sustainable materials, and we added eight more certified products to our portfolio in FY24, including certifications for Humes® precast concrete, Laminex® particle board and melamine products, and Altus® aluminium and window systems.

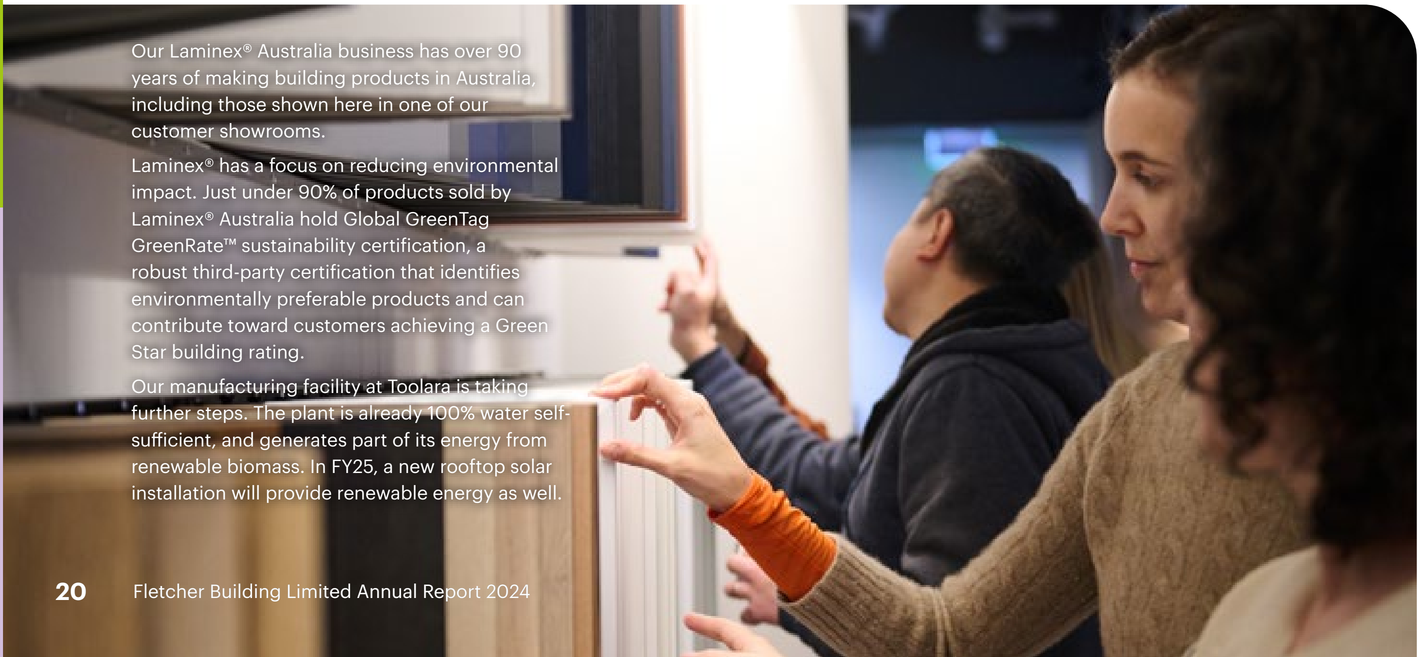
Our Higgins® team published New Zealand's first Environmental Product Declaration for asphalt this year.

Our next step for this product is funded research on biological binders for asphalt that could reduce asphalt emissions and decarbonise road construction.

Product revenue from sustainability certified products in our manufacturing businesses increased from 71% in FY23 to 74% this year, very close to our goal to achieve 75% by FY26. This included revenue from products that hold Type I environmental labels such as Eco Choice Aotearoa and Global GreenTag GreenRate™, or Type III certification such as Environmental Product Declarations.

Revenue from Sustainably Certified Products – Target 75% by FY26





Our Laminex® Australia business has over 90 years of making building products in Australia, including those shown here in one of our customer showrooms.

Laminex® has a focus on reducing environmental impact. Just under 90% of products sold by Laminex® Australia hold Global GreenTag GreenRate™ sustainability certification, a robust third-party certification that identifies environmentally preferable products and can contribute toward customers achieving a Green Star building rating.

Our manufacturing facility at Toolara is taking further steps. The plant is already 100% water self-sufficient, and generates part of its energy from renewable biomass. In FY25, a new rooftop solar installation will provide renewable energy as well.

The planning and engagement on the Positive Biodiversity plan for our quarries carried out in FY24 will be realised in FY25, including the start of our seven-year commitment to support Nature Lands yellow crowned Kākāriki breeding programme and support for the recovery of indigenous flora and fauna in areas near to our operations.

As part of this commitment we will begin pest control on 960 hectares at Maungakawa Reserve in the Waikato in partnership with Ngāti Hauā, 250 hectares of pest control at Tiakiriri Kukupa Scenic Reserve (also known as Otaika Valley Reserve) in Northland, and restoration planning for three sites in Auckland.

Reducing waste and building up the circular economy

Each of our divisions is seeking out opportunities to reduce or reuse waste, and working with customers and partners to drive positive change through the circular economy.

In FY24 we completed a structured review across our divisions to increase understanding of the waste streams in our main regions of operation, improve the quality of our waste data, and identify future circular economy opportunities for our businesses to pursue.

We already recycle substantial quantities of wood, concrete, plasterboard and steel, with the benefit of keeping these key construction materials available for reuse and out of landfill. In FY24 we recycled 171,000 tonnes of waste and sent 25,000 tonnes to landfill, achieving 87% diversion of waste from landfill and exceeding our target to achieve >70%.

In addition to the recycled waste noted above, we continued to use waste wood dust generated in operations at our Laminex® businesses as an energy source to fuel those operations, converting 116,000 tonnes to energy in FY24. This not only avoids waste disposal but also provides carbon-neutral energy that would emit c.85 kt CO_2e if natural gas was used instead.

Circular economy requires more than waste reduction, it is also about innovation within our sector to reduce the overall use of materials. While we are at an early stage with circular economy, we have already implemented several initiatives. Since its launch in 2022, Iplex® Australia's Pipeback programme has recovered 50 tonnes of material from customers, mostly PVC and PE pipe off-cuts, recycling it back into manufacturing and reducing the need for raw materials. We acquired The Urban Quarry® in FY23, which turned over 30,000 tonnes of waste concrete and other materials into recycled aggregates in FY24, not only removing waste from landfill, but providing quality materials to our customers.

> "It's an important part of anyone's journey that they get some support from somewhere. It's a very emotional and very personal experience and not all transgender people are the same. The more we can do to make people feel comfortable to step into who they really are, when they are ready, the better."

Lesley Kemeny, certified truck driver at Firth®

Firth's® South Auckland area manager Rajesh (Roger) Panjanani and certified driver Lesley Kemeny chat as they prepare for a local concrete pour at a site in Pukekohe, South Auckland. Lesley credits Roger and the team's great support as she was amongst the first to access Fletcher Building's gender affirmation leave in late 2023.

Lesley is passionate about sharing her story of transitioning at work with the aim to highlight the people and services that are available to help.

CAPABLE & HIGHLY ENGAGED PEOPLE

Our People

At Fletcher Building, we recognise that as we support our people to grow and develop their careers, our customers and businesses also benefit.

Together with support from the Fletcher Building Employee Education Fund, in FY24 we focused on delivering the things that our people tell us keep them engaged. We invested in their capabilities with a special emphasis on connecting with customers, and we further built up our inclusive culture to support and empower our people to reach their full potential.

35 eNPS

Employee Net Promoter Score
FY23: 29

23.2%

women in leadership
FY23: 20.7%

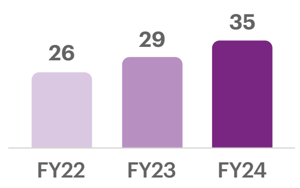
89

more women in operational leadership

162,000+

hours of training delivered across all programmes in FY24
$5.1m spend

Employee Engagement Rating



A highly engaged and customer-committed workforce

Central to our ability to deliver excellence for our customers, is the exceptional experience we offer our people. After all, these are the people who in turn create quality customer experiences of their own.

In FY24, we focused engagement activities on the areas our people told us mattered the most. Workshops and roadshows with our frontline, enabled leaders to talk through business plans, building an important sense of connection to how our people contribute to our business. We also responded to their challenge to do more to recognise their great work, including by highlighting their stories to the wider organisation. Several businesses also initiated new recognition programmes of their own. This approach is having a positive impact and in FY24 we increased our measure of employee engagement, employee Net Promoter Score (eNPS), by six points to eNPS 35 (eNPS 29 in 2023).

Improving customer outcomes through the development of our people

We believe there is more we can do, through our people, to enhance the experience we offer our customers. In FY24 we set out to apply this focus to our training and development programmes.

Enhanced sales and service have been the focus for development activities with specific programmes in place to drive customer outcomes in each business. For example, within the New Zealand Distribution division, training to sharpen skills for better teamwork to deliver ‘exceptional moments’ for customers, supported a positive 10+ point uplift as shown in branch-level NPS scores during the period.

FLETCHER BUILDING Employee Educational Fund

Support from the Fletcher Building Employee Education Fund (EEF)

Benefits offered by our Employee Education Fund (EEF) included support for external study for 211 people and reached into the community with extra tuition for families (supporting 391 individuals). Also through EEF, we have continued to offer development opportunities for the children of our people through Outward Bound, Spirit of Adventure and Hillary Outdoors, which involved 65 young people in FY24, and this year began offering holiday programmes for Fletcher Building families which offer great childcare options for school holiday periods.

Our Construction, Building Products, Residential and Development divisions have invested in innovation sprint training to enable a faster path to market for new customer solutions. In FY24, this training resulted in a range of new initiatives being implemented, bringing several new products, driving more value and enhancing sustainability offerings. Examples of this include new acoustic panels at Comfortech® and slab water tanks for rain retention for new Fletcher Living® homes.

Encouragingly, our people tell us that they believe that they are contributing to improve customer outcomes too. In our latest internal engagement surveys, we recorded a six-point improvement on this customer-oriented question. These efforts helped achieve improved customer engagement as a whole in FY24, with NPS of 48 which is approaching our best-in-class target of ≥55.

Opportunities for more women to participate and lead our businesses

Our Diversity, Equity and Inclusion strategy is driven through three key areas: fostering an inclusive culture; improving gender balance, and in creating more diverse ethnicity within our leadership groups.

Construction, manufacturing and engineering are fantastic careers for women and in FY24, we were determined to increase the number of women in leadership in almost all areas of our business. Several mentoring programmes are now in place across the business, partnering our female leaders with senior leaders. In FY24, 85 women participated in our Women to Leadership mentoring programme which provides 10 months of mentoring by a senior leader. These efforts have supported improved engagement and further strengthened our pipeline of female leadership talent.

During the year, we increased the overall proportion of women in leadership from 20.7% in FY23 to a total of 23.2% in FY24, with 236 more female leaders since FY23 (and within that, 89 more female leaders of operations). Additionally, with the appointment of four new female general managers in FY24, we bring the proportion of the businesses run by women to 22%, from 6% in FY23. This represents significant progress as we work on achieving our target of 30% women in leadership by FY27.

While our gender pay gap (the median pay for women compared to men, regardless of job or level) is closing at 1.9%, our gender pay parity gap (paying women and men the same for similar sized jobs) is larger at 5.1% (5.2% in FY23). This gap is in part the result of continued increasing wages in a tight, male-dominated building and construction market. To take action to close the gap, we have reviewed and pinpointed the moments where pay parity can creep and updated tools for remuneration decision making. We are also working with our leaders to support them to navigate the part they play in achieving pay equity in their teams.

BUILDhers™: A home built by women

In March 2024, Fletcher Living's® first residential house-build project BUILDhers™ in Whenuapai, north-west Auckland, was completed.

As well as delivering the comfortable, stylish, high-quality four-bedroom stand-alone home the customer expects, the project succeeded in raising awareness and challenging stereotypes that have prevented female tradespeople being a more common sight on site.

During the six months it was underway, the build made headlines as the team welcomed over 20 groups on site, including young women from local high schools, and through the 'Girls in High Vis' initiative. The team celebrated International Women's Day with a visit from the Prime Minister, Christopher Luxon.

We are seeing an impressive rise in the numbers of skilled, site-based women entering the industry with all the technical expertise needed. However, there is still more work to be done to attract women to the industry. While the project involved 40+ skilled women contributing to the design, build, marketing and sales phases, the team further highlighted the lack of women in particular trades such as carpentry and scaffolding. The final home delivered on time and on budget, meant the project was around 75% female built.

The next phase of the project has commenced, with Fletcher Living's® announcing BUILDhers™ 2 which will undertake to build another home at Whenuapai from late-2024. Planning and resourcing is now underway with a goal to involve an even higher proportion of female tradespeople in this next build.

40+

women involved in design, build and finish

20+

groups welcomed on site to discuss opportunities for female careers in trades

Website: BUILDhers™

Pictured: Project Manager, Jasmin Lawrence (right), with carpenters Melanie Henshaw and Sylvia Campbell from Fletcher Living's® BUILDhers™ project in Whenuapai.

CONTENTS

Winstone Aggregates® environmental manager Ian Wallace (left) meets with members of the Pukekawa Quarry kaitiaki group, Nanaia Rawiri (Ngāti Āmaru and Ngāti Pou) and quarry manager Lance Gosling.

Lifting up our indigenous cultures

We celebrate the diversity of the many different ethnicities present across our operations in Aotearoa New Zealand, Australia and the Pacific, and support specific initiatives to enhance connections with indigenous cultures across the lands we share.

As a significant business with a long history in Aotearoa, we understand the responsibility we have to empower our Māori communities, iwi, hapu, whānau, customers and partners to grow and enhance their social, cultural, economic and environmental wellbeing. In FY24 our Māori strategy 'Te Kākano' (the 'seed' or 'beginning') was initiated to help the business to better engage with Te Ao Māori (Māori worldview), and weave more cultural practice into our daily business.

Our relationships with iwi local to our businesses in New Zealand are important to us, and we have the opportunity to build and enhance that kaupapa (principle). Together with representative iwi input we are strengthening our platform for engagement with Māori communities. In FY24, we have been proud to work closely with many iwi and hapu. For example, we have greatly appreciated the support of Taranaki whanui and Ngāti Toa Rangatira as we refine our work to enhance the biodiversity of our Winstone Aggregates® sites at Belmont Quarry, and in Taupō where, with the support of Te Awa Kairangi, we are transforming our Laminex® manufacturing plant. We continue our iwi partnerships with Te Aakitai Waiohua, Ngaati Te Ata Waiohua and Ngaati Tamaoho supporting our PlaceMakers®, Higgins® and Firth® business in Tāmaki Makaurau. In Hobsonville, Auckland at the Te Uru terraces, our Residential and Development teams have effectively worked together with Ngāti Whātua o Kaipara, including collaborating on some artwork that now adorns the apartment block.

In Australia, we are generating a deeper understanding of the rich history and culture of Aboriginal and Torres Strait Islander peoples. Developing the contribution we can make to reconciliation, is core to our Reflect Reconciliation Action Plan (RAP). The Reconciliation Working Group was convened with representation from each of our Australian businesses, and in September 2023, the group came together for the first time, meeting with Yarnup, our First Nations partners in Brisbane.

This first phase of the programme is centred on 'looking inwards'. To begin that exploration, the team commissioned a video bringing to life the journey to reconciliation which will help maintain momentum as we take early steps forward. In FY25 we will move towards broader strategic initiatives including our membership of Supply Nation, to increase opportunities for Aboriginal and Torres Strait Islander suppliers, who are under-represented in our supply chain, to work with us.

36

participated in Whakatupu i a Tupu Māori and Pacific Leadership FY23: 36

100+

people involved in basic Te Reo learning

23

people completed Te Wānanga programmes in Tikanga or Te Reo in FY24

Video: First Nations

> "Being a part of the Tikanga programme with Te Wānanga o Aotearoa has been a truly enriching learning experience. Through this we've been gifted fantastic cultural tools for engaging with customers and people, and new light has been shined on the responsibility we have in managing our operations with care for our community and the land."

Mike Arthur - General Manager, Winstone Wallboards®.

A pilecap constructed at Brian Perry Civil's® Otaihanga precast yard being transported by our largest jack-up barge Manahau. BPC is delivering the Seaview Resilience Project for CentrePort in Wellington, seismically strengthening the wharf which feeds the adjacent fuel tank farms while it continues to operate.

Group Performance

For personal use only

Group Performance

Continuing operations	2024 NZ$M	2023 [3] NZ$M
Revenue	**7,683**	**7,679**
EBIT before significant items [1]	509	785
Significant items [2]	(333)	(301)
EBIT	**176**	**484**
Lease interest expense	(58)	(53)
Funding costs	(142)	(94)
Earnings before tax	**(24)**	**337**
Tax expense	(55)	(88)
Earnings after tax	**(79)**	**249**
Non-controlling tax	(7)	(19)
Net (loss) / earnings	**(86)**	**230**
Net earnings before significant items	**183**	**447**
Basic earnings per share (cents)	**(29.0)**	**30.0**
Basic earnings per share before significant items - continuing operations (cents)	**23.4**	**57.1**
Dividends declared per share (cents)		**34.0**
Cash flows from operating activities	**398**	**388**
Capital expenditure	**429**	**461**
Investments	**11**	**183**

Revenue - continuing operations	2024 NZ$M	Restated 2023 [3] NZ$M
Building Products	1,345	1,443
Distribution	1,615	1,824
Concrete	1,082	1,085
Australia	1,979	2,222
Materials and Distribution divisions	**6,021**	**6,574**
Residential and Development	796	607
Construction	1,614	1,319
Other	10	10
Gross revenue	**8,441**	**8,510**
Less: intercompany revenue	(758)	(831)
External revenue	**7,683**	**7,679**

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated financial statements for the period ended 30 June 2024. Further details of significant items can be found in **note 2.2** of the consolidated financial statements.

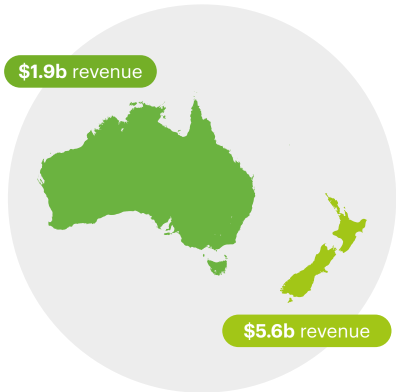
(2) Further details of significant items can be found in **note 2.2** of the consolidated financial statements.

Note: External revenue includes income from the Group's Vertical Buildings Business (2024: $159 million 2023: $104 million), which the Group is in the process of exiting. The New Zealand International Convention Centre and Hobson Street Hotel (NZICC) represent the largest project to complete in this sector. EBIT before significant items, however, excludes any earnings from these projects, which are recognised as a Significant Item.

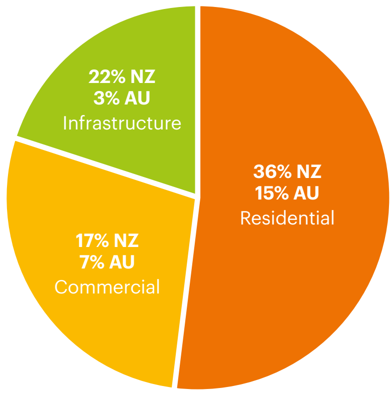
(3) The comparatives have been represented for Tradelink® classified as a discontinued operation. Further details of the change can be found in **note 2.4.**

Group Performance (continued)

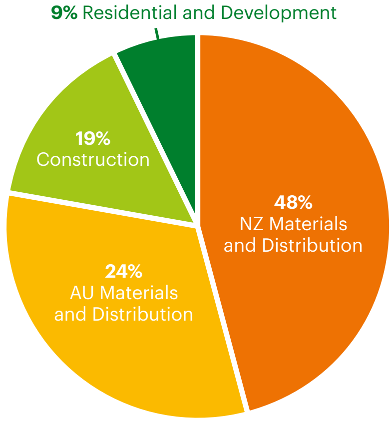
Focus across NZ and Australia



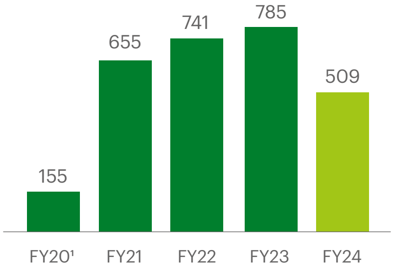
Revenue weighted to market



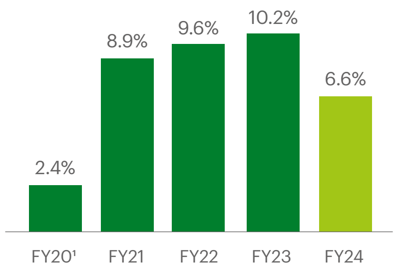
Value chain revenue



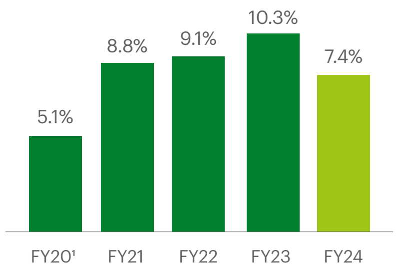
Group EBIT* ($m)



Group EBIT* Margin



Materials and Distribution Divisions EBIT* Margin



The above metrics exclude Tradelink®, which is treated as a discontinued operation.
* Before significant items.
¹ FY20 significantly impacted by COVID-19 lockdowns.

	EBIT		EBIT before significant items (1)	
	2024 NZ$M	2023 (2) NZ$M	2024 NZ$M	2023 (2) NZ$M
Building Products	124	200	143	215
Distribution	49	140	49	141
Concrete	134	154	130	156
Australia	109	157	126	167
Materials and Distribution	416	651	448	679
Residential and Development	100	147	100	147
Construction	(264)	(247)	28	26
Corporate and other	(76)	(67)	(67)	(67)
Total EBIT	**176**	**484**	**509**	**785**
Lease interest expense	(58)	(53)	(58)	(53)
Funding costs	(142)	(94)	(142)	(94)
Earnings before tax	**(24)**	**337**	**309**	**638**
Tax expense	(55)	(88)	(119)	(172)
Earnings after tax	**(79)**	**249**	**190**	**466**
Non controlling interests	(7)	(19)	(7)	(19)
Net earnings - continuing operations	**(86)**	**230**	**183**	**447**
Discontinued operation	(141)	5	(1)	5
Net earnings	**(227)**	**235**	**182**	**452**

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated financial statements for the period ended 30 June 2024. Further details of significant items can be found in **note 2.2** of the consolidated financial statements.

(2) The comparatives have been represented for Tradelink® classified as a discontinued operation. Further details of the change can be found in **note 2.4**.

Group Overview

External revenue for the Group's continuing operations [1] was $7,683 million, broadly in line with the prior year's $7,679 million. EBIT for continuing operations and before significant items was $509 million, down 35% compared to $785 million in the prior year. Group net earnings were an $227 million loss compared to $235 million reported in the prior year. Cash flows from operating activities were $398 million, compared to $388 million in the prior year. Return on funds employed (ROFE) excluding significant items was 10.0%, down on prior year of 17.1%.

While FY24 revenue was broadly flat, the year had a higher weighting to the Construction and Residential and Development businesses, as revenues for the materials and distribution divisions (Building Products, Distribution, Concrete, and Australia) were materially impacted by a sharp market slowdown in both New Zealand and Australia.

In New Zealand, the first half of FY24 saw market volumes for the materials and distribution divisions decline ~15% against 1H23; and in the second half of FY24, market volumes declined a further ~10% against the 1H23 baseline. In Australia, market volumes in the first half of FY24 declined ~8% against 1H23; and in the second half of FY24, volumes moved a further ~7% lower. The residential sector in New Zealand was the hardest hit, due to challenging economics for housing developers and falling consumer confidence in the housing market. Commercial and infrastructure markets also declined, though not so sharply as the residential sector, while the rural market in New Zealand was very weak due to reduced agricultural expenditure. The challenging trading environment led to pressure on pricing and gross margins in certain businesses, particularly in the Distribution division in New Zealand, which was subject to a significant increase in competitive intensity.

For the Residential and Development division, the market for house sales in New Zealand was positive in the first half, and then slowed materially through the balance of FY24. This slowdown was driven by greater caution among prospective home buyers as the New Zealand economic outlook deteriorated; ongoing challenges to secure residential home loan financing; and a significant increase in house listings. This led to fewer transactions across the overall market and also resulted in house prices, which had been lifting in the first half of FY24, returning to negative growth in the second half of the year.

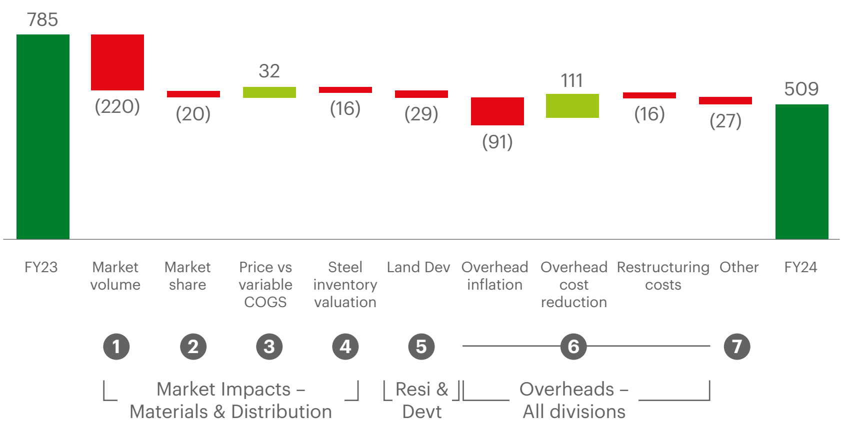
Cost inflation pressures across the Group remained above long-term averages in FY24, albeit the rate of inflation eased slightly from the prior year. Inflation averaged around 5% across the Group in FY24, with areas of higher cost pressure including labour rates, international freight and New Zealand electricity costs.

In response to the challenging market and inflationary environment, the Group has focused on managing things within its control, in particular: customer service, costs, cash flow, capital allocation, funding lines, and closing out the legacy construction projects. Cost reduction has been a particular focus, occurring progressively across the Group as market activity has declined. In FY24 key cost measures have included: reducing manufacturing shift and distribution store labour; exit of loss-making sites and product lines; reduction in overhead headcount; and compression of discretionary spend.

The chart below provides a summary bridge of EBIT before significant items for the Group's continuing operations from FY23 and FY24, highlighting key features of the FY24 result.

EBIT Bridge FY23 to FY24: Key Drivers of Year on Year Change*

(EBIT before Significant Items, Continuing Operations, NZ$m)



*Due to its classification as a discontinued operation, Tradelink® has been excluded from the Group's continuing operations in FY24. FY23 results have been restated on a like-for-like basis with FY24.

1. Lower market volumes for the materials and distribution divisions were the most significant driver of earnings change, resulting in a $220 million adverse impact year on year;
2. Market share loss in the Distribution division in the first half of FY24 was partially offset by gains in certain Concrete and Building Products businesses (net $20 million EBIT decline);
3. Despite competitive pressure on pricing and areas of variable cost pressure (e.g. electricity), overall gains on price more than offset inflation for the materials and distribution divisions (net $32m EBIT benefit);
4. Movements in steel prices resulted in a $16 million year-on-year adverse movement in steel inventory valuations in the Building Products division ($8 million benefit in FY23, $8 million cost in FY24);
5. Land Development earnings were $29 million lower in FY24 as less profitable brownfield sites were sold;
6. Overhead cost reduction across the Group provided a $111 million benefit on a gross basis, more than

Group Overview (continued)

Cash flow	2024 NZ$M	2023[2] NZ$M
EBIT before significant items [1]	**509**	**785**
Depreciation and amortisation	337	307
Lease principal payments and lease interest paid	(226)	(212)
Provisions and other	(8)	(56)
Trading cash flow before working capital movements	**612**	**824**
Working capital movements	172	(287)
Trading cash flow excluding significant items and legacy projects - continuing operations	**784**	**537**
Discontinued operations	(18)	11
Legacy projects cash flow	(376)	(31)
Significant items cash flow	(49)	(42)
Trading cash flow	**341**	**475**
Add: lease principal repayments	206	196
Less: cash tax paid	(15)	(191)
Less: funding costs paid	(134)	(92)
Cash flows from operating activities	**398**	**388**

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated financial statements for the period ended 30 June 2024. Further details of significant items can be found in **note 2.2** of the consolidated financial statements.

(2) The comparatives have been represented for Tradelink® classified as a discontinued operation. Further details of the change can be found in **note 2.4**.

offsetting inflationary overhead cost increases of $91 million and restructuring costs of $16 million;

7. Other reflects reduced JV income and lower investment property revaluations in Vivid Living® in FY24.

Detailed analysis of the individual divisional results is included in the subsequent sections of the Management Commentary.

At the end of FY24, the Group's legacy construction projects were nearing completion. During the year, full works completion was achieved on the Pūhoi to Warkworth (P2W) roading project, and on the Horizon Hotel portion of New Zealand International Convention Centre (NZICC) project. The remaining legacy construction works are concentrated on NZICC (expected to complete the build by the end of calendar 2024 with commissioning and handover in early 2025) and less substantial remedial works on the Wellington International Airport Limited (WIAL) carpark. The Group also continues to pursue material claim recoveries on the P2W project. Disappointingly, as announced at the Interim Results, an additional provision of $165 million was required on the NZICC project and $15 million on the WIAL carpark. Positively, the remaining Contracts Works Insurance claims on the NZICC project were settled and paid in June 2024, with the amount materially in line with the provision announced in February 2024.

A review of the Australian Tradelink® business led to a $122 million non-cash impairment and writedown in its carrying value in the Interim Results. Following this, the decision was made to commence a divestment process of the business. Consequently, Tradelink® has been classified as a discontinued operation in the financial statements. On 12 August 2024, the Group announced that it has entered into an agreement with Metal Manufactures Pty Limited to sell 100% of the shares in Tradelink® for A$170 million. As a result, an additional impairment of $36 million (A$32.5 million) was recognised at 30 June 2024, principally against the business unit's property, plant and equipment, right-of-use assets, and deferred tax assets. A review into the resetting of the Higgins® New Zealand business has also led to a $100 million non-cash impairment and write down of the business.

Across the Group, significant item charges in FY24 totalled $488 million. Of this, $333 million was from continuing operations, mainly from the additional legacy construction provisions and Higgins® impairment and write down.

Net interest expense for the Group was $200 million in the year, of which $142 million related to funding costs and $58 million related to lease expenses. Tax expense was $55 million in the year compared to $88 million in the prior year.

Basic earnings per share from continuing operations were (11.0) cents for the year, compared to 29.4 cents in the prior year. Excluding the impact of significant items, earnings per share from continuing operations were 23.4 cents, compared to 57.1 cents reported in the prior year.

Group cash flows

Within the prevailing challenging market conditions, the Company has remained focused on ensuring robust cash flows. Despite materially lower earnings year-on-year, the Group delivered cash flows from operating activities of $398 million, in line with the prior year's $388 million. The key components of the operating cash flow performance were:

- A material improvement in trading cash flows (excluding significant items and legacy projects) to $784 million in FY24, compared to the prior year's $537 million;
- Materially higher legacy project cash outflows of $376 million, almost entirely on the NZICC and P2W

projects, compared to a $31 million outflow in FY23;

- Significant items cash outflows (excluding legacy construction projects) of $49 million, primarily related to the Winstone Wallboards® Tauriko plant transition costs and Iplex® Australia Pro-fit matters, compared to $42 million in the prior year;
- Higher funding costs paid of $134 million, compared to $92 million in the prior year; and,
- Lower cash tax payments of $15 million compared to $191 million in FY23.

The Group's free cash flow from continuing operations and excluding legacy construction projects was a $304 million inflow compared to a $327 million outflow in the prior year.

The materials and distribution divisions reported strong trading cash flows before significant items of $615 million, compared to $707 million in the prior year, despite ~$230m of lower earnings and deteriorating customer liquidity. The result was achieved through tight management of inventories and trade receivables, which resulted in a ~$200 million favourable reduction in working capital. Creditor terms remained consistent with the prior period.

The Residential and Development division reported a materially improved trading cash flow of $166 million, compared to an outflow of $107 million in the prior year. A total of $156 million of land purchases (historic agreements brought on balance sheet) were settled during the year. However, overall working capital in the division reduced by $67 million in FY24, with land development and housing work-in-progress actively managed lower. The division made limited new land commitments in the year, remaining well-positioned to support its future sales pipeline through a total of ~4,200 sections under its control. For the 2,800 sections and two rural properties on balance sheet at the end of June 24, the assessed market valuation was ~$265 million higher than the book value.

The Construction division recorded a strong trading cash flow before significant items and legacy projects of $73 million, underpinned by good cash generation in both Brian Perry Civil® and Higgins®.

Net capital expenditure and investments for the Group were $426 million in FY24, consisting of:

- Base capital expenditure of $228 million (maintenance, digital/ERP, sustainability, and efficiency capital expenditure), within the Group's FY24 guidance of $200 – $250 million;
- Growth capital expenditure and investments of $136 million, lower than the most recent FY24 guidance of ~$150 million as the Group looked to reduce capital outflows in a deteriorating market environment. The Group continued investment in in-flight growth projects, primarily the new Laminex® Taupō wood panels plant ($98 million); a new Firth® site development in Penrose ($10 million); and the consolidation of Steel businesses in Papakura ($14 million).
- Final capital expenditure for the Winstone Wallboards® plasterboard plant of $38 million, with the project commissioned in the first half of the year on time and on budget.

In addition, the Group invested $20 million in the Vivid Living® retirement village developments, and received $7 million from the sale of plant and equipment.

Dividend payments in the year were $124 million for the FY23 final dividend, with no interim dividend having been declared.

Balance sheet, returns and funding

ROFE before significant items for the year to 30 June 2024 was 10%, below the Group's target of 15%. Funds employed increased to $4.9 billion compared to $4.8 billion at 30 June 2023, resulting from: an unwind of onerous contract provisions on the legacy construction projects; and the Group's investment in in-flight growth projects.

The Group's leverage ratio (net debt / EBITDA before significant items) at 30 June 2024 was 1.99 times, compared to 1.22 times at 30 June 2023, which principally reflects debt drawdowns associated with legacy cash outflows, and the impact of the weaker earnings in the year.

The Group's gearing at 30 June 2024 was 34.7% compared with 27.8% at 30 June 2023.

Total funding available to the Group at 30 June 2024 was $2,837 million, of which $760 million was undrawn and there was an additional $311 million of cash on hand. This provided liquidity to the Group at 30 June 2024 of $1.1 billion.

In the first half of the year, the Group executed a New Zealand dollar denominated loan facility to November 2026 with a three-bank syndicate of $400 million, which replaced the $300 million bilateral revolving credit facility which was due to mature in October 2024.

In June, the Group made amendments to its banking agreements which extend the tenor of its debt facilities and enable it to rely on more favourable terms for covenant testing through to the end of calendar 2025, 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 covenant levels.

The Group refinanced an Australian dollar denominated $674.5m facility that was scheduled to expire in October 2025. The agreement extends the expiry date for this facility into two longer dated maturities: A$424.5 million that will now expire in July 2027, and A$250 million that will expire in June 2029. The agreement significantly improves the tenor of the Company's funding lines, such that the next material debt maturity is in FY27.

The Group also announced its first investment grade credit rating of Baa2 assigned by Moody's Investors Service in the first half of the year. This rating was subsequently amended in June 2024 to Baa3 on a negative outlook, following a review by Moody's.

The average maturity of the Group's debt at 30 June 2024 was 3.0 years, with the currency split being 83% New Zealand dollar; 16% Australian dollar; and 1% spread over various other currencies.

The Group currently has 44% of all borrowings with fixed interest rates with an average duration of 2.3 years. Inclusive of floating rate borrowings, the average interest rate on the debt (based on period-end borrowings) was 6.2%.

Dividend

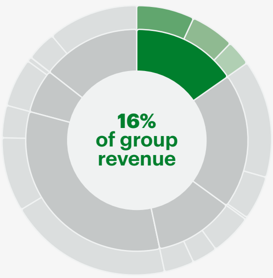
Given the current market conditions and in line with the Company's dividend policy and banking covenant restrictions, the Board has not declared a final dividend.

Divisional Performance

Apprentice builder Richard Kalonihea of Auckland's Craftsman Builders confirms receipt, as PlaceMakers Delivery team oversee order dispatch.

Revenue

$1,345m



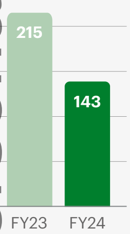
Revenue Weighted Sector Exposure

- **48%** Residential
- **33%** Commercial
- **19%** Infrastructure

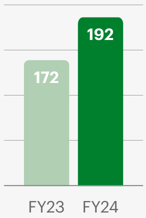
Gross margin

34.0% 32.8%

EBIT*



Trading cash



ROFE*: 11%

*before significant items

Safety
FY24: **2.4** | FY23: **2.5**
(TRIFR[1])

Customer
FY24: **41.6** | FY23: **48.7**
(NPS[2])

Environment
FY24: **54 kt CO_2e**
FY23: **62 kt CO_2e**
Carbon emissions[3]

74% Revenue from sustainably-certified products

People
FY24: **45** | FY23: **41**
(eNPS)

1 Excludes Wood Products
2 Excludes Altus®
3 Combined Scope 1 & 2 carbon emissions with an allocation of Corporate emissions.

Building Products

The Building Products division reported gross revenue of $1,345 million, 7% lower than the prior year. EBIT before significant items was $143 million, compared to the $215 million reported in the prior year. Gross margin was 32.8% down from the prior year's 34.0%, whilst EBIT margin reduced 430 basis points to 10.6%. Trading cash flow of $192 million was $20 million higher than the prior year.

The FY24 results demonstrate solid operating performance despite the slowing residential and commercial market environment. Revenue decline compared to the previous year was driven by the division's substantial exposure to the residential sector (c. 48%) and the commercial sector (c. 33%). However, notwithstanding the lower market activity and intense market competition, Winstone Wallboards® and Laminex® continued to expand market share.

The division's gross margins remained robust reflecting the solid pricing and cost disciplines achieved despite the continuing elevated cost inflation, particularly on gypsum and paper combined with high electricity and labour cost. This was partly offset by reduced resin and steel prices. The new plasterboard plant in Tauranga resulted in an $11 million higher depreciation expense, while in our metals business lower steel prices (~10% lower) resulted in an adverse year on year inventory valuation movement of $16 million ($8 million benefit in FY23 vs. a $8 million cost in FY24).

In FY24, a continued focus was managing the cost base in line with the softening market conditions. Cost reduction measures through the year included: manufacturing shift reduction, warehousing cost optimisation, order and freight consolidation and high emphasis on cutting back discretionary spending, and trimming fixed overhead costs, with more cost rationalisation strategies embedded in all businesses ready to be deployed in the event of further market slowdown. Pleasingly, the FY24 second half overhead cost (excluding restructuring costs of $2m) reduced by $10 million compared to the first half.

The division's EBIT before significant items was $143 million, compared to $215 million in the prior year. Key drivers of the lower earnings were the material reduction in market activity; higher Winstone Wallboards® depreciation; and the steel inventory revaluation referred to above.

Notwithstanding the softer earnings, the division delivered strong trading cash flow of $192 million, $20 million higher than the prior year, stemming from a reduction in working capital, particularly trade receivables and inventory. Stock returned to more normal levels in FY24, with prior year balances elevated by high post-COVID stockholdings.

Capital expenditure was $178 million, mostly for the ongoing construction of the Laminex® Taupō wood panels plant ($98 million), completion of the Winstone Wallboards® plasterboard plant ($38 million) and Steel Hunua site consolidation ($14 million) which are also the drivers for the funds increase, now at $1,311 million.

Throughout FY24, in response to the highly competitive market environment, the division overhauled its sales strategies. Winstone Wallboards® refreshed their customer engagement roadmap resulting in more meaningful and insightful customer feedback paving the way for market share gains. At Laminex®, a product relaunch of Melteca® delivered share gains and higher margins. Wood products has begun implementing a cohesive sales and operations process that enhances alignment with both internal and external customer needs. The insulation business has revamped its Pink® Batts® and PinkFit® strategy driving the conversion of major customers such as Kāinga Ora. Fletcher Steel® has launched a new sales framework that targets a broader customer base, which combined with improved product and service offering in our roofing segment has started to enable market share gains. At Iplex® New Zealand the fittings segment has undergone portfolio expansion that enabled higher traded volume during the year despite the slowing market.

Dimond Structural® sales manager, Ian Davies with customers at the Dimond Structural® Hunua Road, Papakura site opening.

Financial Summary Year ended 30 June	2024 NZ$M	2023 NZ$M
Gross revenue	1,345	1,443
External revenue	1,093	1,154
Gross margin	32.8%	34.0%
Overheads	308	295
EBIT before significant items (1)	143	215
EBIT margin before significant items (1)	10.6%	14.9%
Significant items (2)	(19)	(15)
Funds	1,311	1,210
ROFE (3)	11%	18%
Trading cash flow	192	172
Capital expenditure	178	191
Investments (4)	4	106

EBIT before significant items (1) Year ended 30 June	2024 NZ$M	2023 NZ$M
Light Building Products	124	159
Metals	24	63
Wood Products	2	-
Divisional costs	(7)	(7)
Total	**143**	**215**

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated financial statements for the period ended 30 June 2024.

(2) Details of significant items can be found in note 2.2 of the consolidated financial statements.

(3) EBIT before significant items / closing funds.

(4) Investments for the period ended 30 June 2024 include deferred settlement on Waipapa earn-out.

Our Building Products businesses

Light Building Products

GIB · Laminex New Zealand · Comfortech Building Performance Solutions · Iplex Pipelines

Metals

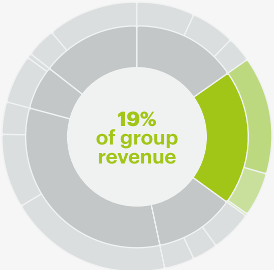
Fletcher Steel · Fletcher Reinforcing · Dimond Roofing · Dimond Structural · Pacific Coilcoaters · altus · easysteel · Fletcher Wire products · CSP

Wood Products

Waipapa Pine Timber Products New Zealand

Revenue

$1,615m

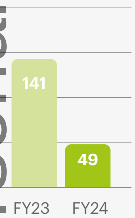


Revenue Weighted Sector Exposure

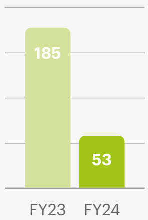
- **78%** Residential
- **22%** Commercial

Gross margin

EBIT*



Trading cash



ROFE*: 16%

*before significant items

Safety FY24: **3.5** | FY23: **4.1** (TRIFR[1])
Customer FY24: **43.2** | FY23: **31.3** (NPS[2])
Environment FY24: **10 kt CO_2e** FY23: **10 kt CO_2e** Carbon emissions[3]
People FY24: **41** | FY23: **30** (eNPS)

1 FY24 includes Tumu®, FY23 excludes Tumu®
2 FY23 excludes Tumu®
3 Combined Scope 1 & 2 carbon emissions with an allocation of Corporate emissions

Distribution

The Distribution division reported gross revenue of $1,615 million, 11% lower than the prior year. EBIT before significant items was $49 million, compared to $141 million in the prior year. Gross margin was 26.3%, down 260 basis points from 28.9% in the prior year. EBIT margin before significant items was 3.0%, compared to 7.7% in the prior year. Trading cash flow was $53 million, compared to $185 million in the prior year.

FY24 presented significant challenges for the Distribution division. With a 78% exposure to the residential sector, the division's market volumes fell sharply. Additionally, the division was impacted by PlaceMakers®' market share loss in the first half of FY24 as competitors moved aggressively on price. The division's share position stabilised in the second half of FY24, however, price concessions, particularly in frame and truss, were necessary to achieve this. All regions experienced market volume declines, with the slowdown least pronounced in the Auckland / Northland region and most significant in the Waikato-Bay of Plenty and Lower North Island regions.

The division's gross margin was impacted by these price concessions resulting in a 260-basis point erosion in gross margin compared to the prior year. The decline in the division's gross margin dollars was approximately 60% due to revenue decline and 40% due to margin erosion.

Inflationary pressures continued to be significant, particularly in labour, property and technology expenses. With employee costs constituting a large portion of overall overheads, a prudent approach was adopted, rehiring only when necessary. Other key cost control measures included revised shift patterns across the branch network and frame and truss manufacturing plants, and all discretionary expenses (travel, entertainment, consultancy) were significantly reduced. Overall, the division's FY24 overhead expenses were 3% lower than the prior year, despite cost inflation running at ~5%.

The division's FY24 EBIT was $49 million, compared to $141 million in the prior year, with an EBIT margin of 3.0%, down from 7.7%.

Trading cash flow for the year was $53 million. This was supported by: a reduction in stock levels by $9 million through FY24; and improved customer cash collections, with debtors' days trending down closer to FY22 levels despite the tight customer credit environment.

Capital expenditure in the year was $11 million, primarily comprising milestone payments on equipment and capital works for the relocation of PlaceMakers® frame and truss manufacturing plant in Auckland, which will improve operational efficiency and enable share growth for the business. Continued investment in digital programmes, including the launch of a new integrated Trade Portal and Customer Relationship Management (CRM) platform in PlaceMakers®, also featured. Planning for the final integration of systems and remaining processes between Tumu®[4] and PlaceMakers® started in the second half of FY24 and is progressing well, with a target completion by the end of the first half of FY25.

In FY24, significant improvements were made across non-financial metrics. Customer NPS increased to 43 from 31 in the prior year. People eNPS rose to 41, up from 30 in the prior year, reflecting the division's success in ensuring positive customer and employee sentiment despite a challenging market backdrop. Ongoing focus on safety resulted in a TRIFR of 3.5, down from 4.1 in the prior year, underscoring our commitment to a safe working environment. This improvement highlights our proactive approach to safety management through rigorous protocols, ongoing training and a strong safety culture, ensuring our employees can go home safely every day.

4 Tumu is a registered trademark of Tumu Merchants Limited.

PlaceMakers® account manager, David McConchie, on site with customer Haydn Miller of Rightline Construction.

Financial Summary Year ended 30 June	2024 NZ$M	2023 NZ$M
Gross revenue	1,615	1,824
External revenue	1,578	1,792
Gross margin	26.3%	28.9%
Overheads	377	388
EBIT before significant items (1)	49	141
EBIT margin before significant items (1)	3.0%	7.7%
Significant items (2)	-	(1)
Funds	305	312
ROFE (3)	16%	45%
Trading cash flow	53	185
Capital expenditure	11	62
Investments	-	61

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated financial statements for the period ended 30 June 2024.

(2) Details of significant items can be found in note 2.2 of the consolidated financial statements.

(3) EBIT before significant items / closing funds.

Our New Zealand Distribution businesses

Concrete

The Concrete division reported gross revenue of $1,082 million, in line with the prior year. EBIT before significant items was $130 million, compared to $156 million in the prior year. Gross margin was 28.1% down from the prior year's 28.9% while EBIT margin was 12.0%, down 240 basis points from the prior year. Trading cash flow of $165 million was a $9 million increase on the $156 million in the prior year.

The division delivered robust top-line results in a challenging market, with the decline in market activity offset by price discipline and market share growth. The division has continued to push into the commercial and infrastructure segments, particularly within the Firth® business, which gained ~2 percent of market share during the year. Winstone Aggregates® increased revenue by 18% compared to the prior year with the current year including a full year of contribution from The Urban Quarry® business acquired in April 2023.

A key focus for the year has been aligning the division's fixed and variable cost base to the current market environment. In Firth®, this has involved closure or repurposing of six regional concrete plants and reallocation of trucks to maximise utilisation. In Golden Bay™, the focus has been increasing internal cement supply in the South Island and mitigating thermal energy cost inflation through higher usage of alternative fuels. In Humes® and Winstone Aggregates®, the focus has been on production efficiency and delivering benefits from recent investments in debottlenecking and operational improvements.

The division's gross margin of 28.1% was 80 basis points lower than the prior year (FY23: 28.9%), mainly reflecting the higher mix of revenue from the commercial and infrastructure segments and continued input cost inflation – in particular, elevated electricity costs in the second half impacting Golden Bay™. Divisional overhead costs increased by 4% against the prior year, primarily due to the acquisition of The Urban Quarry® business. Excluding this acquisition, overhead costs reduced 2% year on year.

EBIT before significant items of $130 million was $26 million lower than the prior period. The key driver was the softer market, lower gross margin from a higher mix of commercial and infrastructure revenues, elevated electricity costs, and the sale of NZ carbon units in FY23.

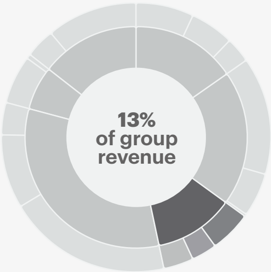
Trading cash flow for the division was strong at $165 million, up on the prior year despite lower earnings due to disciplined working capital management. Stock management has been a key highlight, particularly in Humes® which has delivered a material reduction from the prior year. Divisional debtor days remained in line with the prior year, with the heightened credit risk in the current market environment well managed, with collections closely monitored and no material bad debt impacts during the year.

Capital expenditure in the period of $89 million was focused on asset renewal, quarry resource extension and key in-flight initiatives – comprising the development of Firth's® new flagship ready mix concrete plant in Auckland, and continued investment in alternative fuels capability to increase coal substitution at Golden Bay™.

A key highlight for the period was the successful integration of The Urban Quarry® business into Winstone Aggregates®. This provides a platform to fast-track recycling of construction and demolition waste, increasing the division's circular offering to customers.

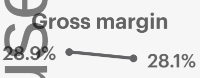
Revenue

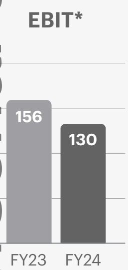
$1,082m

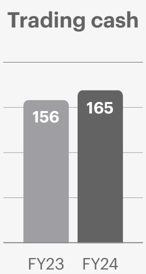


Revenue Weighted Sector Exposure

- **39%** Residential
- **26%** Commercial
- **35%** Infrastructure







ROFE*: 16%

*before significant items

Safety
FY24: **3.8** | FY23: **3.4**
(TRIFR)

Customer
FY24: **51.1** | FY23: **51.2**
(NPS)

Environment
FY24: **605 kt CO_2e**
FY23: **625 kt CO_2e**
Carbon emissions[1]

78% Revenue from sustainably-certified products

People
FY24: **42** | FY23: **28**
(eNPS)

1 Combined Scope 1 & 2 carbon emissions with an allocation of Corporate emissions

Programme manager, Auckland Airport, Adrienne Khor with construction/operations manager, Auckland Airport, Mark Blanchard at the Brian Perry Civil® Auckland airfield expansion project. A project in conjunction with the Firth® and Concrete division.

Financial Summary Year ended 30 June	2024 NZ$M	2023 NZ$M
Gross revenue	1,082	1,085
External revenue	782	800
Gross margin	28.1%	28.9%
Overheads	179	172
EBIT before significant items (1)	130	156
EBIT margin before significant items (1)	12.0%	14.4%
Significant items (2)	4	(2)
Funds	836	789
ROFE (3)	16%	20%
Trading cash flow	165	156
Capital expenditure	89	65
Investments	7	10

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated financial statements for the period ended 30 June 2024.

(2) Details of significant items can be found in note 2.2 of the consolidated financial statements.

(3) EBIT before significant items / closing funds.

Our Concrete businesses

WINSTONE AGGREGATES

HUMES

Golden Bay

Firth

DRICON

Australia

The Australia division (continuing operations) reported gross revenue of $1,979 million, 11% lower than the prior year. EBIT before significant items was $126 million, compared with $167 million in the prior year. Gross margin increased to 34.5%, up from 33.5% in the prior year while EBIT margin decreased to 6.4% compared to 7.5% in the prior year. Trading cash flow was an inflow of $165 million, in line with the prior year.

The first half of FY24 saw market volumes for the division decline ~8% against 1H23; and in the second half of FY24, market volumes declined a further 7% against the 1H23 baseline. Residential finishing trades softened in the second half, impacting H2 performance in Laminex® and Fletcher Insulation®. The reduced level of civil project activity was the main driver of top line declines in Iplex®, and Stramit® was impacted by the slowing residential detached housing and shed markets.

Market share was mixed, with gains achieved in Fletcher Insulation® and Oliveri®, share held in Laminex® and Iplex® and minor share losses experienced in Stramit®.

Input cost inflation pressure remained a feature of the trading environment. Costs persisted at elevated levels in freight, property, utilities, and labour, but eased for raw materials. The division restructured business lines and departments, and consolidated and closed sites to help manage the cost pressures and mitigate the impacts of lower trading volumes. Continued strong pricing governance and new products brought to market assisted the delivery of gross margin improvements of 100 basis points compared to the prior year.

EBIT before significant items of $126 million and EBIT margin of 6.4% were both down on the prior year. At a business unit level, Laminex® Australia, Iplex® Australia and Fletcher Insulation® all performed well in the challenging trading environment, while Stramit's® results were disappointing. Significant items of $17 million for the year relate predominantly to legal costs for the Iplex Australia pipes matter and the discontinuation of engineered stone sales.

Trading cash flow for the division was an $165 million inflow, in line with a $166 million inflow in the prior year. Lower earnings were offset by a $38 million unwind of working capital, including a reduction of inventories in line with lower revenues. Debtor collections remained strong and the credit risk from increased construction insolvencies was well managed with no material impacts from insolvencies experienced during the year.

Capital expenditure in the year was $53 million, with ongoing investments in the areas of new product development, manufacturing automation technologies and digital omni-channel programmes.

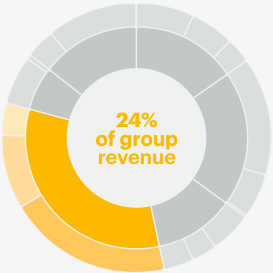
The division's focus on customer produced positive outcomes, with customer NPS increasing to 45 from 21 in the prior year. This was mainly attributable to improved efficiency rates in DIFOT (Delivery in Full On Time). Additionally, the division has seen substantial growth in digital sales and has gained market share in higher-margin segments, which include, Laminex® decorative products, Fletcher Insulation's® FirmaSoft® and Rockwool® range, and the Oliveri® bathroom category.

Total Recordable Injury Frequency Rate (TRIFR) in the year was 3.4 and no serious injuries were recorded. Pleasingly, 99% of sites were injury free and Oliveri® had zero injuries in the year.

The division remains focused on sustainability, with a c. 20% reduction in carbon emissions since 2018 and is on track to achieve over 60% reduction by 2030. Our Reconciliation Action Plan has progressed well as we continue our journey to support Aboriginal and Torres Strait Islander people. Gender participation and pay parity also improved on the prior year.

Revenue

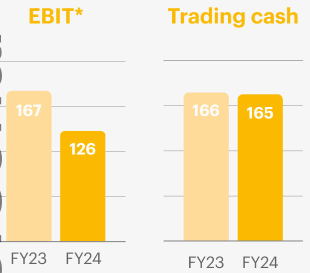
$1,979m



Revenue Weighted Sector Exposure

- **63%** Residential
- **24%** Commercial
- **13%** Infrastructure

Gross margin



ROFE*: 11%

*before significant items

Safety
FY24: **3.4** | FY23: **3.2**
(TRIFR)

Customer
FY24: **44.5** | FY23: **21.0**
(NPS[1])

Environment
FY24: **258 kt CO_2e**
FY23: **273 kt CO_2e**
Carbon emissions[2]

73% Revenue from sustainably-certified products

People
FY24: **14** | FY23:**15**
(eNPS)

All metrics exclude Tradelink®, classified as a discontinued operation. FY23 excludes Rocla®.

1 Excludes Haven and Water Filters Australia

2 Combined Scope 1 & 2 carbon emissions.

Fletcher Insulation® national sales manager, Helen Awali.

For personal use only

Financial Summary Year ended 30 June	2024 NZ$M	2023[1] NZ$M
Gross revenue	1,979	2,222
External revenue	1,925	2,163
Gross margin	34.5%	33.5%
Overheads	552	586
EBIT before significant items [2]	126	167
EBIT margin before significant items [2]	6.4%	7.5%
Significant items [3]	(17)	(10)
Funds	1,128	1,138
ROFE [4]	11%	15%
Trading cash flow	165	166
Capital expenditure	53	50
Investments	-	6

EBIT before significant items [2] Year ended 30 June	2024 NZ$M	2023 NZ$M
Building Products Australia	129	144
Steel Australia	7	31
Divisional costs	(10)	(8)
Total	**126**	**167**

(1) The comparatives have been restated to exclude discontinued operations. Further details of the change can be found in **note 2.4** of the consolidated financial statements

(2) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated financial statements for the period ended 30 June 2024.

(3) Details of significant items can be found in note 2.2 of the consolidated financial statements.

(4) EBIT before significant items / closing funds.

Our Australia businesses

Building Products Australia

Laminex

iplex

Fletcher Insulation

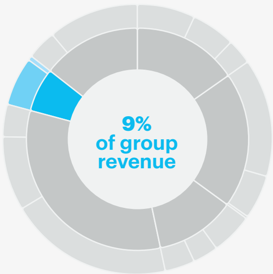
Oliveri

Steel Australia

Stramit

Revenue

$796m

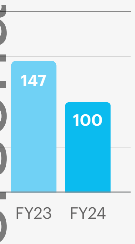


Revenue Weighted Sector Exposure

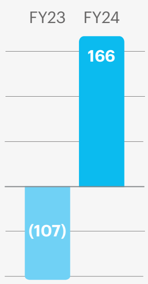
- **93%** Residential
- **7%** Commercial

Gross margin

EBIT*



Trading cash



ROFE*: 12%

Safety
FY24: **5.2** | FY23: **3.0**
(TRIFR)

Customer
FY24: **65.3** | FY23: **72.2**
(NPS[1])

Environment
FY24: **<1 kt CO_2e**
FY23: **<1 kt CO_2e**
Carbon emissions[2]

People
FY24: **60** | FY23: **40**
(eNPS)

1 In FY23, Vivid Living® and Apartments were not present thus excluded

2 Combined Scope 1 & 2 carbon emissions with an allocation of Corporate emissions

Residential and Development

The Residential and Development division reported gross revenue of $796 million, 31% higher than the prior year. EBIT was $100 million compared to $147 million in the prior year. Gross margin was 21.9% down from the prior year's 33.3% while EBIT margin was 12.6%, down from 24.2% in the prior year. Trading cash flow was an inflow of $166 million compared to an outflow of $107 million in FY23.

Following a challenging FY23, New Zealand housing market conditions showed initial signs of improvement through HY24. In the second half, record market house listings, elevated interest rates and broader economic uncertainty adversely impacted buyer sentiment and urgency. Despite this challenging backdrop, Fletcher Residential delivered strong sales volumes, continuing to leverage its high-quality, customer centric reputation, with a focus on lower price points in the most active part of the market. 886 units were taken to profit in FY24, compared to 617 in the prior year.

Clever Core™, the division's panelisation business, delivered 180 homes in the year, a 22% increase on the prior year. Vivid Living® opened its first retirement development at Red Beach, completing 17 settlements, and construction commenced at the next village in Karaka, South Auckland.

Fletcher Residential reported EBIT of $94 million, down from $112 million in the prior year with an EBIT margin of 13% (FY23: 20%). The FY24 result included revaluation gains associated with Vivid Living® of $2 million, compared to $16 million in the prior year.

The Industrial Development business delivered EBIT of $6 million, reflecting five small land transactions, compared to $35 million in the prior year largely driven by one land transaction. These provided a cash contribution of $58 million in the current year.

Trading cash flow in FY24 was an inflow of $166 million, compared to an outflow of $107 million in the prior year. The division settled $156 million of land purchases in FY24, most of which were contracted in prior periods, including the first major payment for The Hill at Ellerslie Racecourse. Despite these land additions, divisional funds employed reduced from $915 million at 30 June 2023, to $841 million at 30 June 2024, as the division actively managed cash flow in a challenging housing market. The decrease in funds was driven by a reduction in housing stock due to strong FY24 sales volumes, together with a scaling back of some build programmes. A number of apartment projects have also been paused until better market conditions prevail.

Looking ahead, the division remains well positioned to support its future sales pipeline through a total of ~4,200 sections under control. For the ~2,800 sections and two rural properties on balance sheet at June 2024, the assessed market value was ~$265 million higher than the book value, providing a degree of margin resilience for the business in future periods.

The division continues to lead the industry on innovation and sustainability, including the completion of LowCO™, a series of standalone and terrace homes that produce seven times less carbon than the standard Kiwi home, recently awarded a Homestar 10 certification, and BUILDhers™, a New Zealand-first project, built and sold almost entirely by a team of women.

New home consultants Tian Tian Wang, (left) and MeeLei Ang (right) with customers at the Fletcher Living® Chinese Home Buyers Evening in Penrose.

Financial Summary Year ended 30 June	2024 NZ$M	2023 NZ$M
Gross revenue	796	607
External revenue	739	594
Gross margin	21.9%	33.3%
Overheads	76	72
EBIT (1)	100	147
EBIT margin	12.6%	24.2%
Funds	841	915
ROFE (2)	12%	16%
Trading cash flow	166	(107)
Capital expenditure (3)	20	23

EBIT (1) Year ended 30 June	2024 NZ$M	2023 NZ$M
Fletcher Residential	94	112
Industrial Development	6	35
Total	**100**	**147**

(1) The EBIT result includes a $2 million gain on revaluation of Vivid Living® investment property (2023: $6 million). There were no gains on transfer of land from Fletcher Living® to Vivid Living® in the current period (2023: $10 million).

(2) EBIT / closing funds.

(3) Capex includes investment property development for Vivid Living®.

Our Residential and Development businesses

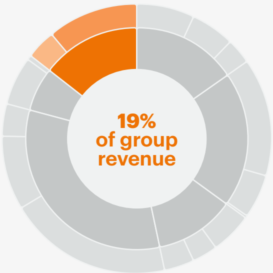
vivid living.

Fletcher Living® this is living

CLEVER CORE™

Revenue

$1,614m

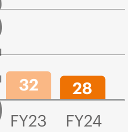


Revenue Weighted Sector Exposure

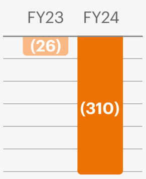
- **77%** Infrastructure
- **23%** Commercial

Gross margin

EBIT*



Trading cash



ROFE*: 20%

*before significant items and prior to elimination of intra-Group margin in relation to Winstone Wallboards® Tauriko plant.

Safety
FY24: **3.0** | FY23: **2.9**
(TRIFR)

Environment
FY24: **41 kt CO_2e**
FY23: **41 kt CO_2e**
Carbon emissions[1]

People
FY24: **32** | FY23: **25**
(eNPS)

1 Combined Scope 1 & 2 carbon emissions with an allocation of Corporate emissions

Construction

The Construction division reported gross revenue of $1,614 million, which was $289 million or 22% higher than the prior year. Prior to elimination of intra-Group margin on the Winstone Wallboards® plant, EBIT before significant items was $28 million compared to $32 million in the prior year. Trading cash outflow of $310 million compares to an outflow of $26 million in the prior year. Excluding legacy contracts, trading cash was an inflow of $66 million compared to an inflow of $5 million in the prior year.

The increase in top-line performance compared to the prior year was driven by higher volumes in Higgins® and Brian Perry Civil® businesses. Higgins® benefited as reconstruction works commenced following the destructive weather events in FY23, and Brian Perry Civil® from significant programmes of work across the water, airports and marine sectors. A key highlight for Brian Perry Civil® was the successful commencement of work on the Auckland Airport expansion project, while the division has also benefited from projects such as the Eastern Busway Alliance, which combines cross-business capabilities from Major Projects, Higgins®, and Brian Perry into one project.

A continued focus on safety, well-being and engagement of our people saw TRIFR remain stable at 3.0 (FY23: 2.9) and eNPS lift to 32 (FY23: 25).

Gross margin dollars across the specialist works businesses of Brian Perry Civil® and Higgins® increased by $24 million on the prior year, with gross margin in FY24 of 8.4%, compared to 9.4% in the prior year. Divisional cost controls remained tight, with overheads at 6.9% of gross revenue (FY23: 8.3%). Overall, EBIT for the division was $28 million and EBIT margin was 1.7% (FY23: 2.4%).

Significant items for the period totalled $292 million, including $180 million of legacy provisions recognised through the half-year results: $165 million for increased costs on the NZICC project, and $15 million for expected remedial works costs for Wellington International Airport Limited (WIAL). Both projects are part of the legacy vertical building operations being wound down. A review into the resetting of the Higgins® New Zealand business has also led to a $100 million non-cash impairment and write down of the business. Following the agreement to divest 50% of its Fiji construction business to two local partners, that was completed on 31 July 2024, a non-cash impairment of $17 million has been recognised. This was partially offset by income recognised from the recovery of Cyclone Gabrielle and North Island Floods insurance claims received during the year.

Trading cash flow for the division was an outflow of $310 million, driven by outflows of $376 million associated with legacy projects, primarily NZICC and Pūhoi to Warkworth. Positively, the remaining Contract Works Insurance claims with the NZICC project insurers were settled and paid in June 2024, de-risking this aspect of the project, with the amount materially in line with the provision announced in February 2024. On legacy projects, full works were completed on the Pūhoi to Warkworth project, the Hobson Street Hotel and NZICC basement carpark were handed over to the client, and remedial works have progressed on the Wellington International Airport Carpark.

Excluding legacy contracts, trading cash flow was a $66 million inflow. This was driven by strong working capital management, including finalisation of variation claims and accounts, and client advance payments received in the second half of FY24 for new work won.

The Construction division orderbook closed the financial year at $1.8 billion, compared to $2.8 billion in FY23. A $500 million downwards adjustment to the orderbook was made in 2H FY24 for the division's share of the Transport Rebuild East Coast (TREC), based on latest NZTA budget advice. Preliminary work continues on the Riverlink project in Wellington, however the full scheme is not yet recognised in orderbook.

Capital expenditure in the year of $20m, compared to $19m in prior period, concentrated on civil equipment for the Higgins® and Brian Perry Civil® businesses.

Traffic controller, Usaia Nataraku from Higgins® Fiji.

Financial Summary Year ended 30 June	2024 NZ$M	2023 NZ$M
Gross revenue (1)	1,614	1,325
External revenue	1,566	1,176
Gross margin	8.4%	9.4%
Overheads	111	110
EBIT before significant items (1, 2)	28	32
EBIT margin before significant items (1, 2)	1.7%	2.4%
Significant items (3)	(292)	(273)
Funds	138	85
ROFE (4)	20%	38%
Trading cash flow (1)	(310)	(26)
Capital expenditure	20	19

(1) Prior to elimination of intra-Group margin in relation to Winstone Wallboards® Tauriko plant.

(2) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated financial statements for the period ended 30 June 2024.

(3) Details of significant items can be found in note 2.2 of the consolidated financial statements.

(4) EBIT before significant items / closing funds.

Note: External revenue includes income from the Group's Vertical Buildings Business (2024: $159 million 2023: $104 million), which the Group is in the process of exiting. The New Zealand International Convention Centre and Hobson Street Hotel (NZICC) represent the largest project to complete in this sector. EBIT before significant items, however, excludes any earnings from these projects, which are recognised as a Significant Item.

Our Construction businesses

Fletcher

Brian Perry Civil

Higgins

Our Board

Barbara Chapman

CNZM, BCom, CMInstD

Acting Chair and Independent Non-Executive Director

Term of office: Appointed Acting Chair 4 March 2024, director 1 September 2018, last elected 2023 annual meeting.

Board committees: Chair of the People and Remuneration Committee, Chair of the Nominations Committee, Member of the Disclosure Committee.

Barbara brings extensive and diverse trans-Tasman executive experience to the Board having served as CEO and managing director of ASB Bank for seven years and having held a number of senior executive roles responsible for marketing, communications, human resources, life insurance and retail banking in New Zealand and Australia. She has an extensive list of professional achievements to her credit, including being named New Zealand Herald's 2017 Business Leader of the Year.

In 2019, Barbara was made a Companion of the New Zealand Order of Merit for services to business.

Barbara is the Chair of Genesis Energy Limited and NZME (New Zealand Media and Entertainment) Limited, Deputy Chair of The New Zealand Initiative and is a director of Bank of New Zealand.

Barbara was appointed Acting Chair on 4 March 2024 to facilitate the search for the new permanent Chair of Fletcher Building.

Cathy Quinn

ONZM, LLB, CMInstD

Independent Non-Executive Director

Term of office: Appointed director 1 September 2018, last elected 2021 annual meeting.

Board committees: Chair of the Disclosure Committee, Chair of the Safety, Health, Environment and Sustainability Committee, Member of the Audit and Risk Committee, Member of the Nominations Committee.

Cathy practised as one of New Zealand's foremost commercial and corporate lawyers for over 30 years. In 2016, Cathy was made an Officer of the New Zealand Order of Merit for services to law and women.

Cathy is a director of Fonterra Co-operative Group Limited and Rangatira Limited, chairs Tourism Holdings Limited and Fertility Associates Holdings Limited, and is Pro-Chancellor of the University of Auckland Council.

Peter Crowley

BEcon, BA, FAICD

Independent Non-Executive Director

Term of office: Appointed director 1 October 2019, last elected 2022 annual meeting.

Board committees: Member of the Audit and Risk Committee, Member of the Nominations Committee, Member of the People and Remuneration Committee, Member of the Safety, Health, Environment and Sustainability Committee.

Peter has over 40 years of experience in the construction materials and building products industries across Australia, New Zealand, Asia, Europe and North America.

From 2003-2015, he served as managing director and CEO of GWA Group Limited, a leading Australian supplier of building fixtures and fittings to households and commercial premises. He also spent 18 years in the cement industry, including various chief executive roles with The Rugby Group plc. and a variety of managerial roles with Queensland Cement and its parent company Holcim.

Peter is a director of Barrambin Trading Company Pty Limited and The Riverside Coal Transport Company Pty Limited.

Sandra Dodds

BCom, FCA, GAICD

Independent Non-Executive Director

Term of office: Appointed director 1 September 2023, elected 2023 annual meeting.

Board committees: Chair of the Audit and Risk Committee, Member of the Safety, Health, Environment and Sustainability Committee, Member of the Disclosure Committee.

Sandra has a broad and diverse industrial background with over 30 years of operational and financial experience as an executive leader in complex infrastructure businesses across New Zealand, Australia and Asia. Until recently Sandra led the infrastructure sector team at Broadspectrum.

Sandra is a director of Contact Energy Limited, OceanaGold Corporation, and Snowy Hydro Limited.

Tony Dragicevich

BCom, ACA, GAICD

Independent Non-Executive Director

Term of office: Appointed director 1 August 2024

Board committees: Member of the Safety, Health, Environment and Sustainability Committee

Tony is a highly accomplished CEO and director with significant experience in leading distribution and manufacturing businesses across Australia and New Zealand.

Since 2013, Tony has held the role of Managing Director and CEO of Capral, Australia's largest aluminium extrusion manufacturing and distribution business. Prior to this, he was Managing Director and CEO of Wattyl Group, one of the largest paint manufacturers in Australia and New Zealand. His other leadership roles have included Chief Executive of GWA Bathrooms and Kitchens (Caroma), Managing Director of Red Paper Group, and General Manager of Carter Holt Harvey Insulation.

Tony is also a director of the Australian Aluminium Council.

Former Directors

Bruce Hassall

BCom, CMInstD

Chair and Independent Non-Executive Director

Term of office: Appointed director 1 March 2017, last elected 2020 annual meeting.

Board committees: Chair of the Nominations Committee, Member of the People and Remuneration Committee.

Bruce stepped down from the Board effective 4 March 2024.

Martin Brydon

MBA, FAICD, FAIM, Dip Elect Eng, Dip Elron Eng

Independent Non-Executive Director

Term of office: Appointed director 1 September 2018, last elected 2023 annual meeting.

Board committees: Member of the People and Remuneration Committee, Member of the Safety, Health, Environment and Sustainability Committee.

Martin stepped down from the Board effective 30 June 2024.

Doug McKay

ONZM, BA, AMP (Harvard), CFInstD

Independent Non-Executive Director

Term of office: Appointed director 1 September 2018, last elected 2021 annual meeting.

Board committees: Chair of the Safety, Health, Environment and Sustainability Committee, Member of the Audit and Risk Committee

Doug stepped down from the Board effective 21 June 2024.

Rob McDonald

BCom, FCA, CMInstD

Independent Non-Executive Director

Term of office: Appointed director 1 September 2018, last elected 2021 annual meeting.

Board committees: Chair of the Audit and Risk Committee, Member of the Disclosure Committee, Member of the People and Remuneration Committee.

Rob stepped down from the Board effective 30 June 2024.

Executive Team

Nick Traber
Acting Chief Executive Officer

Bevan McKenzie
Chief Financial Officer

Wendi Bains
Chief Health and Safety Officer

Phil Boylen
Chief Executive Construction

Claire Carroll
Chief People Officer

Steve Evans
Chief Executive Residential and Development

Joe Locandro
Chief Information Officer

Hamish McBeath
Chief Executive Building Products

Gareth O'Reilly
Chief Executive Australia

James Peters
Chief Executive NZ Distribution

Thornton Williams
Acting Chief Executive Concrete

Haydn Wong
Group General Counsel and Company Secretary

For the full biographies of our Executive Team, please see **www.fletcherbuilding.com/about-us/board-and-management.**

Chief Information Officer, Joe Locandro (on right), meets with members of the Fletcher Tech team. Beyond their leadership of innovative and practical IT solutions across the business, this year Fletcher Tech has hosted a number of internal education events for Fletcher Building people. Topics have ranged from opportunities for artificial intelligence in manufacturing and construction, through to demonstrating exoskeletons for safer work on sites.

Corporate Governance

The Board is committed to ensuring that Fletcher Building has appropriate corporate governance arrangements in place that are consistent with the size and nature of the Group's operations.

At Fletcher Building, governance is about creating a strong and principled ethics-based culture, where accountability and transparency improve the quality and clarity of decision-making within the Group. The primary objective is to create and adhere to a corporate culture that is open and transparent, develops capabilities and identifies opportunities to create value for our stakeholders.

The Group's approach to applying the principles and recommendations outlined in the NZX Corporate Governance Code dated 1 April 2023 ("the Code") is set out below (including where its practice materially differs from the Code). The Group's constitution, the Board and committee charters, Code of Conduct and policies referred to in this statement are available to view on our website at fletcherbuilding.com/investor-centre/corporate-governance.

This governance statement is current as at 30 June 2024 and was approved by the Board on 20 August 2024.

Principle 1 – Ethical Standards

> "Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

CODE OF CONDUCT

The Group has a Code of Conduct with which all directors, senior executives and employees are required to comply. The Code of Conduct documents minimum standards of ethical behaviour including the Group's values, operating safely and responsibly, acting with integrity and honesty, protecting our assets, complying with the law, and speaking up. The Group closely monitors organisational behaviour against the requirements of the Code of Conduct, and training of all employees occurs at least once every three years.

In addition, the Group's Anti-bribery and Corruption Policy provides for a zero-tolerance approach to bribery and corruption, whether in the private or public sector, anywhere in the world. The policy also sets out expectations around giving and receiving gifts, charitable donations and dealings with business partners. The policy provides that political donations are not permitted without approval of the Board. Total political donations in FY24 were less than $10,000 across the Group. All Fletcher Building personnel must adhere strictly to the requirements of this policy. There were no reported breaches of this policy in FY24.

Fletcher Building has a free phone and online service ("FBuCall") which can be used by any directors and employees of Fletcher Building Limited and its subsidiaries ("Fletcher Building personnel") to report suspected unacceptable, unethical or illegal behaviour in the workplace. This service is operated by independent external providers so calls are kept anonymous.

Fletcher Building strongly believes in upholding human rights across all its business operations. Human rights are fundamental civil, political, economic and social rights and freedoms that every human is entitled to without discrimination and include the right to be treated decently at work, to express opinions and beliefs without fear of recrimination, to have privacy, and to be free from harassment, abuse or discrimination. Our Human Rights Policy describes how Fletcher Building will uphold and monitor human rights within its business operations.

The Modern Slavery Act 2018 is Australian legislation which commenced on 1 January 2019. Our Human Rights Policy includes the statement that Fletcher Building prohibits the use of all forms of forced labour, including indentured labour, bonded labour, prison labour, modern forms of slavery, and any form of human trafficking within our supply chain. Modern Slavery Statements are reported to the Australian Border Force and published on our website and in the online modern slavery register controlled by the Australian Border Force.

SECURITIES TRADING POLICY

The Group has a Securities Trading Policy which applies to all Fletcher Building personnel, and their related persons.

The policy also applies to any Fletcher Building secondee, adviser or contractor who is in possession of material information that is not available to the market and who intends to trade, advise, or encourage others to trade in listed securities of Fletcher Building or its subsidiaries.

The policy employs the use of blackout periods to restrict persons covered by the Securities Trading Policy who are more likely to have knowledge of, or access to, inside information from trading. This group of personnel must notify the Company Secretary of their intent to trade. In addition, through our share registry, Computershare Investor Services Limited, we actively monitor trading in Fletcher Building securities by senior personnel.

Principle 2 – Board Composition and Performance

> "To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

BOARD'S ROLES AND RESPONSIBILITIES

The role of the Board is to provide overall strategic guidance and effective oversight of management for the purposes of protecting and enhancing the value of Fletcher Building assets in the best interests of the Group. The Board has statutory responsibility for the affairs and activities of the Group, which in practice is achieved through delegation to the CEO who is charged with the day-to-day leadership and management of the Group.

The Board's roles and responsibilities are formalised in a Board Charter, which is available on the Group's website. The Board Charter sets out those functions that are delegated to management and those that are reserved to the Board.

NOMINATION AND APPOINTMENT OF DIRECTORS

Procedures for the appointment and removal of directors are governed by the Group's constitution. The Nominations Committee makes recommendations to the Board in respect of Board and committee composition and, when required, identifies individuals it considers to be qualified to become Board members.

Before a person is appointed to the Board, checks as to the person's character, experience, education, criminal record and bankruptcy history are conducted. Each director receives a letter formalising his or her appointment. That letter outlines the key terms and conditions of his or her appointment, including Fletcher Building's expectations of the role of director, and is required to be countersigned confirming agreement.

DIRECTOR INDEPENDENCE

The Group acknowledges the importance of having independent directors who have an appropriate balance of skills to optimise the performance of the Group.

The Board currently comprises five directors, with a wide range of skills and experience. The qualifications and experience of each of the directors, including length of service, are set out in "Our Board" section.

The factors that the Board will consider in deciding whether a director is 'independent' are set out Appendix A to the Nominations Committee Charter. Any director who has a change in relevant circumstance to any of those factors must immediately notify the Chair of that change so that his or her independence can be re-assessed. If there is a change in the Board's determination, it will be announced to the market. The Board considers all the current directors as at 30 June 2024 to be independent.

The Chair is an independent director and is not the CEO. In addition, the Chair of the Audit and Risk Committee is not the Chair of the Board and, pursuant to its charter, all members of this committee are non-executive and independent directors.

INCLUSION AND DIVERSITY

Fletcher Building's Inclusion and Diversity Policy was updated in 2024 and is available on the Group's website. The People and Remuneration Committee annually reviews progress against inclusion and diversity initiatives developed by the Group to deliver outcomes against the policy.

The Board is satisfied with the initiatives being implemented by the Group and its performance. Our inclusion and diversity strategy, set in 2019, concentrates on three dimensions: creating an inclusive culture, greater female representation, and more diverse ethnicity in leadership.

We are members of the Champions for Change network in New Zealand and continue to provide diversity reporting as input into the Champions for Change Annual Diversity Report. This report provides a benchmark against appropriate external comparators as per current policy requirements. Participating in the report holds us accountable year on year to increase our representation of women across our business at all levels as well as reporting on our ethnicity representation.

Our goal to increase women in operational roles, continues as we progress towards our ambitious but achievable goal of 30% women in leader and individual contributor roles, including our Board, by the end of FY27.

To achieve our goal, in FY24, each division set Gender Action Plans which focused our efforts on targeted actions to improve representation. These divisional plans are supported by Group initiatives, including our enhanced parental leave and flexible working policies. We have also increased our emphasis on development and mentoring programmes to support women at all levels of the business. Achieving gender targets forms part of the Executive and Senior leaders' STI where appropriate, which supports alignment between our critical priorities and remuneration.

Our Australian division is in the second year of its Reconciliation Action Plan that represents our commitment to tangible and impactful actions, both in the present and the future, to actively contribute to the ongoing process of reconciliation in Australia. Te Kakano, our Māori strategy continues to help our business embrace and adopt the Māori identity and world view in our business practices which will in turn create stronger relationships with mana whenua in the community.

In FY24 we further developed our Māori Leadership Programme, Whakatupu, to include our Pasifika whanau creating Whakatupu La Tupu. Whakatupu La Tupu helps amplify the voices and representation of Māori and Pasifika communities in leadership positions at Fletcher Building and supports the overall goal of creating a more diverse and representative leadership cohort across our business.

We have strong, people-led employee action groups to support our inclusive culture. FB Pride is instrumental in supporting our Rainbow Tick re-accreditation year on year. Tatai and the Equality Network lead highly regarded mentoring programmes, developing confident leaders within their communities.

Comparison of gender composition within Fletcher Building between 30 June 2023 and 30 June 2024 is set out in the table below.

	2024			2023		
	Female	Male	Gender Diverse	Female	Male	Gender Diverse
Board of directors	3 (50%)	3 (50%)	0 (0%)	2 (29%)	5 (71%)	0 (0%)
Executive committee (1)	2 (15%)	11 (85%)	0 (0%)	2 (17%)	10 (83%)	0 (0%)
Senior management (2)	24 (33%)	48 (67%)	0 (0%)	19 (26%)	55 (74%)	0 (0%)
All employees	25%	74%	1%	25%	75%	0%

(1) Executive Committee includes Ross Taylor (outgoing CEO) and Nick Traber (Acting CEO) and Thornton Williams (Acting CE Concrete).

(2) Senior management for these purposes includes any leader who reports to a member of the executive committee.

Corporate Governance (continued)

BOARD SKILLS MATRIX

The Board has adopted a skills matrix which takes account of the breadth of the Group's business interests and the nature of the Group's strategic focus. Skills and diversity that are relatively underweight are considered when making appointments to the Board. The table below shows the representation of expertise among the current directors for the Board as a whole.

Capabilities	Director expertise
Industry: manufacturing and distribution, land and property development, construction and infrastructure	Primary, Primary, Secondary, Secondary, Secondary
Industry: New Zealand / Australia building products sector and construction materials	Primary, Primary, Secondary, Secondary
Financial expertise	Primary, Primary, Secondary, Secondary, Secondary
Commercial depth	Primary, Primary, Primary, Secondary, Secondary
Technology and digital innovation	Primary
Sales and go-to-market	Primary, Primary, Secondary, Secondary
M&A, divestments, corporate restructuring	Primary, Primary, Secondary, Secondary
Environmental, social and governance	Primary, Primary, Secondary, Secondary, Secondary
Government, legal, regulatory	Primary, Secondary, Secondary, Secondary
Health and safety	Primary, Primary, Secondary, Secondary
People, culture transformation	Primary, Primary, Secondary, Secondary, Secondary

Key: **Primary** **Secondary**

DIRECTOR INDUCTION AND DEVELOPMENT

The Board conducts induction and continuing development for directors, which includes visits to Group operations and briefings from key executives and industry experts. Directors conducted site visits to observe first-hand the safety and other management practices and business responses to issues. In addition, all directors carried out an in-depth cyber training workshop which included simulating a cyber crisis situation.

BOARD PERFORMANCE

Reviews of the performance of the Board and individual directors are carried out regularly to assist the Board as a whole and individual directors to perform to a high standard.

The Board conducted a comprehensive performance review in 2024 with the assistance of independent consultant Morrow Sodali. The next review is scheduled for early 2026.

Principle 3 – Board Committees

> "The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

In accordance with the Board Charter, committees have been set up to enhance the Board's effectiveness in key areas, while still retaining overall responsibility. As at 30 June 2024, the Board committees were:

– Audit and Risk Committee (ARC)
– Nominations Committee
– People and Remuneration Committee
– Safety, Health, Environment and Sustainability Committee (SHES)

Each committee is governed by a charter setting out its roles and responsibilities (which are available on the Group's website). Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so. Employees only attend committee meetings at the invitation of the particular committee. From time to time, the Board may create ad-hoc committees to examine specific issues on its behalf.

Committee	Roles and Responsibilities	Members as at 1 July 2024
Audit and Risk Committee	The role of the ARC is to advise and assist the Board in discharging the responsibilities with respect to external financial reporting, internal control environment, internal audit and external audit functions, and risk management practices.	Sandra Dodds (Chair) Peter Crowley Cathy Quinn
Nominations Committee	The committee oversees all matters relevant to the composition of the Board and its committees (including renewal, succession, independence, and diversity), Board performance, and professional development for directors.	Barbara Chapman (Chair) Peter Crowley Cathy Quinn
People and Remuneration Committee	The principal role of the committee is to oversee and regulate compensation and organisational matters affecting the Group, including remuneration and benefits, people-related policies (including diversity), performance and remuneration of the Group's senior executives and management development, and succession planning of the CEO and his direct reports.	Barbara Chapman (Chair) Peter Crowley
Safety, Health, Environment and Sustainability Committee	The role of the committee is to support and advise the Board on strategies related to safety, health, environment, and sustainability; monitor emerging trends; oversee management of risks, opportunities and impacts; review SHES governance framework and management systems; monitor performance of related targets and commitments; incorporate appropriate metrics into operating frameworks and reporting; and approve public disclosures related to its roles and responsibilities.	Cathy Quinn (Chair) Barbara Chapman Peter Crowley Sandra Dodds *

* Tony Dragicevich joined the Safety, Health, Environment and Sustainability Committee effective 1 August 2024.

Corporate Governance (continued)

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below shows directors' attendance at the Board and committee meetings during the year ended 30 June 2024.

	Board	Audit and Risk Committee	Nominations Committee	People and Remuneration Committee	Safety, Health, Environment and Sustainability Committee
Number of meetings held	**26**	**5**	**3**	**5**	**5**
Bruce Hassall (Chair) (1)	10	3	2	3	
Barbara Chapman (Acting Chair) (2)	26		3	5	
Martin Brydon (3)	22			5	5
Peter Crowley	24	5	3		5
Sandra Dodds (4)	25	4			4
Rob McDonald (5)	26	5		5	
Doug McKay (6)	24	5			5
Cathy Quinn	26	5			5

(1) Bruce Hassall attended Committee meetings in an ex officio capacity and stepped down from the Board effective 4 March 2024.
(2) Barbara Chapman, director, was appointed Acting Chair of the Board effective 4 March 2024.
(3) Martin Brydon stepped down from the Board effective 30 June 2024.
(4) Sandra Dodds was appointed director on 1 September 2023.
(5) Rob McDonald stepped down from the Board effective 30 June 2024.
(6) Doug McKay stepped down from the Board effective 21 June 2024.

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

In addition to these standing Board Committees, the Board established the Disclosure Committee as a board committee in December 2023. Western Australia Plumbing Issues Committee was set up in October 2023. There are no committee fees payable, and they meet as required.

TAKEOVER PROTOCOLS

The Board has established detailed protocols that set out the procedure to be followed if there were a takeover offer for the Group, including any communication between Group insiders and the bidder.

Principle 4 – Reporting and Disclosure

> "The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

CONTINUOUS DISCLOSURE

Fletcher Building is committed to providing all of our investors with timely access to full and accurate material information about the Group. Our Disclosure Policy sets out the internal processes designed to enable the Group to comply with the disclosure obligations of the NZX and ASX. The Board has adopted this policy, which applies to all members of the Board and executive, all employees of Fletcher Building and its affiliated entities, as well as consultants, contractors and other service providers where they have a relevant contractual obligation to Fletcher Building or one of our businesses. The Disclosure Policy is available on the Group's website.

Directors formally consider at each Board meeting whether there is relevant material information which should be disclosed to the market.

DISCLOSURE OF CODES AND CHARTERS

All of our key governance documents (including the Code of Conduct, key corporate policies and Board and committee charters) are available on our website at fletcherbuilding.com/investor-centre/corporate-governance.

INTEGRITY IN NON-FINANCIAL REPORTING

The Board has approved an overarching Sustainability Policy and a sustainability strategy for the business.

That strategy was developed by evaluating non-financial environmental, social and governance issues that are material to the business. It includes non-financial goals and measures for the business. The strategy and progress measures are published on our website.

Progress against the strategy is reported to the Board committee responsible for the strategy area, as determined in each board charter.

Annual progress against the non-financial measures in the sustainability strategy goals and measures is reviewed by management and by the relevant Board committee. This internal review covers matters including the methodology applied to calculate the measure (with reference to external benchmarks, frameworks, and global standards if relevant); the coverage of the measure; the completeness of the measure; any key assumptions in relation to the measure; the comparability of the measure to historic reporting; the materiality of the measure; and management's confidence that the measure and supporting information is materially correct.

Climate-related reporting

The Group also periodically assesses climate-related risks to the business. The approach taken to assess these risks is outlined in Principle 6. Significant transitional risks resulting from climate change are reported to the Safety, Health, Environment and Sustainability Committee and significant physical risks are included in the risk management process for the business and reported to the Audit and Risk Committee. The Group will issue a separate Climate Statement for FY24, as required by the climate-related disclosure (CRD) framework for New Zealand.

Principle 5 – Remuneration

> "The remuneration of directors and executives should be transparent, fair and reasonable."

Fletcher Building's remuneration strategy is designed to attract, retain and motivate high calibre people at all levels of the organisation with remuneration programmes that are market-competitive, flexible and affordable. Our frameworks provide incentive to drive for both annual and long-term results, and to maximise shareholder value.

Our practices for setting remuneration are detailed in our Remuneration Policy. The policy is governed by the People and Remuneration Committee in line with its charter, which is available on our website.

The 'Remuneration Report' section details the remuneration framework of Fletcher Building, as well as the remuneration of the directors, the CEO and other executives, and senior management. This includes a discussion on share-based remuneration.

Principle 6 – Risk Management

> "Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Fletcher Building's Risk Management Framework is aligned with ISO31000: 2018 Risk Management – Principles and Guidelines standard. The purpose of the risk management framework is to identify, assess, control, monitor and report the key risks we face so that the Group can achieve its objectives and protect its staff, customers and reputation. The framework provides a consistent structure for risk management and is aligned with Group strategy.

The Group's risk management framework is based on the three lines of defence model, as shown in Figure 1 below. Responsibility for operational risk management sits with the managers in the individual business units and the divisional chief executives.

Our risk management and assurance processes support this through our Group functions and are ultimately overseen by the Board and the Executive Leadership Team. A dedicated internal audit team takes a risk-based approach to auditing key business activities and reports directly to the Audit and Risk Committee (ARC).

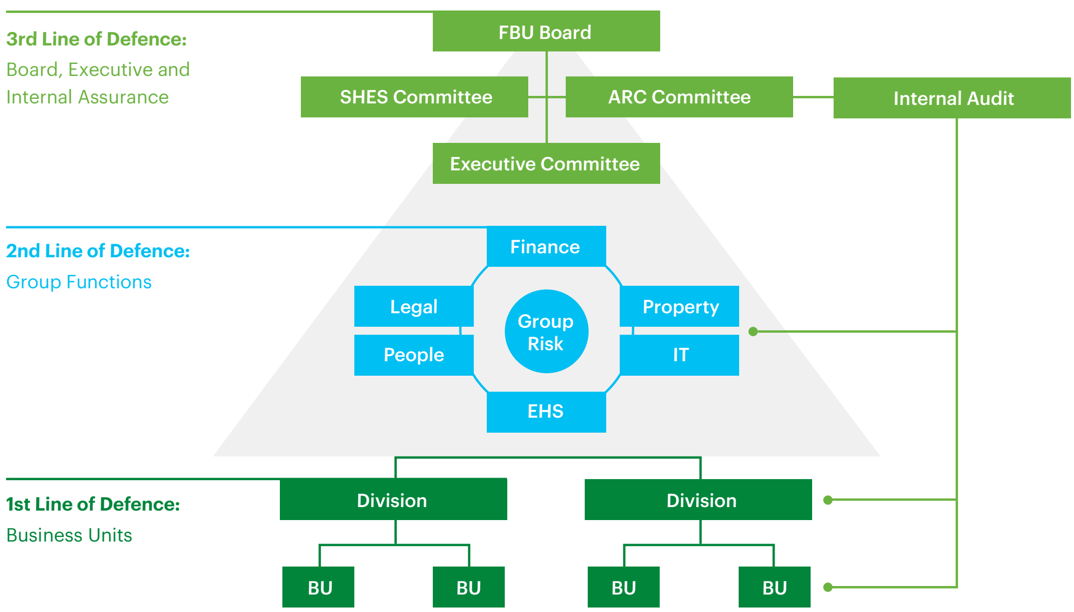


Figure 1

As part of its risk management responsibility, the Audit and Risk Committee receives regular reports of the existing and emerging key risks, progress on the closure of recommendations that are generated through the risk engineering programme, current and target risk ratings as well as controls to mitigate or manage risks. This includes key risks, uncertainties and judgments on key construction projects as disclosed in **note 3** of the consolidated financial statements. The Safety, Health, Environment and Sustainability Committee (SHES) and the People and Remuneration Committee also periodically receive risk updates related to matters specifically covered by the relevant board charters.

ACTIVITIES IN FY24

In FY24, the Group continued its focus on risk management in four key areas: governance and reporting, response and recovery advice, risk management expertise and guidance, and business resilience.

A total of 27 risk workshops were held with the individual business unit leadership teams in FY24. These workshops are a key component of the Group's risk management approach and assist in developing a bottom-up reporting process. Additionally, the risk workshops process supports the individual business units' leadership teams to consider that the appropriate risk management strategies are being pursued.

During FY24, regular assessment of the Group's supply chain exposures remained a focus as climate change, cyber and geopolitical events impacted global supply chains. Given the level of disruption observed over the last few years risk management strategies are now embedded at business unit level to manage potential disruptions.

Fletcher Building utilises a number of external experts to enhance risk management and help manage some of its key risks, such as business resilience, product quality and information security. As part of our risk engineering programme, external engineers conducted 33 site surveys in FY24. The reports and recommendations produced from these site surveys provide valuable risk and resilience insights to Group management and the Board, as well as our insurers. In relation to information security, we use the international NIST Cybersecurity Framework to help reduce our risk and protect our network data.

We have continued our product quality assurance programme with the assistance of external product quality auditors surveying selected manufacturing facilities in the year. These audits assess the effectiveness of existing controls and processes to assist the continued evolution of the Group's product quality systems.

An external review of the Fletcher Building Risk Management Framework was finalized in FY24. The review assessed the Risk Management Framework as fundamentally sound and a number of enhancements to governance, training and systems were recommended and will be adopted in due course.

In FY24, the Group appointed Aon New Zealand to assess climate related physical risks. The assessment focused on three scenarios over three time horizons being 2030, 2050 and 2070. 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 potential climate impacts.

The assessment focused on a number of climate-related hazards, including rainfall, temperature rise, sea level rise, extreme storm events and bush fire.

The FY24 review confirmed that the Group's overall exposure to climate related hazards is moderate with flooding being the key exposure.

The FY24 assessment also confirmed that the proportion of assets exposed to flooding risk has not materially changed compared to the previous analysis completed in 2022.

The level of exposure to flood risk does not materially change over the three time horizons under any of the climate scenarios.

Due to more granular flood data becoming available in FY24, we were able to quantify not only the exposure of our New Zealand assets to flood risk but also the potential impact on our New Zealand assets of physical damage due to flooding.

For New Zealand, this is relatively moderate. As an example, the material damage cost of a 1 in 100-year pluvial flood event if experienced simultaneously at all New Zealand sites is calculated to be c. $90 million. We will undertake the same detailed impact analysis for our assets in Australia when the methodology and granular data become available.

Corporate Governance (continued)

KEY RISKS

The Fletcher Building Risk Management Framework is focused on ten key commercial (non-health and safety) risks that the Group faces across its business. However, these risks are dynamic and new risks and uncertainties may materialise in the future due to changes in economic conditions, regulatory environment, and other factors. The current ten key risks are:

Description	How this risk may impact Fletcher Building	How we manage this risk at Fletcher Building
Business resilience		
A disruption to business processes, particularly the loss of key assets, may lead to an inability to undertake the activities of a business unit or the Group.	A disruption event at a key site could lead to an extended operational interruption, which may negatively impact the financial performance of a business unit and, ultimately, the Group.	– Business units have business continuity plans in place that address the identified operational continuity risks. Focus remains on continuous improvement to strengthen these plans in respect of various risks including natural events. – Regular monitoring of the risk environment occurs to consider whether key risks are appropriately covered by insurance, where practical and cost-effective. – An established independent risk engineering review programme is in place for our key sites. – The business has carried out scenario analysis for physical climate change risk in FY20, FY22 and FY24. We review short, medium, and long-term risks associated with climate change and resource availability at divisional and Group level to assess our resilience and the risk horizon.
Economic and construction downturn		
The building and construction industry in which the Group operates is fundamentally cyclical and is impacted by the macroeconomic conditions within both the New Zealand and Australian economies.	The failure by the Group to identify early and respond to cyclical downturns may impact financial results and cause sub-optimal business performance by business units and the Group.	– Senior leadership teams of business units and divisions monitor their key markets and are supported by the Corporate centre with in-depth market analysis. – Regular operational reviews are undertaken with business units and divisions as well as the Board undertaking divisional deep dives. – There is a strong focus on working capital, capital expenditure and balance sheet management.
Regulatory and legal		
With the Group operating in a number of different business sectors as well as countries, it is subject to a wide range of regulatory requirements and jurisdictions. These regulations and jurisdictions can be complex, subject to change and may affect the Group's operations.	Failure to adhere to, or adapt to changes in, the various regulatory requirements may lead to the imposition of penalties, operational disruption and/or reputational damage.	– The Group has developed a broad range of policies that address the regulatory and legal risks that are faced by its businesses. A number of these policies are located at: **https://fletcherbuilding.com/investor-centre/corporate-governance/** – The Group periodically reviews emerging regulation and emerging international standards and frameworks to identify potential future regulatory changes. – The Group's Golden Rules provide a framework for all staff on the type of contractual risks that the Group is prepared to accept.
Product quality		
The Group constructs, manufactures as well as sources from third parties a range of structures and building products that are required to meet local and international standards and regulations.	Products and structures manufactured, supplied and/or purchased that may not meet relevant international or local standards and regulations may lead to product recalls, remediation costs and/or financial penalties.	– Product quality control systems and processes exist within our businesses to manage this risk. – Supplier vetting and reviews are undertaken by both our businesses, and where appropriate, by third parties. – External experts provide independent Product Quality Review (PQR) audits on business units' manufacturing and product quality control processes. – For more information on material product quality claims currently being managed, please refer to **notes 12 and 26** of the consolidated financial statements.
Supply chain		
Disruption to business unit operations through the ineffective coordination and control of the organisational supply chain. The Group's supply chain may face a variety of challenges such as pandemics, logistical and public infrastructure constraints or disruption to key suppliers.	Disruption to business unit or Group operations through ineffective coordination and control of the organisational supply chain may result in operational disruption, penalties and reputational damage.	– Business units have business continuity plans in place that look to address the identified supply chain issues. – Where possible, business units look to establish contingent supply agreements across material/product suppliers and logistical providers.

Description	How this risk may impact Fletcher Building	How we manage this risk at Fletcher Building
People		
The failure by the Group to attract, retain and engage our people (including engagement with collective representation groups) negatively impacting business units or the Group.	The failure of the current processes to attract and retain talented staff can have a negative impact on the functioning of a business unit and the Group. Additionally, industrial action by collective representation groups can cause operational disruption.	– The People and Performance function within the Group supports the business by providing advice, tools, processes and policies to drive employee, team and business performance. – Business units and the Group benefit from the development and learning activities provided by the central Organisational Development team. – FBuSay, the Group-wide employee engagement survey, provides valuable insights about staff engagement.
Environment		
Business unit operations may cause environmental damage through the failure to comply with the required environmental laws, resource consents and regulations. Additionally, execution of strategic sustainability initiatives is required for the Group to achieve its purpose of 'improving the world around us' in relation to sustainability goals, in particular achieving a 30% reduction of carbon emissions by 2030.	Failure to comply with the environmental laws, resource consents and regulations may result in imposition of penalties and reputational damage. Additionally, a failure to meet the Group's sustainability objectives may result in decreased demand from customers for the Group's building materials.	– Business units that have potential significant environmental impacts have Environmental Management Plans in place and have monitoring processes in place for resource consents. – At both the Group and business unit levels, we engage with regulators on proposed changes to standards and regulations. – The Group has a stated sustainability strategy with short- and medium-term goals and accompanying Group progress measures.
Technology resilience		
Like many businesses, Fletcher Building is dependent on information technology systems to maintain its operations. Failure to provide reliable, resilient, adaptable and efficient technology infrastructure may impact the operations of the business units or the Group. Additionally, the Group is also exposed to threats by third parties that can create operational disruption or result in the loss of personal information or confidential data.	Failure to provide reliable, resilient, adaptable, and efficient technology infrastructure may cause operational disruption and/ or reputational damage to business units or the Group. Failure to safeguard personal information or confidential information may also result in the imposition of penalties and reputational damage.	– Continued capital expenditure investment in technology systems across the Group to support our operations. – A dedicated team within FletcherTech to address the constantly evolving cybersecurity threats that the Group faces. – Group-wide education and awareness training, including the Board of Directors, in relation to cyber-threats and cyber breach preparedness. – We use international experts and partners to enhance our cyber resiliency. – We proactively undertake disaster recovery planning for our systems and infrastructure.
Contractual		
The Group has a diverse portfolio of business units and the execution of onerous contract(s) by any one of the business units may result in the Group being liable for liabilities or performance under contracts that are commercially adverse.	The execution of onerous contracts may have the potential to negatively impact financial performance or the reputation of a business unit or the Group.	– The Group has established delegated financial authorities ('DFA') that business units and the Group must adhere to. – The Group has developed Golden Rules which govern the way we contract with external parties. – For more information about risks and claims relating to our construction contracts, please see **note 3** of the consolidated financial statements, "Construction Accounting".
Corporate reputation and social licence to operate		
The Group appreciates the privileged position it has in the communities in which it operates and the social responsibility that it has to a wide range of stakeholders. In a diverse and ever-changing economic and social environment, the Group needs to consider whether its operations continue to address the interests of all its key stakeholders.	The failure to act in a way that supports a strong corporate and social reputation for the Group with its key stakeholders (Government, investors, customers and communities) may result in adverse commercial, reputational or regulatory outcomes leading to negatively impacting the financial performance of a business unit or the Group.	– Engagement with the communities and how we work with stakeholders takes different forms for each business unit and project.

RISK CAPTURE AND REPORTING

The risk and uncertainties that are faced by the individual business units are captured in the Group-wide risk management tool, RADAR. The information captured in RADAR enables risk management information captured at the business unit level to be disseminated at higher levels of the organisation.

The Group undertakes operational risk reporting through business unit operational reviews. This allows the Group to see how business units are making decisions in assessing risks and implementing their business strategies. It also assists the Group in understanding how different risks affect different parts of the business.

In addition to the risks captured in RADAR, specific updates on Group level impacts, such as risks associated with regulatory change, climate change and modern slavery, are reviewed annually and reported to the Board or to the relevant Board committee.

Corporate Governance (continued)

Principle 7 – Auditors

> "The board should ensure the quality and independence of the external audit process."

The Audit and Risk Committee conducts an annual performance assessment of the external auditor, EY, to ensure their ongoing quality and effectiveness. The Auditor Independence Policy, available on our website, includes requirements for the rotation of external audit engagement partners and guidelines for the provision of non-audit services by the Group's auditor.

Details of the fees and expenses paid to EY are provided in note 7 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 policy. These services did not constitute prohibited non-audit services, such as bookkeeping, payroll services, or legal advocacy, and adequate safeguards were applied to ensure they did not compromise independence. Furthermore, the services were considered insignificant relative to the audit fees.

EY representatives attend our Annual Shareholders' Meeting each year to answer questions from shareholders relevant to the audit.

INTERNAL AUDIT

Fletcher Building has an internal audit function, which evaluates and improves the effectiveness of key risk management, control and governance processes. Internal audit develops an annual internal audit plan for approval by the Audit and Risk Committee and is accountable for its implementation. To provide for the independence of the internal audit function, internal audit reports functionally to the Audit and Risk Committee and administratively to the Chief Financial Officer.

Principle 8 – Shareholder Rights and Relations

> "The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

COMMUNICATING WITH SHAREHOLDERS

Fletcher Building maintains a website, which contains information about Fletcher Building's financial performance, operational activities, corporate governance and other information of specific relevance to investors and stakeholders. The website includes detailed information on Fletcher Building's ESG (environmental, social and governance) measures which allows our stakeholder community to monitor our performance and easily identify and access the processes, measures, initiatives and certifications that underpin our commitment in these areas. The core requirements on communicating with shareholders are formalised in a Shareholder Communications Policy, most recently approved in May 2024, and available on our website.

The Group operates an investor relations programme, which includes scheduled interactions with investors, analysts and other market commentators. Presentations are disclosed on the Group's website and the NZX and ASX announcement platforms. Shareholder meetings with the Chair and Chair of People and Remuneration Committee and other directors are facilitated throughout the year. During FY24 the Board has placed particular emphasis on regularly engaging with a broad range of shareholders to receive and discuss their feedback. The Chief Executive Officer, Chief Financial Officer, and at times, operational executives, present via an analysts' and investors' conference call after the release of the interim and full year results (and at other times where warranted) and answer questions raised by analysts and investors. Site visits also form part of the investor relations programme throughout the year. The Board bi-annually obtains research on the perceptions that the New Zealand and Australian investment community has of the Group, management and performance. In FY24, the Board increased female representation to the Board adding skills and expertise while also helping meet the group's 30% women in leadership target.

ELECTRONIC COMMUNICATIONS

Shareholders have the option to receive communications from, and send communications to, Fletcher Building in electronic form. Shareholders are actively encouraged to take up this option.

SHAREHOLDER VOTING

Major decisions that may change the nature of Fletcher Building are presented as resolutions at the Annual Shareholders' Meeting and voted on by shareholders. We offer an electronic voting facility to allow shareholders to vote ahead of the meeting without having to attend or appoint a proxy. There have been no major decisions made during the year that would change the nature of Fletcher Building and that would require shareholder approval.

ANNUAL SHAREHOLDERS' MEETING

All shareholders are entitled to attend the Group's Annual Shareholders' Meeting, either in person or by a representative. Resolutions at shareholder meetings are by way of a poll, where each shareholder has one vote per share. Fletcher Building encourages shareholders to ask questions in advance of the meeting, to encourage further engagement with the Group and provide management with a view of the concerns of the Group's shareholders. Our notice of meeting is sent to all our shareholders and is posted on our website at least 20 working days prior to the meeting.

Sustainability Materiality and Methodology

MATERIALITY ANALYSIS

As a large business, we recognise our operations have an impact on many people. Our sustainability strategy is based on what is most important to our business, people, communities, customers, key stakeholders and investors; where we have the most impact; and where our actions can lead to meaningful change. These are our material sustainability impacts, and they form the basis of the goals within our sustainability strategy.

Material impacts assessment

In FY22 we engaged an independent specialist consultancy to conduct a materiality assessment. The assessment followed 2021 Global Reporting Initiative (GRI) Standards, in particular GRI 3: Material Topics, to identify and assess our impacts. Our FY18 materiality assessment served as a starting point, complemented by analysis of external benchmarks including those from, at that time, the Sustainability Accounting Standards Board (SASB), the Living Standards Framework, leading industry peers, and sustainability investor indices including the Dow Jones Sustainability Index (DJSI) and MSCI together with internal workshops with subject matter experts from several of our divisions.

Following the principle of double materiality, the analysis was designed to look at external environmental, social and governance impacts on our organisation and also to identify our impacts on the economy, environment, and people across Fletcher Building's activities and business relationships. The impacts identified included those caused by our activities, impacts where our activities contribute to an impact, and impacts that are neither caused nor contributed to by our activities but where our operations are associated with the impact. The severity of the impacts was assessed based on the scale of the impact, scope of the impact, and the degree to which remediation of the impact is possible.

Stakeholder insights

As part of the assessment, our consultant conducted confidential interviews with selected subject matter experts, following the AA1000 Stakeholder Engagement Standard (SES). Representatives from the public sector, infrastructure providers, industry peers and experts, industry associations, sustainability consultancy, investor experts, academia and a cohort of early career employees from within our business were interviewed. The interviews provided specific insights on the significance of different impacts; expectations and requirements about performance; and how Fletcher Building could further accelerate and refine its approach to sustainability.

The key insights from the interviews were that stakeholders want to see sustainability embedded within the business strategy for Fletcher Building, and for the business to look at impacts and opportunities to improve sustainability not just within the business but across the value chain through partnering and providing thought leadership within our sectors of operation. Internal and external stakeholders saw great potential for Fletcher Building to contribute to society, largely in areas we already focus on, including greenhouse gas emissions, material usage and waste, and health safety and wellbeing.

Material impacts and integration with our strategy

The assessment identified 26 sustainability impacts that are material for Fletcher Building, which we prioritised to 12 impacts with highest severity. These fall into the three broad categories summarised below:

- **Climate change impacts:** Scope 1 and Scope 2 emissions and climate mitigation; Scope 3 supply chain emissions and embodied carbon, and Scope 3 emissions from use of our products
- **Resources, emissions and the circular economy:** Use of raw materials; operational waste and resources efficiency; modern methods of construction and innovation; circularity in construction; ecosystem impacts; and healthy products
- **Health, safety and wellbeing:** Health, safety and wellbeing of our workforce; employment practices; and employee, community and civic engagement

Both the material impacts and the stakeholder insights from our FY22 materiality analysis are integrated into sustainability strategy.

Climate change impacts are addressed in the net positive environmental impact strategic goal, as well as in the net zero carbon group measure. Resources, emissions and the circular economy impacts are addressed in the Leading the Way in Sustainable Building Products and Solutions and Circular Economy Commitment across our business goals, as well as the revenue from sustainably certified products and waste measures. These goals also reflect stakeholders' desire to see sustainability embedded within our business strategy and value chain. Health, safety and wellbeing impacts are addressed in the Safe, diverse and inclusive workspace and in the Our community at the heart of what we do goals, as well as the rest of the Group measures.

As part of partnering and providing thought leadership within our sectors of operation, we are an active member of the following sustainability organisations:

– Sustainable Business Council
– Sustainable Business Network
– New Zealand Green Building Council
– Green Building Council Australia
– Climate Leaders Coalition

Progress against the goals in our sustainability strategy is reported in the front sections of this Annual Report. We note the recent issue of ISSB standards, and will refer to these in our next assessment of material impacts.

Sustainability Materiality and Methodology (continued)

METHODOLOGY USED FOR NON-FINANCIAL MEASURES

Greenhouse Gas (GHG) emissions

The Greenhouse Gas (GHG) emissions included in this report were calculated for the period from 1 July 2023 to 30 June 2024 in accordance with the GHG Protocol and ISO 14064-1:2018 International Standard for GHG Emissions Inventories and Verification.

Our Scope 1 (ISO 14064 category 1, direct emissions), Scope 2 (ISO 14064 category 2, indirect emissions from imported energy) and Scope 3 emissions (ISO 14064 categories 3-6, indirect emissions from the supply chain) have been externally assured by Toitū Envirocare in accordance with ISO 14064-1:2018. Assurance statements for FY18 to FY24 are available in the 'Sustainability Reports' section of our website.

GHG emissions in this report were calculated in accordance with the GHG Protocol location-based methodology, as were emissions for years prior to FY24. Market-based emissions, which account for the renewable content of electricity generated on site or purchased by the business, are provided in the FY24 assurance statement on our website.

Scope 1 and Scope 2 emissions from our businesses were calculated on the equity share basis. This means that emissions from our businesses and from joint ventures we are part of have been included. For joint ventures, the percentage of emissions included is based on our percentage ownership of the joint venture.

The divisional GHG emissions included in this report represent the share of our Group GHG emissions resulting from operations within those divisions. As with Group emissions, these were calculated on the equity share basis. Divisional emissions in this report also include an allocation of corporate GHG emissions from our head office operations in New Zealand. These corporate GHG emissions have been allocated to the New Zealand divisions in proportion to the divisional contribution to overall GHG emissions for Fletcher Building.

Scope 3 emissions, those from our supply chain, were calculated in accordance with the GHG Protocol. Scope 3 emissions were assessed for all upstream value chain categories and all downstream categories other than processing, use and end-of-life treatment of sold products, and downstream leased assets.

Our reported Scope 3 emissions for FY24 include data sourced directly from our largest steel and cement suppliers. Supplier-specific data was used for c. 54% of reported Scope 3 emissions. For the balance of emissions, we have used emission factors from goods and services published by the New Zealand or Australian governments to convert the mass, volume or other units for goods and services into tonnes of CO_2 equivalent (t CO_2e). Where data on quantities of supply chain goods and services was not available, we have estimated emissions using spend based factors, using the internationally recognised DEFRA factor set, corrected for exchange rates and inflation.

Figures in the sustainability report exclude emissions from our Tradelink® business for FY24 and for all comparative years, including the FY18 baseline year. Tradelink® contributed c. 2% of total Group emissions in FY24.

Waste diverted from landfill

The waste diverted from landfill figures included in this report are the tonnage of waste diverted from landfill. These figures include waste managed as part of our principal waste contracts, which represents most of the waste generated from our operations, together with waste reported by individual operational sites. Figures in this report exclude Tradelink®, which in FY24 contributed c. 1% of total waste volumes.

The figures for waste diverted from landfill do not include waste material resulting from our operations that was reused as cleanfill or hardfill, or waste used for energy recovery. The waste figures in this report do not include waste that is not managed under our principal waste contracts, and where specific waste measurements for our operations are not provided to us.

Revenue from sustainably certified products

The revenue from sustainably certified products included in this report is revenue from products that hold a credible, third party verified, sustainability certification.

The sustainability certifications that we include are Type I environmental labelling requirements under the ISO 14024 Standard (Eco Choice Aotearoa, Good Environmental Choice Australia, Global GreenTag GreenRate™) and Type III environmental declaration requirements under the ISO 14025 Standard.

These certifications qualify for the sustainable products credits in either the Green Star or IS Rating construction sustainability ratings within New Zealand and Australia.

We calculate the revenue for sustainably certified products as a percentage of the total revenue from products made or sold by our manufacturing businesses. We exclude revenue from non-manufacturing businesses (our distribution and construction businesses) from the total revenue used for this calculation.

Where revenue is noted as being for products that hold Type I certification, these products may also hold Type III certification. Where revenue is noted as being for products that hold Type III certification, these products do not also hold Type I certification.

Total Recordable Incident Frequency Rate (TRIFR)

Total Recordable Incident Frequency Rate (TRIFR) included in this report is the total number of recordable injuries and illnesses per million hours worked in a year by Fletcher Building.

TRIFR calculation is on a 12-month rolling period and is the total number of recordable injuries multiplied by a million and divided by total number of hours worked. Recordable injury definitions are derived from the Occupational Safety and Health Administration standards, and include Medical Treatment Injuries, Lost Time Injuries, Serious injuries and Fatal Injuries, and exclude Restricted Work Injuries. Total number of hours worked excludes holiday time and includes contractors, it is estimated where required based on work activities.

TRIFR in this report includes all employees and contractors working under Fletcher Building control or on Fletcher Building controlled sites.

Net Promoter Score (NPS) and Employee Net Promoter Score (eNPS)

Net Promoter Score is a widely used metric to measure satisfaction of respondents. It asks a simple question centred around the likelihood of recommendation for a specific area. NPS ranges from -100 to 100 and is calculated by subtracting the percentage of detractors (i.e. those who gave survey scores of 0-6 out of 10) from the percentage of promoters (i.e. those who gave survey score 9-10 out of 10). NPS and eNPS are measured at regular intervals via surveys at a cadence appropriate for each business. External third-party platforms are used to conduct surveys, receive and follow up on feedback, and generate insights. Businesses refresh customer and employee lists regularly to make sure a representative sample is surveyed.

Customer NPS in this report includes all business units other than the Group's joint venture and associates, newly acquired business units and the Construction division.

Employee Net Promoter Score (eNPS) included in this report is the result of a Groupwide employee engagement survey, which provides insights on permanent employees' sentiment, giving our people the opportunity to share what it is like to work for Fletcher Building.

Fletcher Building changed to using eNPS in FY23. In light of this, FY22 comparative (reported as engagement percentile using the previous methodology) has been recalculated in line with the presentation for FY24.

LowCO™ design and performance information

Energy, electricity and water savings for LowCO referenced in this report are based on calculated projections for pilot LowCO homes. Embodied and operational carbon over LowCO's expected 90-year service life is calculated using a Passive House Planning Package energy model and BRANZ LCAQuick v3.5 integration.

The 90-year service life for a New Zealand home is referenced in the study by C. Chandrakumar, S. McLaren, D. Dowdell, R. Jaques, A science-based approach to setting climate targets for buildings: The case of a New Zealand detached house, Build. Environ. 169 (2020) 106560.

The climate impact of a New Zealand new-built detached house which informed the target for the LowCO project is referenced in: D. Dowdell, Design to cut carbon - the time is now, Build 177 (2020) 35-36.

Further information on the reference information, design, modelling and expected performance of LowCO is available in the 'Sustainable Engineering' case study, which is available in the 'Useful Resources' section of the LowCO website.

Remuneration Report

In a year since opening its doors, Residential and Development's retirement option Vivid Living® has welcomed 29 residents to the first village at Red Beach north of Auckland. Nestled within existing Fletcher Living® communities, Vivid Living® is proving popular with people looking to enjoy the benefits of retirement community living, while retaining a 50% share of any capital gains on the property longer-term.

Message from the People and Remuneration Committee Chair

Dear Shareholders

On behalf of the Board, I am pleased to present Fletcher Building's remuneration report for the financial year ended 30 June 2024.

The year in review

The Group's financial performance in FY24 was impacted by a sharp fall in activity across our key markets. While many of our businesses responded well in this environment, the Group's overall results were below targeted levels. In addition, and disappointingly, further provisioning was required on the legacy construction projects in FY24, especially on the New Zealand International Convention Centre. In light of this performance, the Board applied discretion for no FY24 Short-Term Incentive (STI) payments to be made to the Acting Group CEO and Chief Executives.

In addition to financial returns, non-financial goals balancing the short and medium term are incorporated in the STI scorecards of our senior leaders. These goals focus on safety, critical project delivery, sustainability, diversity, engagement and improving customer experience – and are tailored to the priorities of each division. In FY24, we are pleased to report a 7-point increase in both customer and employee NPS, though we still see too much inconsistency across the Group's businesses, which is an ongoing focus. We are also pleased that the Group's carbon emissions are now 19% lower than our 2018 baseline, and that our ESG (Environmental, Social and Governance) performance is recognised through being included in the S&P Sustainability Yearbook and a member of the Dow Jones Sustainability Index.

Our leaders have made material progress in effectively managing the Western Australia plumbing issues. This included achieving clarity on causation, scope and extent of repairs as well as constructive stakeholder engagement. An effective go-forward plan has been developed to minimise disruption and cost exposure, which forms a central part of the confidential mediation process that is ongoing.

With Ross Taylor's departure and Nick Traber stepping into the Acting Group CEO role in March 2024, a prorated remuneration approach was followed for Nick in FY24. This entailed recognising Nick for the three quarters of the financial year as CE of the Concrete division and resetting his goals for the critical focus areas of the Group in the remaining quarter as Acting Group CEO: progressing the NZ International Convention Centre and Pūhoi to Warkworth, and funding. Due to the substantial fall in market activity since the financial targets were set at the start of the year, these targets were not achievable when Nick stepped into the Acting CEO role. While the Group's financial targets remained in place, the EBIT gate was removed for Nick to provide him with skin-in-the-game to achieve these critical goals. Had the Board not applied discretion for CEs' STIs to be forfeited, Nick's STI outcome for FY24 in the Acting Group CEO capacity would have been 18.3% of maximum, while Ross Taylor was not eligible for a payment.

Our Long-Term Incentive (LTI) is subject to two equally weighted performance measures: Return on Funds Employed (ROFE) and relative Total Shareholder Return (rTSR), assessed against a comparator group of no fewer than 10 Australasian companies. Since 2011 the comparator group used to assess the rTSR measure gradually reduced, most commonly due to takeovers or being delisted. Fewer than 10 organisations remained this year and we therefore undertook a comprehensive review prior to the 2024 grant. Our revised approach is for the rTSR component to be assessed against a filtered NZX All and ASX 200 index in equal measure. This dual index-based approach reflects both the New Zealand and Australian markets in which we operate and provides a large group of comparators. A larger group can smooth the volatility and sensitivity to small changes in performance, or changes to individual companies which occur in a small cohort. This approach is therefore more robust and sustainable than our previous approach. Further details about this revised approach are set out in Section 1.5 of the report.

The year ahead

Throughout the last five years, we have made a number of enhancements to our remuneration framework and reporting, with a key focus on increasing transparency and disclosure, and creating closer alignment between remuneration and shareholder outcomes.

Framework changes included introducing STI deferral, increasing minimum shareholding requirements, removing the LTI retest dates, reviewing LTI performance measures and aligning the LTI grant and test dates to the Group's full year results. Given the number of recent changes, we are not considering further changes to our framework in FY25.

We have also enhanced the remuneration report to respond to investor feedback, increase transparency and more closely align to Australian standards.

In addition to frequent engagement sessions with investors and proxy advisers, the next step for alignment would be providing shareholders the chance to voice formal feedback on the remuneration report. As a matter of good corporate governance and to provide investors with a holistic vote on our remuneration policies and practices, we are introducing a non-binding vote on the full remuneration report at the October 2024 Annual Shareholder Meeting (ASM).

I would like to thank our people for their continued commitment and performance throughout this year.

I invite you to review our Remuneration Report.

Barbara Chapman
People and Remuneration Committee Chair

CONTENTS

1. FY24 REMUNERATION FRAMEWORK

The following sections describe the remuneration framework in place during FY24.

1.1 The role of the People and Remuneration Committee

The principal role of the People and Remuneration Committee is broader than purely remuneration matters. Its role is to oversee and regulate remuneration, and organisational matters affecting the Group, including remuneration and benefits policies, diversity and inclusion, culture, performance and remuneration of the Group's senior executives, development and succession planning for the Group CEO and executives (i.e., leadership roles reporting directly to the Group CEO), and major organisational changes.

The People and Remuneration Committee is kept apprised of relevant market information and best practice, obtaining advice from external advisors when necessary.

Key decisions made and reviews undertaken by the People and Remuneration Committee during FY24 included: review and approval of the FY24 STI and LTI plans for senior leaders, review of internal and external succession candidates for the Group CEO role, approval of Acting Group CEO appointment, approval of updated remuneration proposals, review of pay parity and our parental leave policy, and pension plan governance matters.

1.2 Remuneration strategy and framework

The FY24 remuneration framework and how it supports the strategy is set out on the next page.

FY24 REMUNERATION FRAMEWORK

Purpose

Improving the world around us through smart thinking, simply delivered

Vision

To be the leader in New Zealand and Australian building products and solutions

Governance

Our Board is responsible for the Group's remuneration policy, which is available on our website, with the People and Remuneration Committee assisting in the conduct of its responsibilities. A key role of the Committee is to oversee and regulate remuneration and organisation matters affecting the Group.

Remuneration Principles

Remuneration framework and how it supports the strategy

Shareholder	Our People	Strategy	Risk
Focus on the creation of shareholder value by driving an ownership culture with 'skin-in-the-game'	Attract and retain high calibre people, rewarding high standards of performance and values	Focus on sustainable earnings, profitable growth and key Company goals and objectives (short and long-term)	Encourage conduct that does not expose the Group to inappropriate risk while promoting high standards and accountability

Remuneration Element	Element Delivery	Performance Measure	Relationship to Strategy
Guaranteed remuneration components			
Fixed Remuneration Executives are benchmarked against a peer group composed of New Zealand and Australian companies generally comparable in size, complexity and industry	Includes base salary, any allowances, non-cash benefits, and superannuation/KiwiSaver	Set based on capability, performance, job size, and industry benchmarks	Attract and retain key talent to drive the delivery of the Group strategy. Rewards ongoing performance in role
At-risk remuneration components (subject to performance outcomes)			
Short-Term Incentive Recognises on a discretionary basis, achievement of the Group and individual performance objectives	Following the release of the final audited financial year results, a portion is paid in cash and the remainder is deferred into equity for 2 years	Rewards for safety, financial and individual performance, measured using a balanced scorecard	Retains and motivates key talent, and drives alignment by rewarding for achievement of the Group goals and creation of shareholder value
Long-Term Incentive Aim to drive long- term, sustainable results, and creation of shareholder value	Allocation of Fletcher Building shares, with vesting after 3 years, based on achievement of shareholder return and Return on Funds Employed (ROFE) over this period. Allocation is made using face value at the time of grant	Two equally weighted measures: Relative Total Shareholder Return (rTSR) referenced to NZX and ASX index comparator groups and ROFE	Supporting the alignment of our most senior people with shareholder interests, ensuring value is created for our people where relative TSR is realised and ROFE is achieved. Encouraging long-term sustainability, a focus on performance and growth, and achievement of the Group strategy

1.3 Fixed Remuneration

Fletcher Building's policy is to set fixed remuneration based on capability, performance, size of role, and industry benchmarks in the country in which the employee is located. Participation in retirement savings plans is made available to employees as required by remuneration practices in relevant countries.

Remuneration levels are independently reviewed and benchmarked annually for market competitiveness, and alignment with strategic and performance priorities. A peer group which comprises New Zealand and Australian companies, generally comparable in size, complexity and industry is used to benchmark executives. Our peer organisations display similar characteristics to Fletcher Building by way of industry/sector, market capitalisation, revenue, geographic scope and employee numbers and generally reflects where the Group wins talent from and loses talent to.

1.4 Short-Term Incentive (STI)

The following table summarises the Senior STI plan which applied to the Group CEO and Chief Executives in FY24.

	STI Element	Description
General	Eligibility	• Participation in the STI plan is by annual invitation at the discretion of the Board and typically includes senior leaders who have a direct impact on the Group's performance.
General	Opportunity	• Group CEO: Target = 112% of base salary • Acting Group CEO: Target = 70% of base salary • Chief Executives: Target = 70% - 80% of base salary (role dependent) • Maximum opportunity is 1.5 x target for all participants • For FY24 only: In lieu of a remuneration increase, the STI pay-out at target increased from 100% to 110% for the Group CEO, Chief Executives, and General Managers. This STI uplift only applies to the financial component of the STI and the additional cost of this approach was added to our financial targets – i.e. additional STI was only achievable if more-stretching financial targets are met.
General	Vehicle	• Group CEO: 50% cash; 50% deferred into equity (share rights) for 2 years • Acting Group CEO: 60% cash; 40% deferred into equity (share rights) for 2 years • Chief Executives: 60% cash; 40% deferred into equity (share rights) for 2 years
General	Overview	• The STI plan is designed to incentivise the Group's earnings, operating cash and those measures that drive sustainable business performance by rewarding employees' performance against financial, safety and individual goals.
Performance Conditions	Performance conditions and weightings	• The weightings of financial, safety and individual goals vary by role, as outlined below.

Measure	Description	Operational Executives	Functional Executives
Safety gateway	• **Safety leadership interactions** reinforce a line-led safety culture, and place emphasis on the importance of active and authentic leadership for safety on site.	12	6
Financial	• Group CEO and Functional Executives in Corporate: **Group EBIT** and **trading cash (excluding significant items)**. • Operational Executives in Divisions: **Divisional EBIT** and **trading cash (excluding significant items), capital management** or **work won**, depending on the division's priorities. • **EBIT is a gateway** to the individual goals,[1] i.e. if the EBIT threshold is not met, no individual component of the STI is payable. • To strike an appropriate balance between focusing on division financials and those of the Group, a **multiplier** (either up or down) is applied based on the achievement of a **Group EBIT target**.	Target: 65% (115% max)	Target: 50% (100% max)
Safety	• For businesses with TRIFR (Total Recordable Injury Frequency Rate) >2.0, the safety component of the STI plan will include a **safety lead** (risk) and **safety lag** (TRIFR) measure, weighted at 5% each. • For businesses with TRIFR <2.0, the safety component consists of lead indicators only, weighted at 10%. TRIFR is still tracked for these businesses, and if it increases past the overall Group TRIFR, they will lose 5% of the total 10% safety weighting in the STI. • The **safety lead** target differs by role, with operating executives based on risk containment sweeps[2], and functional executives on those areas of safety culture they are most able to influence.	10%	10%

(1) There has been a substantial fall in market activity since targets were set at the start of the financial year, which has significantly impacted EBIT in the materials and distribution divisions. The Group EBIT targets are no longer achievable and with Nick Traber not being in the Acting Group CEO role for the first 9 months, the removal of the EBIT gate provides him with skin-in-the-game to achieve critical individual goals.

(2) Risk Containment is an important Critical Risk Management field walk activity to identify and immediately intervene to reduce critical risk exposure.

STI Element		Measure	Description	Operational Executives	Functional Executives
Performance Conditions	Performance conditions and weightings	Individual	• Individual goals for the executives are aligned to the different priorities of their businesses or functions, and may include **customer, people (engagement, talent and diversity), sustainability (including carbon reduction), innovation and critical projects or other strategic goals** that drive performance beyond the current financial year.	25%	40%
		Total STI scorecard at target (Financial **Target** + Safety + Individual)		**100%**	**100%**
		Total STI scorecard at maximum (Financial **Max** + Safety + Individual)		**150%**	**150%**
		• Performance hurdles for our financial measures are set at three levels: a threshold level, which must be met before any STI is paid, a target level and a maximum level that reflects stretch performance. Financial thresholds are generally set at 90% of target hurdles, with maximum generally at 110% of target hurdles. • The 110% pay-out at target which applies for FY24 only, is delivered via a 10% step increase when financial targets are achieved only, as follows: - straight-line between threshold to target (0% - 100%); - increase with a 10% step at target; and - straight-line between target and maximum (110% - 150%), with the maximum opportunity remaining at 150%. • The performance range for individual and safety measures is between 0% and 100%, with no opportunity for stretch performance.			
Timing	Assessment of awards	• An assessment of performance against the performance conditions occurs following finalisation of the Group's full year results. • Each of these financial measures is assessed separately at this time and achievement against each executive's individual goals is reviewed and approved by the Board. • Eligibility for consideration of a payment under the STI requires a participant to remain employed by the Group at the date of payment, following the end of the financial year. • Both the cash and deferred equity (share rights) components are awarded as soon as reasonably practicable after the announcement of the Company's full year results in August each year.			
	Deferred Equity: Disposal restrictions and dividends	• A participant is entitled to receive one ordinary share for each vested share right. • The share rights will vest and be automatically exercised into shares on the second anniversary of the grant date, subject to the plan's leaver provisions. • There will be no disposal restrictions on the shares received following the vest and exercise of share rights, subject to any minimum shareholding obligations and insider trading policies. • No dividends (or voting rights) are received on the deferred share rights during the deferral period.			

1.5 Long-Term Incentive (LTI)

The table below summarises the Group's share based executive long-term share scheme (ELSS).

LTI Element		Description
General	Eligibility	• Participation in the ELSS is by annual invitation at the discretion of the Board and includes the Group CEO and Chief Executives.
	Opportunity	• Group CEO: Target = 80% of base salary • Acting Group CEO: Target = 50% of base salary • Chief Executives: Target = 40% - 50% of base salary (role dependent) • Maximum opportunity is 1.0 x Target for all participants
	Vehicle	• Under the ELSS, participants purchase shares in the Group at the offer price with an interest-free loan. The offer price is established at market value at the commencement of the three-year restrictive period. The shares are held by a trustee on behalf of participants until the end of that three-year restrictive period. • Provided the nominated share performance criteria are met and participants remain employed with the Group throughout the restrictive period, a taxable cash bonus is paid sufficient to repay the interest-free loan related to vested shares and legal title in the shares is then transferred to the participants. • Subject to the impact of any increase in the tax rate since allocation, net after-tax dividends related to the vested shares are paid to the employee. • To the extent that the performance criteria are not met, or the participant ceases to be employed by the Group, the shares are forfeited, and the proceeds used to repay the interest-free loan. Exceptions to this are considered in the case of redundancy or retirement.

<table>
<tr><th colspan="2">LTI Element</th><th>Description</th></tr>
<tr><td rowspan="2">Performance Conditions</td><td>Overview</td><td>• The ELSS is designed to align executive remuneration with sustainable financial outcomes for shareholders over the longer term, and to attract and engage participants.</td></tr>
<tr><td>Performance conditions, weightings, and timing
(2023 ELSS grant)</td><td>
• The 2023 ELSS grant is subject to two equally weighted performance criteria, tested at the end of a three-year restrictive period:
- Relative total shareholder return (rTSR); and
- Return on Funds Employed (ROFE).
• TSR performance is determined by benchmarking, by way of percentile ranking, the TSR performance of the Group against a NZX All and ASX 200 index in equal measure (i.e. 25% each). To improve comparability with Group, both indices have been filtered to include companies with a market capitalisation above $100m in the Industrial, Materials (excluding Metals and Mining), Consumer Discretionary and Real Estate (excluding REITs) sectors.
• The relative TSR performance and vesting entitlements are set out in the table below.
<table>
<tr><th>TSR Percentile</th><th>Percentage entitlement</th></tr>
<tr><td>Below 51st</td><td>NIL</td></tr>
<tr><td>At 51st</td><td>50%</td></tr>
<tr><td>Above 51st to below 75th</td><td>51% - 99% linear pro-rata</td></tr>
<tr><td>At 75th or above</td><td>100%</td></tr>
</table>
• ROFE performance is determined by dividing EBIT by average funds employed and assessing it using the performance thresholds set out in the table below.
• The ROFE performance range includes a threshold at the point where ROFE equals the weighted average cost of capital and a maximum of 15%. Performance is assessed in the year of vesting based on EBIT, excluding the impact of M&A and restructuring costs.
• The ROFE performance and vesting entitlements are set out below:
<table>
<tr><th>ROFE Percentile</th><th>Percentage entitlement</th></tr>
<tr><td>At or below weighted average cost of capital (WACC)</td><td>NIL</td></tr>
<tr><td>Between WACC and 15%</td><td>1% - 99% linear pro-rata</td></tr>
<tr><td>At or above 15%</td><td>100%</td></tr>
</table>
• The Board has the discretion to determine the extent to which any shares held in the ELSS should be transferred in any takeover, merger or corporate restructure.
</td></tr>
</table>

1.6 Minimum shareholding requirement

Over time, the Group CEO, Executives (reporting directly to the Group CEO) and General Managers must acquire and maintain a holding in the Group's ordinary shares until such time as the greater of the sum invested or the market value of their shareholding exceeds 100%, 75% and 50% of their base remuneration respectively. Any shares granted under the ELSS scheme do not count towards the minimum shareholding requirement unless they vest.

Although there is no time limit in which the Group CEO and Executives must build this investment, any shares that vest under the STI Plan, LTI Plan or any similar scheme can't be sold until their shareholding equals or exceeds the minimum requirement.

These shareholding requirements strengthen the alignment of Executives' equity with long-term Group performance and the interests of shareholders.

As at 30 June 2024, the Group CEO (Ross Taylor) had a holding in the Group's ordinary shares equal to 98% of base remuneration. The Acting Group CEO had a holding in the Group's ordinary shares equal to 23% of his Acting Group CEO base remuneration (which equates to 38% of his previous base salary as Chief Executive Concrete). These figures have been calculated in accordance with the minimum shareholding requirement methodology, which uses the greater of the sum invested or the market value of the shares. This does not include any unvested STI or LTI awards.

1.7 FBuShare

FBuShare is Fletcher Building's employee share plan available to all permanent employees. The plan aims to connect our people with our performance, and to promote employee engagement and retention. Employees acquire shares 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). Directors are not eligible to participate in FBuShare.

1.8 Malus and clawback

Our malus and clawback framework applies to unvested and vested STI, both cash and deferred, and unvested and vested LTI awards. Under this framework, the company has the right to reduce the incentive remuneration component prior to payment or vesting, and clawback the incentive remuneration amount from a participant for a period of three years from the end of the financial year for which the STI payment is made or vesting of the LTI.

There are four key steps in the framework, each of which contains a set of parameters and/or questions that guide management and directors in determining the extent to which any STI or LTI would be impacted. These steps include:

1. Identifying and investigating trigger events;
2. Assessing trigger events and required consequences;
3. Determining accountability and intent; and
4. Quantifying the adjustment and application.

Although a list of financial and non-financial trigger events has been identified for which this framework would apply, this list is not exhaustive and management, the People and Remuneration Committee or Board may determine other events apply in its ultimate discretion.

During FY24 no trigger events were identified and therefore, the Board was not required to consider application of the malus and clawback framework.

2. PERFORMANCE OUTCOMES

2.1 5-year performance summary

Financial year	FY24	FY23	FY22	FY21	FY20
Short-term performance					
Net earnings/loss ($m)	(227)	235	432	305	(196)
EBIT ($m)(1)	516	782	756	668	160
Cash ($m)(2)	766	517	592	879	410
Group CEO STI achieved (as a % of maximum)(3)	**-**	**36.0**	**92.5**	**94.0**	**0.0**
Acting Group CEO STI achieved (as a % of maximum) (4)	**18.3**	**-**	**-**	**-**	**-**

(1) EBIT excludes significant items, however, includes the impact of Iplex® Australia Pro-Fit costs in FY23. FY24 EBIT includes Tradelink®.

(2) The Cash measure was operational cash flow in FY19-FY22, trading cash flow (excluding significant items) in FY23, and trading cash flow (excluding significant items and legacy) in FY24. Trading cash flow excluding significant items is calculated consistently with the published Group cash flow from operations, excluding cash tax, non-lease interest costs and significant items, but adjusting/deducting for lease principal payments classified as part of cash flows from financing activities, to represent business unit-controlled cash flows.

(3) The Group CEO is not eligible for a FY24 STI payment.

(4) The Acting CEO started in the role 29 March 2024 and amounts displayed are only for this acting period of the financial year. Note, the Board applied discretion for the Acting Group CEO and Chief Executives to fully forfeit FY24 STI payments.

Financial year	FY24	FY23	FY22	FY21	FY20
Long-term performance					
1-year TSR (%)(5)	(45)	15	(28)	107	(21)
3-year TSR (%)(6)	(45)	74	12	12	(45)
ROFE (%)	10.0	17.1	19.3	18.8	3.7
Dividends (cents per share)(7)	0.0	40.0	36.0	12.0	15.0
Year-end share price ($)	2.83	5.42	5.04	7.52	3.70
Group CEO LTI vested (as a % of maximum)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Group CEO LTI grant date	**1 July 2021**	**1 July 2020**	**1 July 2019**	**1 July 2018**	**1 July 2017**

(5) Share price movement in year and gross dividend received, to prior year closing share price.

(6) Using 5-day VWAP as per the ELSS.

(7) Gross dividend paid during the period.

2.2 FY24 Short-term incentive (STI) performance

Safety performance

All executives met or exceeded the required safety leadership interactions in FY24, and all divisions exceeded their safety lead performance measures. TRIFR performance across the Group is slightly higher, with the FY24 result up to 3.2 from 3.1 in FY23. This performance resulted in the 5% safety lag goal of the STI scorecard not being achieved.

In the event of a fatality or serious injury, the Board has the discretion to adjust any or all of the STI payment and in doing so considers the leader's length of time in role (and therefore ability to influence), his or her demonstrated leadership prior to the incident as well as the quality of the leader's response post-incident. The Board recognises the importance of this discretion and has and will continue to adjust outcomes where it considers appropriate.

In FY24, we had one serious injury which was a non-life-threatening hand injury. Aligned to our belief that all injuries are preventable, the Safety, Health, Environment and Sustainability Committee (SHES) considered all factors associated with this incident, including leadership performance and efforts of the teams.

Where appropriate, the SHES Committee provides its findings to the People and Remuneration Committee to review the impact on remuneration outcomes using the STI Discretionary Impact Framework. As per this framework, only serious injuries that were fatal or serious with potentially fatal consequences are reviewed to assess whether discretion should be applied to impact STI outcomes. This ensures that leaders are not unfairly sanctioned for events that, under slightly different circumstances, would not have caused serious harm.

Given that the non-life-threatening hand injury was not potentially fatal, and after considering all associated factors, there has been no impact to the STI outcome this year.

However, a thorough review has been conducted and both individuals involved in the incident (i.e., the incumbent and the supervising manager) have been exited from the business because they did not follow the required safety processes and previously failed to report violations. The business unit's leadership has kicked off a "boots on the ground" initiative to engage more frequently and actively on site. Furthermore, the machine involved in the incident has been decommissioned until improvements have been implemented, audit procedures have been improved, and updated inspection guides have been rolled out.

Financial performance

EBIT performance during FY24 was below threshold for our Australia, Building Products, Concrete and Distribution divisions, and the overall Group.

It was above threshold for the Residential and Development and Construction divisions, which resulted in only the CEs of these divisions meeting the gateway requirement to be eligible for payment of individual goals.

For the purposes of the FY24 STI, the Construction division's financials were split between financials related to legacy projects and financials from continuing operations. The purpose of this approach was to drive a separate but key focus on both completing legacy projects and the criticality of delivering the in-year financials for the go-forward business. While the legacy financials were completely forfeited due to the poor performance of the NZ International Convention Centre (NZICC) project, financials focused on continuing operations (both EBIT and cash) exceeded the maximum performance hurdle.

Cash performance for the Residential and Development division and the Group is below the threshold hurdle, while performance for the Australia, Building Products, Concrete and Distribution divisions is between threshold and target.

The Residential and Development division has not met threshold for its Capital Envelope measure and the Construction division similarly did not meet the threshold for its division-specific New Work Won measure.

Individual performance

Where the EBIT gateway to individual goals were met, achievement against individual goals for executives in FY24 range from 35% to 90%. Further details about the individual goal performance of the Group CEO and Acting Group CEO are outlined in Sections 3.3 and 3.4 respectively on **pages 78 and 79.**

Board discretion applied

The formulaic FY24 STI outcomes of the Acting Group CEO and Chief Executives ranged between 3% to 62% of maximum. In reviewing the formulaic outcomes, the Board considered these do not accurately reflect the Group's financial performance or the shareholder experience in FY24. They therefore applied discretion for the Acting Group CEO and Chief Executives to fully forfeit FY24 STI payments.

2.3 Long-term incentive (LTI) performance

The July 2020 long-term share scheme grant, which was within the 12-month retest period up to 30 June 2024, was below the minimum threshold performance level and was therefore forfeited. The July 2021 long-term share scheme grant was below the minimum threshold performance level and therefore entered the 12-month retest period. As a reminder, the LTI retest extensions were removed with the 2022 grant, and the 2021 grant is therefore the last grant for which a retest extension will apply.

The vesting and forfeiture of shares (due to failure to meet performance criteria) over the last five years are set out in the following table:

Date of grant	Shares granted	% vested	% forfeited
September 2023	745,440		
September 2022 [(1)]	616,654	In-flight	
July 2021 [(2)(3)]	395,085		
July 2020 [(4)]	1,998,635	0%	100%
July 2019 [(5)]	1,386,100	0%	100%

(1) As per the prospective LTI changes introduced in FY23, grant and test dates were aligned to the announcement of the Group's full year results, and the retests were removed.

(2) Due to a change in the remuneration framework for General Managers (GMs) during FY21, this employee group is no longer eligible for LTI awards, resulting in a lower number of shares granted in July 2021 compared to previous years. Equity is delivered for GMs through the equity deferral of their STI component.

(3) Fletcher Building's TSR did not meet the minimum vesting threshold for the three years ended 30 June 2024 for the 2021 issue. Therefore, the restrictive period has been extended to 30 June 2025.

(4) The restrictive period for the 2020 issue was extended for 12 months until 30 June 2024. Fletcher Building's TSR did not meet the minimum vesting threshold for the period ended 30 June 2024. Therefore, 100% of the shares in the 2019 issue will be forfeited in August 2024.

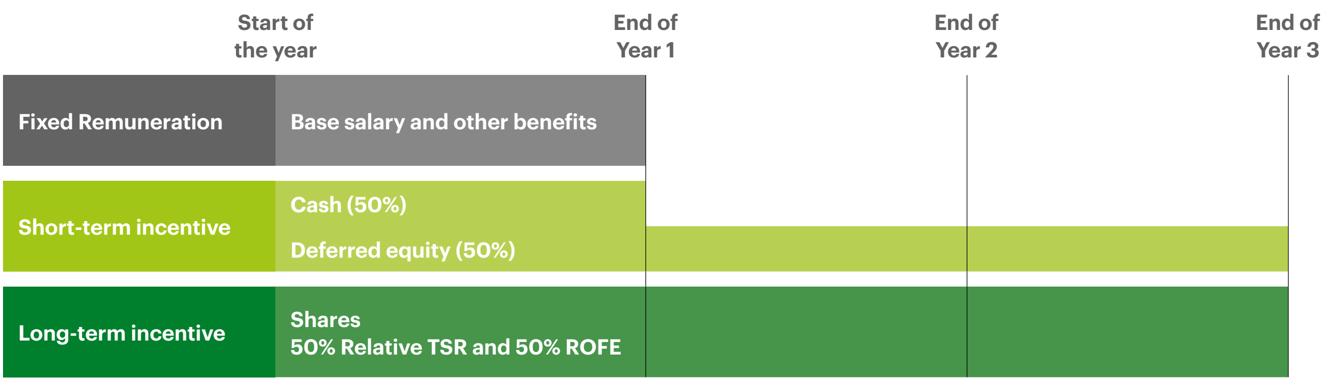
(5) The restrictive period for the 2019 issue was extended for 12 months until 30 June 2023. Fletcher Building's TSR did not meet the minimum vesting threshold for the period ended 30 June 2023. Therefore, 100% of the shares in the 2019 issue were forfeited in August 2023.

3. GROUP CEO REMUNERATION

3.1 Group CEO: Ross Taylor (On garden leave until 23 August 2024)

3.1.1 Remuneration package overview

The following diagram shows how remuneration is delivered to the Group CEO.



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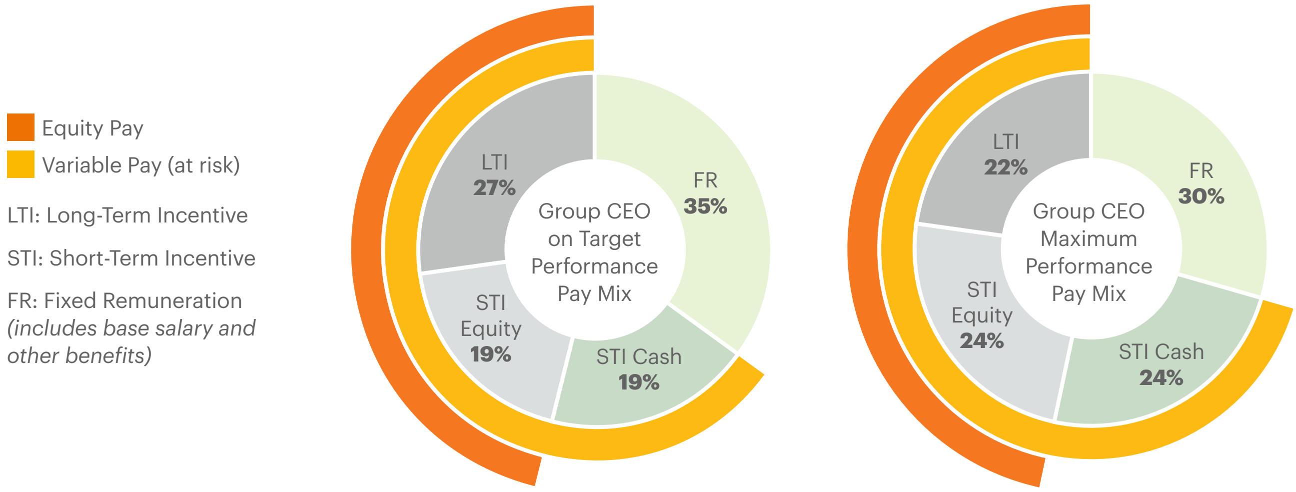
3.1.2 Remuneration mix

Ross Taylor's annual base remuneration as at 30 June 2024 was $2,223,600, with an on-target STI of 112% of base salary and LTI of 80% of base salary. The current mix of remuneration components for the Group CEO is set out below, and clearly shows the significant weighting of variable pay (at risk), which is subject to achievement of short-term and long-term strategic goals.

The charts below show the Group CEO's remuneration package pay mix as a percentage of total package for both on-target performance and maximum performance.



The table below outlines the Group CEO's remuneration package at target and at maximum in NZD.

	At target		At maximum	
Remuneration element	**Value in NZD**	**% of total package**	**Value in NZD**	**% of total package**
Fixed Remuneration	$2,322,503	35.2%	$2,322,503	29.7%
STI Cash	$1,245,216	18.9%	$1,867,824	23.8%
STI Equity	$1,245,216	18.9%	$1,867,824	23.8%
LTI	$1,778,880	27.0%	$1,778,880	22.7%
Total remuneration package	**$6,591,815**	**100%**	**$7,837,031**	**100%**

3.1.3 Remuneration received

The remuneration Ross Taylor received for FY24 and FY23 is set out in the table below.

	FY24	**FY23**
Base remuneration	$2,223,600	$2,223,600
Other benefits (1)	$98,903(2)	$134,911
Short-term incentive accrued in the financial year	-(3)	$1,345,286(4)
Received (5)	$2,322,503	**$3,703,797**

Long-term incentives **Granted but only awarded after 3 years, if performance criteria are met**	**FY24**	**FY23**
Long-term incentive - number of shares granted	193,227(6)	168,296(7)
Long-term incentive - face value of grant	$1,778,880	$1,778,880

Refer above for details of the STI and ELSS.

(1) Includes medical insurance, KiwiSaver and Australian superannuation for days worked in Australia as required by Australian taxation law.

(2) The other benefits value is less in FY24 than FY23 as Ross worked more days in Australia, which resulted in less KiwiSaver payments, but no additional Superannuation payments as this is capped.

(3) The Group CEO is not eligible for a FY24 STI payment.

(4) FY23 base remuneration x STI target (112% of base remuneration) x FY24 STI maximum outcome (36%) x 150%. 50% payable in September of the following financial year and 50% deferred into equity for 2 years.

(5) This table sets out remuneration awarded for the relevant financial year. The table on **page 82** shows remuneration received during the year, which includes amounts relating to prior years but paid in the year due to timing differences.

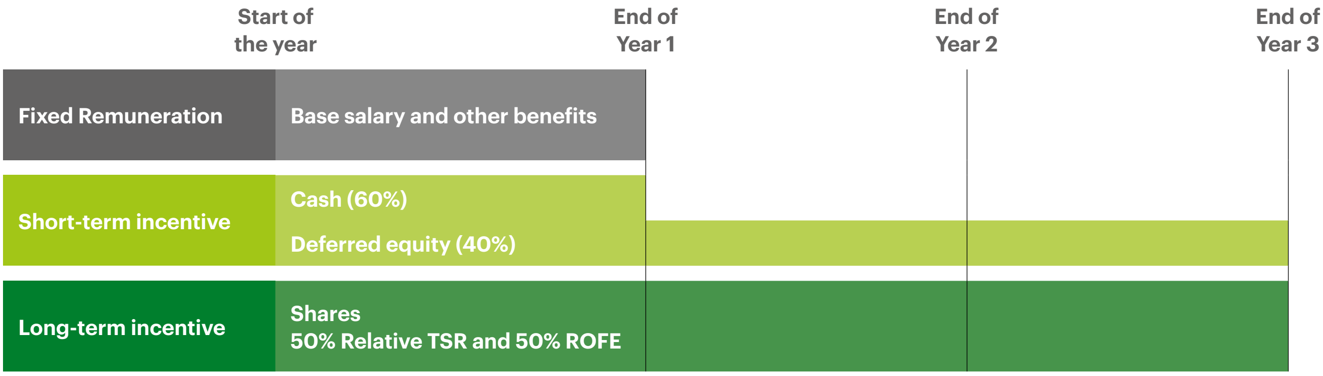
(6) Based on a share price of NZ$4.88/AU$4.48, being the volume weighted average price for the five business days prior to 1 September 2023. The number of shares granted was calculated by converting the long-term incentive value to the Australian dollar equivalent and using the Australian tax rate for the relevant financial year.

(7) Based on a share price of NZ$5.61/AU$5.01, being the volume weighted average price for the five business days prior to 1 September 2022. The number of shares granted was calculated by converting the long-term incentive value to the Australian dollar equivalent and using the Australian tax rate for the relevant financial year.

3.2 Acting Group CEO: Nick Traber (Effective 29 March 2024)

3.2.1 Remuneration package overview

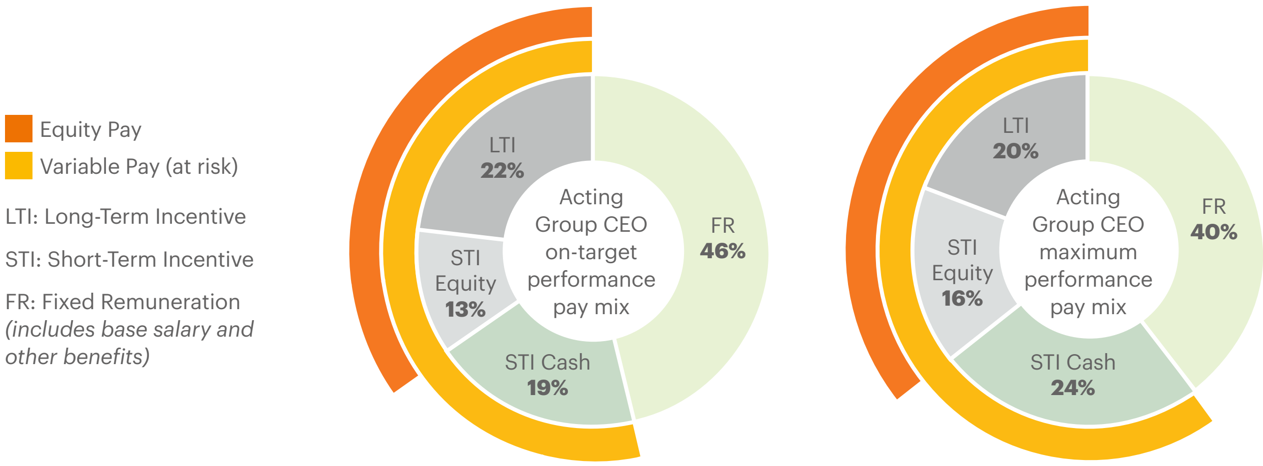
The following diagram shows how remuneration is delivered to the Acting Group CEO



3.2.2 Remuneration mix

Nick Traber's annual base remuneration for his role as Acting Group CEO as at 30 June 2024 was $1,400,000. His STI and LTI opportunity remained unchanged from his package as the divisional Concrete Chief Executive, i.e. 70% and 50% of base salary at target, respectively. The current mix of remuneration components for the Acting Group CEO is set out below. All values have been pro-rated for the 3-month period of FY24 which he was the Acting Group CEO (29 March 2024 to 30 June 2024).

The charts below show the Acting Group CEO's remuneration package pay mix as a percentage of total package for both on-target performance and maximum performance.



Remuneration Report (continued)

The table below outlines the Acting Group CEO's remuneration package at target and at maximum in NZD.

	At target		At maximum	
Remuneration element	**Value in NZD(1)**	**% of total package**	**Value in NZD(1)**	**% of total package**
Fixed Remuneration	$365,825	46.4%	$365,825	40.1%
STI Cash	$147,000	18.8%	$220,500	24.4%
STI Equity	$98,000	12.5%	$147,000	16.2%
LTI	$175,000	22.3%	$175,000	19.3%
Total remuneration package	**$785,825**	**100%**	**$908,325**	**100%**

(1) Pro-rated for time in Acting Group CEO role from 29 March 2024 to 30 June 2024.

3.2.3 Remuneration received

The remuneration Nick Traber received in his role as Acting Group CEO, from 29 March 2024 to 30 June 2024 is set out in the table below.

	FY24
Base remuneration	
Base remuneration	$352,143
Other benefits (1)	$13,682
Short-term incentive accrued in the financial year	- (2)
Received (3)	**$365,825**

Refer above for details of the STI.

(1) Includes medical insurance and KiwiSaver.
(2) The Board applied discretion for the Acting Group CEO and Chief Executives to fully forfeit FY24 STI payments.
(3) This table sets out remuneration awarded for the relevant financial year. The table on **page 82** shows remuneration received during the year. Nick Traber did not receive a Long-Term Incentive in his role as Acting Group CEO.

3.3 Group CEO FY24 STI outcome

For FY24, the following financial and non-financial measures were considered by the Board to incentivise earnings and operating cash, and to drive sustainable business performance. STI performance for FY24 was measured between threshold and maximum hurdles, with straight-line pro-rate from 0% at threshold to 100% at target, and 150% at maximum. While Ross Taylor is not eligible for a FY24 STI payment, we have disclosed the Group CEO's scorecard alongside the Acting Group CEO's to illustrate performance against the targets set by the Board. The table below summarises performance against targets for each of the measures under the Group CEO's FY24 STI.

Measure	Scorecard weighting pay-out range	Actual outcome: % of maximum	Comment
Safety gateway	Gate for any payment		Actively led the Protect Strategy through leadership of safety on site and through safety walks.
Financial goals			
FB Group EBIT (gateway to individual goals)	0%-80%		The annual EBIT (excluding significant items) result of $516 million was below the threshold performance hurdle and this goal was therefore not achieved. This was due principally to a significant fall in market activity impacting earnings for the Group's Materials and Distribution businesses. *Note: EBIT includes Tradelink® for the purposes of the FY24 STI.*
FB Group Cash	0%-35%		Trading cash flow performance (excluding significant items and legacy projects) of $766 million was below the threshold performance hurdle and this goal was therefore not achieved. Strong working capital management across the Group led to good cash flow generation, however this was not sufficient to offset the impact of lower earnings.
Safety goals			
Risk containment sweep and critical control verification plans, sweeps completed to plan and actions closed within timeframes.	0%-5%		The focus on the roll-out of critical risk initiatives is key in driving the right behaviours and focus. With high uptake, the number of sweeps completed across FB materially exceeded the target, resulting in more risks controlled and creating a safer workplace.
FB Group Total Recordable Injury Frequency Rate (TRIFR) reduced from 3.1 to 2.8 or below.	0%-5%		Group TRIFR has increased slightly from 3.1 to 3.2 during FY24. As such, the targeted reduction was not achieved.
Individual goals			
Construction legacy project works on track to be completed no later than end of FY25, with financial outcomes managed within the risk framework.	0%-5%		Good progress towards completion of remaining key legacy projects, including works completion on Pūhoi to Warkworth and Horizon Hotel (part of NZICC), and settlement of remaining Contract Works Insurance claims on NZICC. However, $180m additional provisioning on NZICC and Wellington Airport carpark in Feb-24 means the legacy projects position is materially worse than expectations set in June 2023. Goal not achieved.
Increase female operational leaders in line with the plan to reach our 30% target by FY27.	0%-5%		The increase in the percentage of female operational leaders outperformed the FY25 target of the longer-term plan for FY27, resulting in the full achievement of the related STI goal.
Effectively manage the Western Australia plumbing issue to achieve clarity on causation, scope and extent of repairs, and develop effective fixes and work methodologies to minimise disruption and ongoing fix costs.	0%-10%		An effective go-forward plan has been developed to minimise disruption and cost exposure and effectively address the plumbing failures in WA. This forms a central part of the confidential mediation process that is ongoing and has been engaged on constructively with key stakeholders.
Growth investment projects remain on track regarding implementations and financial return outlook.	0%-5%		Timing delays and cost increases in certain areas of the growth projects, however financial return outlook for the projects remains attractive. Goal partially achieved.
FY24 STI Outcome (as a % of maximum)	0%-150%	3%	Note: Not eligible for a FY24 STI payment

Key:

At or above maximum

Achievement between target and maximum

Partial achievement between threshold and target

At or below threshold achievement

3.4 Acting Group CEO FY24 STI outcome

The following financial and non-financial measures were considered by the Board to be the most critical areas for the Acting Group CEO to deliver in Q4 of FY24. STI performance for FY24 was measured between threshold and maximum hurdles, with straight-line pro-rate from 0% at threshold to 100% at target, and 150% at maximum. The table below summarises performance against targets for each of the measures under the Acting Group CEO's FY24 STI for the period 29 March 2024 to 30 June 2024. Noting the Board exercised discretion for the Acting Group CEO's FY24 STI to be fully forfeited.

Measure	Scorecard weighting pay-out range	Actual outcome: % of maximum	Comment
Safety gateway	Gate for any payment		Actively led the Protect Strategy through leadership of safety on site and through safety walks.
Financial goals			
FB Group EBIT (No gateway to individual goals)	0%-80%		The annual EBIT (excluding significant items) result of $516 million was below the threshold performance hurdle and this goal was therefore not achieved. This was due principally to a significant fall in market activity impacting earnings for the Group's Materials and Distribution businesses. *Note: EBIT includes Tradelink® for the purposes of the FY24 STI.*
FB Group Cash	0%-35%		Trading cash flow performance (excluding significant items and legacy projects) of $766 million was below the threshold performance hurdle and this goal was therefore not achieved. Strong working capital management across the Group led to good cash flow generation, however this was not sufficient to offset the impact of lower earnings.
Safety goals			
Risk containment sweep and critical control verification plans, sweeps completed to plan and actions closed within timeframes.	0%-5%		The focus on the roll-out of critical risk initiatives is key in driving the right behaviours and focus. With high uptake, the number of sweeps completed across FB materially exceeded the target, resulting in more risks controlled and creating a safer workplace.
FB Group Total Recordable Injury Frequency Rate (TRIFR) reduced from 3.1 to 2.8 or below.	0%-5%		Group TRIFR has increased slightly from 3.1 to 3.2 during FY24. As such, the targeted reduction was not achieved.
Individual goals			
Construction legacy project: Pūhoi to Warkworth	0%-5%		Works completion achieved and project claims further developed. Given this project remains in line with expectations set at the beginning of FY24, goal achieved.
Construction legacy project: New Zealand International Convention Centre (NZICC)	0%-5%		Since Mar-24, the NZICC project has remained on track for works completion by Dec-24, and forecast financial outcomes maintained as per the Feb-24 position. Positive settlement of remaining Contract Works Insurance claims in Jun-24. Goal achieved.
Successfully refinance the Company's October 2025 Syndicate bank facility, and maintain an investment grade credit rating with Moody's	0%-15%		Successful refinancing of the Syndicate bank facility in Jun-24, in line with target timing and terms. Moody's credit rating maintained at investment grade (Baa3), however with negative outlook. Goal partially achieved.
FY24 STI Outcome (as a % of maximum)	0%-150%	18%	Note: Board discretion applied to fully forfeit FY24 STI

Key:

At or above maximum

Achievement between target and maximum

Partial achievement between threshold and target

At or below threshold achievement

4. FREQUENTLY ASKED QUESTIONS

Key Questions	Fletcher Building Response	Reference
Leadership Transition Arrangements		
What remuneration arrangements are in place for the Group CEO's (Ross Taylor's) exit?	Ross Taylor (Group CEO) went on garden leave on 28 March 2024. To support an orderly transition, Ross remained available to support Nick Traber (the Acting Group CEO) and the business as required until the end of his notice period on 23 August 2024. No other severance will be paid to Ross. His in-flight (i.e. granted but not yet vested) STI equity and LTI awards will be treated as per the scheme rules. Retention of these awards is in place so Executives have a long-term focus on the performance of the company (even post termination), as the final value of the awards will be subject to share price performance at vesting. • **FY22 and FY23 deferred STI equity:** Remains on-foot until vesting date (2 years post grant) o STI equity refers to a portion of STI earned in previous years, which has been deferred into share rights. These awards are not subject to further performance conditions. • **FY22 and FY23 LTI awards:** Remains on-foot, pro-rated for time and tested at the end of the restrictive period (3 years post grant) o Given that the LTI has not yet been earned (in contrast to the STI equity), it is prorated for the portion of the vesting period served. It also remains subject to the rTSR and ROFE performance conditions at the end of the restrictive period and the value of the awards are subject to share price.	Section 3.1
Remuneration Report Vote		
Why are you putting the remuneration report to a vote at the AGM?	As a New Zealand incorporated company listed on the ASX, Fletcher Building is not required to disclose an Australian-style remuneration report or put that remuneration report to a vote. While FB is not legally required to put our remuneration report to a vote, we will present the FY24 report to a non-binding vote (i.e. not a substantive rule but to understand shareholder views) at the October ASM. This decision has been taken to enhance and evolve shareholder engagement on remuneration, in response to feedback from investors, and as a matter of good corporate governance.	Message from Committee Chair
What will happen in the event of 2 strikes against the remuneration report?	In contrast to Australia requirements, we are not adopting a vote to spill the board in the event of 2 consecutive strikes. Based on Australian practice, this resolution is almost never approved, it is expensive and (as shown by recent succession events) the FB Directors are focused on Board renewal. This renewal process is currently underway with the resignations of Bruce Hassall, Rob McDonald, Doug McKay, and Martin Brydon, and the appointment of Tony Dragicevich. We believe it is more beneficial for the FB Board to continue its focus on succession and engage on any additional skills or candidates investors recommend. We will also continue regular engagement to gain feedback on and improve our remuneration practices and reporting (where appropriate).	Message from Committee Chair
Why do you not put the LTI grant up for resolution at the AGM?	As a New Zealand incorporated company listed on the ASX, Fletcher Building is not required to put equity grants to a vote – noting the requirement in Australia only applies when new equity is issued (i.e. not if acquired on-market). This is also not common practice for other NZ incorporated companies listed on the ASX. We are, however, putting the Remuneration Report up for a vote which includes both LTI and STI. We are doing this because we want to provide shareholders with a holistic vote on our remuneration policies and practices and therefore did not want to only put the LTI to a vote when not taking the same action for the STI deferred equity or remuneration report.	Message from Committee Chair
Why does FB not comply with all Australian requirements?	As a dual listed company, incorporated in NZ, we comply with the Australian requirements that are most meaningful for our shareholders and will assist in assessing FB's remuneration. Complying in full would be cost prohibitive and compliance for compliance's sake without increasing value for shareholders. We will consult on and consider additional information investors would like disclosed.	Message from Committee Chair
Why have all Key Management Personnel (KMP) not been included in the remuneration report?	The decision of who a KMP is has always been discretionary such that practices vary broadly across the ASX. Furthermore, in New Zealand disclosure of CEO remuneration requires consent. This would be prohibitive for a broad group and disclosure for many NZ executives could lead to poaching risks and upward pressure on pay over the longer term.	Message from Committee Chair

Key Questions	Fletcher Building Response	Reference
Remuneration Framework		
Do you think the executives' remuneration framework balances the short and long term?	Executives are focused on the quality of earnings over the longer term via the LTI component (which is a significant element of total remuneration), the two-year STI deferral (which is aligned with shareholders via share price appreciation or depreciation during that time), and those individual STI goals which are future-focused. The introduction of STI deferral in FY22 was also accompanied by an increase in the mandatory shareholding for the Group CEO from 50% to 100% of base salary, and from 50% to 75% for other Executives.	Section 1
Why did you review and make changes to the rTSR peer group for the LTI?	Our previous peer group consisted of 10 Australasian companies. While this Group initially consisted of 17 companies in 2011, it had become smaller over time due to comparable organisations across the ASX and NZX decreasing – most commonly due to takeovers or being delisted (e.g. Crane Group, Nuplex, Dulux and most recently Adelaide Brighton, Boral and CSR). In 2023, <10 comparable organisations remained in our peer group and we engaged external consultants to undertake an independent comprehensive review for future grants.	Section 1.5
Why are you proposing to move to an index-based approach?	A bespoke group should ideally consist of no less than 20 companies. This is because larger groups (such as those provided by an index) can smooth the volatility and sensitivity to small changes in performance or changes to individual companies (such as Boral's change of control event), which occurs in a small cohort. Our review highlighted that there aren't at least 20 comparable organisations across New Zealand and Australia and we therefore adopted an index-based approach.	Section 1.5
How is ROFE calculated?	ROFE is EBIT on average funds. With regards the treatment of significant items for the purposes of calculating LTI, ROFE will include any asset impairments that have been made but exclude any M&A divestments and restructuring costs. We take the deduction on asset impairment because management hasn't supported the value of the business. But for M&A, almost invariably a divestment is not being made by the management team who bought it. We don't want to have perverse incentives where management might not look to do a divestment if there's going to be a write down and negatively impact their LTI. Or conversely, asset sales just because of the gain, to positively impact their LTI.	Section 1.5
Why does Fletcher Building have a loan scheme rather than a performance rights scheme? This would seem to be more complex for employees and the company, especially with regards to the taxation of the "bonus" part of the scheme.	This has been a long-running plan that was majority NZ practice. Many NZ companies still apply these loan plans. The loan-based plan is retained because it ensures the tax on the share price appreciation is not borne by the Company, as it would be under a share rights plan. With a reduced number of participants in the LTI plan (~12 remaining), the simplicity of the plan is less relevant as any clarification on the operation of the plan can be dealt with on a case-by-case basis.	Section 1.5

5. 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 by them 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 NZ$ to NZ$	New Zealand business activities	International business activities	Total
100,000 – 110,000	628	395	1023
110,000 – 120,000	515	336	851
120,000 – 130,000	392	258	650
130,000 – 140,000	344	202	546
140,000 – 150,000	234	169	403
150,000 – 160,000	185	142	327
160,000 – 170,000	139	117	256
170,000 – 180,000	114	80	194
180,000 – 190,000	97	60	157
190,000 – 200,000	58	46	104
200,000 – 210,000	51	48	99
210,000 – 220,000	47	26	73
220,000 – 230,000	42	23	65
230,000 – 240,000	43	25	68
240,000 – 250,000	26	21	47
250,000 – 260,000	25	13	38
260,000 – 270,000	22	12	34
270,000 – 280,000	17	14	31
280,000 – 290,000	11	5	16
290,000 – 300,000	14	10	24
300,000 – 310,000	11	7	18
310,000 – 320,000	7	10	17
320,000 – 330,000	13	11	24
330,000 – 340,000	9	2	11
340,000 – 350,000	13	1	14
350,000 – 360,000	6	5	11
360,000 – 370,000	0	3	3
370,000 – 380,000	4	3	7
380,000 – 390,000	6	2	8
390,000 – 400,000	5	5	10
400,000 – 410,000	9	1	10
410,000 – 420,000	2	3	5
420,000 – 430,000	2	2	4
430,000 – 440,000	1	2	3
440,000 – 450,000	5	2	7
450,000 – 460,000	3	0	3
460,000 – 470,000	6	1	7
470,000 – 480,000	4	0	4

From NZ$ to NZ$	New Zealand business activities	International business activities	Total
480,000 – 490,000	2	1	3
490,000 – 500,000	2	1	3
500,000 – 510,000	2	0	2
510,000 – 520,000	3	0	3
520,000 – 530,000	3	0	3
530,000 – 540,000	2	2	4
540,000 – 550,000	2	1	3
550,000 – 560,000	1	0	1
560,000 – 570,000	2	1	3
580,000 – 590,000	1	1	2
590,000 – 600,000	0	2	2
620,000 – 630,000	1	0	1
640,000 – 650,000	0	2	2
660,000 – 670,000	0	1	1
670,000 – 680,000	0	1	1
690,000 – 700,000	1	0	1
750,000 – 760,000	1	0	1
760,000 – 770,000	1	0	1
770,000 – 780,000	1	0	1
790,000 – 800,000	0	1	1
800,000 – 810,000	1	0	1
820,000 – 830,000	1	0	1
910,000 – 920,000	1	1	2
920,000 – 930,000	0	2	2
930,000 – 940,000	1	0	1
940,000 – 950,000	1	0	1
960,000 – 970,000	1	0	1
970,000 – 980,000	0	1	1
990,000 – 1000,000	0	1	1
1,000,000 – 1,010,000	0	1	1
1,020,000 – 1,030,000	1	0	1
1,030,000 – 1,040,000	0	1	1
1,070,000 – 1,080,000	1	1	2
1,220,000 – 1,230,000	1	0	1
1,240,000 – 1,250,000	1	0	1
2,190,000 – 2,200,000	0	1	1
4,380,000 – 4,390,000	0	1	1
	3,145	**2,086**	**5,231**

The decrease in the highest bracket in FY24 (4,380,000 – 4,390,000) compared to the highest bracket in FY23 (6,670,000 – 6,680,000) is as a result of the one-off share-based retention award granted to the Group CEO in 2019, which vested on 30 June 2022 but was allocated in FY23.

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).

Remuneration Report (continued)

6. DIRECTORS' REMUNERATION

The current total directors' remuneration pool approved by shareholders in 2011 is $2 million per annum. Directors receive remuneration determined by the Board on the recommendation of the Nominations Committee. The Directors' aggregate remuneration per annum must be within the remuneration pool approved by shareholders. There are no schemes for retirement benefits for non-executive directors. Information of directors' holdings of securities is set out in the Statutory Disclosures section.

In June 2024, the Nominations Committee considered the appropriateness of current directors' fees and recommended to the Board no change to the fees for FY25 to be paid out of the current shareholder approved remuneration pool of $2 million per annum, as shown in the following table.

The remuneration scale for directors is outlined below:

Position		Remuneration scale	
		FY24	FY25(1)
Board of directors	Chair (2) Non-Executive director	$391,000 $155,500	$320,000 $155,500
Audit and Risk Committee	Chair Member	$38,000 $19,500	$38,000 $19,500
Nominations Committee	Chair Member	- $8,500	- $8,500
People and Remuneration Committee	Chair Member	$29,000 $14,500	$29,000 $14,500
Safety, Health, Environment and Sustainability Committee	Chair Member	$29,000 $14,500	$29,000 $14,500
Overseas based directors - travelling allowance		$18,000	$18,000

(1) FY25 fees are effective from 1 July 2024.
(2) No additional fees are paid to the Board Chair for committee roles.

Fees to directors for unscheduled additional work required for the Group is time based payable at $1,200 per half day. 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.

Details of the total remuneration received by each Fletcher Building director for FY24 are as follows:

Directors	Board Fees	Audit and Risk Committee	Nominations Committee	People and Remuneration Committee	Safety, Health, Environment and Sustainability Committee	Overseas based directors travelling allowance	Total Remuneration
Bruce Hassall (Chair)(1)	$263,820		$-(1)	$-			$263,820
Barbara Chapman (Acting Chair)(2)	$234,000		$5,667 $-(2)	$19,333* $-*			$259,000
Martin Brydon(3)	$155,500			$14,500	$14,500	$18,000	$202,500
Peter Crowley	$155,500	$19,500	$8,500		$14,500	$18,000	$216,000
Sandra Dodds(4)	$129,583	$16,250			$12,083	$15,000	$172,916
Rob McDonald(5)	$155,500	$38,000*		$14,500			$208,000
Doug McKay(6)	$155,500	$19,500			$29,000*		$204,000
Cathy Quinn	$155,500	$19,500			$14,500		$189,500
TOTAL	**$1,404,903**	**$112,750**	**$14,167**	**$48,333**	**$84,583**	**$51,000**	**$1,715,736**

FY24 fees are effective from 1 July 2023.
* Chair of Committee
(1) No additional fees are paid to the Board Chair for committee roles; stepped down from the Board effective 4 March 2024.
(2) Director appointed as Acting Chair and chair of the Nominations Committee each effective 4 March 2024, no additional fees are paid to the Acting Chair for committee roles.
(3) Stepped down from the Board effective 30 June 2024.
(4) Appointed as director 1 September 2023, appointed as member of Audit and Risk Committee and Safety, Health, Environment and Sustainability Committee each effective 1 September 2023.
(5) Stepped down from the Board effective 30 June 2024.
(6) Stepped down from the Board effective 21 June 2024.

Financial Report

Laminex® Australia celebrates its new showroom opening in Melbourne in June, with a customer event.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Trend Statement

Notes	June 2024 NZ$M	June 2023 NZ$M	June 2022 NZ$M	June 2021 [1] NZ$M	June 2020 NZ$M
Financial performance					
Operating revenue [2]	7,683	7,679	7,746	7,371	6,537
Earnings before interest and taxation (EBIT) [2]	176	484	686	532	(113)
Net earnings/(loss) [2]	(86)	230	426	306	(185)
Cash flow from operations	398	388	592	879	410
Earnings per share - basic (cents per share) [2]	(11.0)	29.4	52.7	37.1	(22.2)
Dividends for the period (cents per share)		34.0	40.0	30.0	
Financial performance - before significant items (continuing operations)					
Earnings before interest and taxation (EBIT)	509	785	741	655	155
Net earnings	183	447	479	431	85
Earnings per share - basic (cents per share)	23.4	57.1	59.4	52.3	10.2
Balance sheet					
Current assets	3,188	3,330	3,277	3,125	3,824
Non-current assets	5,686	5,751	5,144	4,849	4,954
Total assets	8,874	9,081	8,421	7,974	8,778
Current liabilities	2,088	2,201	2,157	1,906	2,385
Non-current liabilities	3,458	3,203	2,499	2,333	2,858
Total liabilities	5,546	5,404	4,656	4,239	5,243
Capital	2,995	2,993	3,003	3,248	3,280
Reserves	322	657	747	471	220
Minority equity	11	27	15	16	35
Total equity	3,328	3,677	3,765	3,735	3,535
Total liabilities and equity	8,874	9,081	8,421	7,974	8,778
Other financial data					
Total shareholders' return (%) [3]	(45)	15	(28)	107	(21)
Net tangible assets per share ($)	2.97	3.17	3.47	3.30	2.87
Gearing (%) [4]	34.7	27.8	15.1	4.4	12.3
Leverage [5]	2.0	1.2	0.6	0.2	0.9
Return on average funds (%) [6]	0.5	10.6	18.0	15.2	(2.7)
Return on average equity (%) [7]	(6.5)	6.4	11.7	8.6	(5.1)
Return on average funds - before significant items (%) [6]	10.0	17.1	19.3	18.8	3.7
Return on average equity - before significant items (%) [7]	5.2	12.2	13.2	11.6	0.1

(1) Restated following revisions to NZ IAS 38 Intangible Assets adopted by the Group.
(2) Continuing operations.
(3) Share price movement in year and gross dividend received, to opening share price.
(4) Net debt (borrowings less cash and deposits) to net debt and equity.
(5) Net debt to EBITDA before significant items.
(6) EBIT to average funds (net debt and equity less deferred tax asset).
(7) Net earnings to average shareholders' funds.

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Consolidated Income Statement

For the year ended 30 June 2024

Continuing operations	Note	2024 NZ$M	2023* NZ$M
Revenue	4	**7,683**	7,679
Cost of goods sold		**(5,521)**	(5,282)
Gross margin		**2,162**	2,397
Selling, general and administration expenses		**(1,665)**	(1,662)
Share of profits of associates and joint ventures		**10**	34
Revaluation gain on investment property	14	**2**	16
Significant items	2.2	**(333)**	(301)
Earnings before interest and taxation (EBIT)		**176**	484
Lease interest expense		**(58)**	(53)
Funding costs	18	**(142)**	(94)
Earnings/(loss) before taxation		**(24)**	337
Taxation expense	27	**(55)**	(88)
Earnings/(loss) after taxation from continuing operations		**(79)**	249
Losses attributable to non-controlling interests		**(7)**	(19)
Net earnings/(loss) from continuing operations		**(86)**	230
Net earnings/(loss) from discontinued operation net of tax	2.4	**(141)**	5
Net earnings/(loss) attributable to the shareholders		**(227)**	235
Net earnings/(loss) per share (cents)	6		
Basic		**(29.0)**	30.0
Diluted		**(29.0)**	28.4
Net earnings/(loss) per share from continuing operations (cents)	6		
Basic		**(11.0)**	29.4
Diluted		**(11.0)**	27.8
Weighted average number of shares outstanding (millions of shares)	6		
Basic		**783**	783
Diluted		**783**	848
Dividends declared per share (cents)	20		34.0

* The comparatives have been represented for Tradelink® classified as a discontinued operation. Further details of the change can be found in **note 2.4**.

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

On behalf of the Board, 21 August 2024.

Barbara Chapman
Acting Chair

Sandra Dodds
Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	2024 NZ$M	2023* NZ$M
Net earnings/(loss) attributable to shareholders	**(227)**	235
Net earnings attributable to non-controlling interests	**7**	19
Net earnings/(loss) after tax	**(220)**	254
Other comprehensive income		
Items that do not subsequently get reclassified to Consolidated Income Statement:		
Movement in pension reserve	**21**	
	21	
Items that may be reclassified subsequently to Consolidated Income Statement in the future:		
Movement in cash flow hedge reserve	**(7)**	2
Movement in currency translation reserve	**(1)**	(23)
	(8)	(21)
Other comprehensive income	**13**	(21)
Total comprehensive income/(loss) for the year	**(207)**	223
Total comprehensive income/(loss) for the year arises from:		
Continuing operations	**(66)**	228
Discontinued operations	**(141)**	5
Total comprehensive income/(loss) for the year	**(207)**	233

* The comparatives have been represented for Tradelink® classified as a discontinued operation. Further details of the change can be found in **note 2.4**.

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 2024

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 2022		**3,003**	**705**	**26**	**8**	**(55)**	**63**	**3,750**	**15**	**3,765**
Total comprehensive income for the year			235		2	(23)		214	19	233
Movement in non-controlling interests									(7)	(7)
Dividends paid to shareholders of the parent	20		(311)					(311)		(311)
Movement in share-based payment reserve		3	5	2				10		10
Repurchase of shares	21	(13)						(13)		(13)
Total equity at 30 June 2023		**2,993**	**634**	**28**	**10**	**(78)**	**63**	**3,650**	**27**	**3,677**
Total comprehensive 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	20		(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**

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 2024

Assets	Note	2024 NZ$M	2023 NZ$M
Current assets:			
Cash and cash equivalents	8	**311**	365
Current tax assets	27	**28**	6
Contract assets	3	**142**	141
Derivatives	19	**10**	18
Debtors	9	**914**	1,176
Inventories	10	**1,276**	1,624
Total current assets before held for sale		**2,681**	3,330
Assets classified as held for sale	2.4	**507**	
Total current assets		**3,188**	3,330
Non-current assets:			
Property, plant and equipment	13	**2,191**	2,072
Investment property	14	**100**	58
Intangible assets	15	**1,055**	1,253
Right-of-use assets	16	**1,191**	1,324
Investments in associates and joint ventures	23	**221**	225
Inventories	10	**594**	456
Retirement plan assets	28	**152**	126
Derivatives	19	**46**	44
Deferred tax assets	27	**136**	193
Total non-current assets		**5,686**	5,751
Total assets		**8,874**	9,081

Liabilities			
Current liabilities:			
Creditors, accruals and other liabilities	11	**1,147**	1,416
Provisions	12	**171**	403
Lease liabilities	16	**164**	192
Derivatives	19	**18**	20
Contract liabilities	3	**166**	82
Borrowings	17	**86**	88
Total current liabilities before held for sale		**1,752**	2,201
Liabilities directly associated with assets held for sale	2.4	**336**	
Total current liabilities		**2,088**	2,201
Non-current liabilities:			
Creditors, accruals and other liabilities	11	**134**	52
Provisions	12	**28**	31
Lease liabilities	16	**1,272**	1,404
Derivatives	19	**2**	1
Borrowings	17	**2,022**	1,715
Total non-current liabilities		**3,458**	3,203
Total liabilities		**5,546**	5,404

Equity			
Share capital	21	**2,995**	2,993
Reserves		**322**	657
Shareholders' funds		**3,317**	3,650
Non-controlling interests	22	**11**	27
Total equity		**3,328**	3,677
Total liabilities and equity		**8,874**	9,081

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 2024

	Note	2024 NZ$M	2023 NZ$M
Cash flow from operating activities			
Receipts from customers		**8,667**	8,496
Dividends received		**10**	4
Payments to suppliers, employees and other		**(8,064)**	(7,769)
Interest paid		**(200)**	(152)
Income tax paid		**(15)**	(191)
Net cash from operating activities	8	**398**	388
Cash flow from investing activities			
Sale of property, plant and equipment		**7**	6
Purchase of subsidiaries		**(11)**	(183)
Purchase of property, plant and equipment and intangible assets		**(402)**	(445)
Payments for investment property and investment property under development		**(20)**	(19)
Net cash from investing activities		**(426)**	(641)
Cash flow from financing activities			
Issue of capital notes		**32**	50
Repurchase of capital notes		**(78)**	(56)
Repurchase of shares - transferred to treasury stock			(13)
Drawdown of borrowings		**920**	774
Repayment of borrowings		**(568)**	(3)
Principal elements of lease payments		**(206)**	(196)
Contributions from non-controlling interests		**15**	37
Distribution to non-controlling interests		**(17)**	(13)
Dividends paid to shareholders of the parent		**(124)**	(311)
Net cash from financing activities		**(26)**	269
Net movement in cash held		**(54)**	16
Add: opening cash and cash equivalents	8	**365**	351
Effect of exchange rate changes on net cash			(2)
Closing cash and cash equivalents	8	**311**	365

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

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Significant changes in the current reporting period

The financial position and performance of the Group were particularly affected by the following events and transactions during the year:

- The sharp market slowdown in both New Zealand and Australia, with revenues for the materials and distribution divisions (Building Products, Distribution, Concrete, and Australia) materially lower than the prior year. The challenging trading environment led to pressure on pricing and gross margins in certain businesses, particularly in the Distribution division in New Zealand, which was subject to a significant increase in competitive intensity.
- The Group recognised additional loss provisions on the New Zealand International Convention Centre and Hobson Street Hotel (NZICC) project of $165 million and a provision to remediate the Wellington International Airport Limited carpark of $15 million. These provisions have been recognised as Significant Items in the Consolidated Income Statement. Refer to **note 3**.
- The Group recognised a non-cash impairment and write-down of $122 million, at the half year, in relation to the Tradelink® cash generating unit (CGU) which includes the impairment and write-down of Tradelink's® remaining goodwill and brand balances. Subsequent to this, the Group announced its intention to exit the Tradelink® business, with the business classified as held for sale from 1 April 2024, and presented as a discontinued operation, with the consolidated income statement represented for this change. On 12 August 2024, the Group announced that it has entered into an agreement with Metal Manufactures Pty Limited to sell 100% of the shares in Tradelink® for A$170 million. As a result, an additional impairment of $36 million (A$32.5 million) was recognised at 30 June 2024. Refer to **note 2.3** and **note 2.4**.
- The Group recognised a non-cash impairment and write-down of $100 million in relation to Higgins®New Zealand CGU which includes the impairment of Higgins® New Zealand's goodwill ($90 million). Refer to **note 2.3**.
- The Group entered into an agreement to divest 50% of its Higgins® Fiji construction business to two local partners, Fiji National Provident Fund and Fijian Holdings Limited. Higgins® Fiji is classified as held for sale at 30 June 2024, with the transaction completing on 31 July 2024. Refer to **note 2.3** and **note 2.4**.
- In the first half of the year, the Group executed a New Zealand dollar denominated loan facility to November 2026 with a three-bank syndicate of $400 million, which replaced the $300 million bilateral revolving credit facility which was due to mature in October 2024. In June, the Group made amendments to its banking agreements which extend the tenor of its debt facilities and enable it to rely on more favourable terms for covenant testing through to the end of calendar 2025, 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 covenant levels. The Group refinanced an Australian dollar denominated $674.5m facility that was scheduled to expire in October 2025. The agreement extends the expiry date for this facility into two longer dated maturities: A$424.5 million that will now expire in July 2027, and A$250 million that will expire in June 2029. The agreement significantly improves the tenor of the Company's funding lines, such that the next material debt maturity is in FY27. Refer to **note 17**.
- The Group also received its first investment grade credit rating of Baa2 assigned by Moody's Investors Service in the first half of the year. This rating was subsequently amended in June 2024 to Baa3 on a negative outlook, following a review by Moody's. Refer to **note 17**.
- The New Zealand Government passed legislation to remove commercial building depreciation for tax purposes from 1 April 2024. As a result, a $34 million tax expense has been recognised in the year as the tax base of the Group's buildings in New Zealand has been reduced to nil. Refer to **note 27**.

Notes to the Consolidated Financial Statements 2024

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 applicable notes to the consolidated financial statements and are marked with this colour.

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 consolidated financial statements and are marked with this colour, or where applied to the financial statements as a whole, are detailed below.

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.

Foreign currency translation

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 is sold or otherwise disposed of.

Notes to the Consolidated Financial Statements 2024 (Continued)

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 exchanges rates were applied in the preparation of the consolidated financial statements:

NZD/AUD	2024	2023	Change
Average rates	**0.9228**	0.9142	0.9%
Closing rates	**0.9150**	0.9173	-0.3%

2. Key estimates, judgements and other financial information

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

The Organisation for Economic Co-operation and Development's (OECD) international tax reform (known as Pillar Two)
The Group has adopted the amendments introduced to NZ IAS 12: Income Taxes, as a result of the OECD international tax reform (known as Pillar Two), effective 10 August 2023 for periods beginning on or after 1 January 2024.

Those amendments include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation

The Group has applied the mandatory exception to recognising and disclosing information about any deferred tax impact related to Pillar Two income taxes. Further information about the impact of the amendments is set out in **note 27.**

New and amended accounting standards and interpretation not yet effective

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, as a replacement for 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 XRB has yet to publish the equivalent standard in New Zealand and the Group is assessing the impact of adopting the standard to the financial statements.

2.2 SIGNIFICANT ITEMS

In reporting financial information, the Group presents non-GAAP performance measures, which are not defined or specified under the requirements of 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. The non-GAAP measures are consistent with how the business performance is planned and reported to the Board and Audit and Risk Committee.

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.**

As at 30 June 2024, Significant Items from continuing operations totalled $333 million (30 June 2023: $301 million). This amount captures both gains and losses from transactions or events outside of the Group's ongoing operations that have had significant impact on the Group's reported profit and loss in the period.

	2024			2023		
NZ$M	EBIT	Significant items	EBIT before significant items	EBIT	Significant items	EBIT before significant items
Building Products	124	(19)	143	200	(15)	215
Distribution	49		49	140	(1)	141
Concrete	134	4	130	154	(2)	156
Australia	109	(17)	126	157	(10)	167
Materials and distribution divisions	416	(32)	448	651	(28)	679
Residential and Development	100		100	147		147
Construction	(264)	(292)	28	(247)	(273)	26
Corporate and other	(76)	(9)	(67)	(67)		(67)
Continuing operations	**176**	**(333)**	**509**	**484**	**(301)**	**785**
Discontinued operation	(148)	(155)	7	13		13
Group	**28**	**(488)**	**516**	**497**	**(301)**	**798**

Significant items from continuing operations include:

NZICC and WIAL construction provisions ($180 million)

Onerous contract provisions recognised as part of the interim results by the Group's Construction division, with $165 million attributable to increased costs and lower expected Contract Works Insurance (CWI) recoveries on the NZICC project, and $15 million of costs for remedial works at Wellington International Airport Limited, as the Group winds down its operations in the vertical building sector. Refer to **note 3.**

Impairment of Higgins® New Zealand CGU ($100 million)

Non-cash impairments and asset write downs recognised in Higgins® New Zealand as at 30 June 2024, including a partial impairment of Higgins® New Zealand's goodwill balance ($90 million), as well as losses associated with the derecognition of fixed assets ($7 million) and other associated costs ($3 million) as the business right-sizes and rationalise its property footprint. Refer to **note 2.3**.

Impairment of Higgins® Fiji and New Zealand Ceiling and Drywall assets held for sale ($21 million)

Both Higgins® Fiji and New Zealand Ceiling and Drywall (NZCDS) were classified as held for sale as at 30 June 2024. Following the classification as held for sale, impairments and write downs were recognised in Higgins® Fiji ($17 million) and New Zealand Ceiling and Drywall ($4 million), as the carrying value of their net assets exceeded their fair value less cost to sell. Refer to **note 2.4**.

Winstone Wallboards® transition costs to Tauriko ($15 million)
Final costs incurred as part of Winstone Wallboards® operations' transition from Auckland to Tauriko (Bay of Plenty, New Zealand).

Legal Fees in relation to Iplex® Australia pipes matter ($7 million)
Legal fees incurred by Iplex® Australia in relation to Pro-fit pipes matter. Refer to **note 26**.

Discontinuation of engineered stone product range sales in Australia ($6 million) and additional silicosis claims provision ($4 million)

Effective from 1 July 2024, the Australian Government has banned the use, supply and manufacture of engineered stone. The ban applies to engineered benchtops, slabs and panels. As a result, Laminex® Australia recognised $6 million of costs, the amount which includes write down of remaining inventories, and associated fixed assets, as well as restructuring and disposal costs.

Based on the latest available facts, the Group has increased its provision for silica related personal injury claims in Australia by an additional $4 million, refer to **note 12**.

Cyclone Gabrielle and North Island floods insurance recoveries ($10 million)

The Group's Concrete ($3 million) and Construction ($7 million) divisions recognised gains in Significant Items following receipt of insurance proceeds relating to property damage losses and costs of direct remedial works following Cyclone Gabrielle and North Island Floods in FY23.

Gain on step acquisition ($1 million)

A gain was recognised following the acquisition of the remaining 50% interest in Cromwell Certified Concrete Limited (CCCL) on 25 July 2023 for a consideration of $6.5 million. The previously held equity interest was remeasured to its fair value at the acquisition date with the gain recognised in profit and loss as a Significant Item (NZ IFRS 3 Business Combinations).

Notes to the Consolidated Financial Statements 2024 (Continued)

Digital@Fletchers asset impairment ($9 million)

$9 million of capitalised Digital@Fletchers costs allocated to Tradelink® were no longer considered recoverable and therefore have been impaired and recognised as a Significant Item. Refer to **note 15**.

Significant items from discontinued operations include:

Impairment of Tradelink® CGU ($155 million)

Non-cash impairments and asset write downs recognised in Tradelink® as part of the interim results (31 December 2023), including a full impairment of Tradelink's remaining goodwill and brand balances ($122 million). A further $36 million of asset impairments were recognised as at 30 June 2024 following announcement that the Group had entered into an agreement with Metal Manufactures Pty Limited to sell 100% of the shares in Tradelink® for A$170 million. Refer to **note 2.3** and **note 2.4**.

Earnings per share

Earnings per share is disclosed in full in **note 6**. 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 per share is as follows:

	2024 NZ$M	2023 NZ$M
Net earnings/(loss) after taxation from continuing operations (as per Consolidated Income Statement)	**(86)**	**230**
Add back: Significant Items before taxation (**note 2.2**)	**333**	301
Less: tax benefit on Significant Items (**note 27**)	**(64)**	(84)
Net earnings before Significant Items from continuing operations	**183**	447
Net earnings/(loss) per share before Significant Items from continuing operations (cents)	**23.4**	57.1
Net earnings/(loss) per share from continuing operations - as reported per Consolidated Income Statement (cents)	**(11.0)**	29.4

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 sales 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. As at 30 June 2024, the market capitalisation of the Group was below the book value of its net equity, indicating potential impairment. In addition, the overall decline in construction and development activities in New Zealand and Australia, as well as the ongoing economic uncertainty, have led to decreased demand for the Group's products, also indicating potential impairment.

During the year, Tradelink® and Higgins® Fiji, previously both "watchlist" business units, were classified as disposal groups held for sale. Prior to being classified as held for sale, and as part of the interim results, a $122 million non-cash impairment and write-down of Tradelink®'s assets were recognised. No impairment was required for the Higgins® Fiji assets prior to their classification as held for sale. However, as a result of the held for sale classification, the recoverable value of these CGUs was assessed against the fair value less the cost to sell at 30 June 2024, with a non-cash impairment of $17 million recognised on Higgins® Fiji assets and $36 million recognised on Tradelink® assets.

As at 30 June 2024, Group management classified Higgins® New Zealand and Iplex® New Zealand (2023: Higgins® New Zealand, Higgins® Fiji and Tradelink®) as 'watchlist' business units for the purpose of the Group's impairment testing procedures, with Iplex® New Zealand added to the watchlist at year-end. These CGUs demonstrate a heightened sensitivity to changes in assumptions, with a non-cash impairment of $100 million recognised in the Higgins® New Zealand CGU at year-end, and the risk of impairment/further impairment due to reasonably possible changes in key valuation assumptions.

With the exception of Higgins® New Zealand and Iplex® New Zealand, no reasonably possible change in key assumptions used in the determination of the recoverable value of CGUs would result in an additional and material impairment to the Group.

New Zealand CGUs

The goodwill and brand balances for 15 New Zealand CGUs represent 50% of the Group (2023: 48%). Discount rates between 8.5% and 10.8% (2023: between 8.6% and 10.7%) 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 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% (2023: 2.0%).

Australia CGUs

The goodwill and brand balances for four Australia CGUs represent 50% of the Group (2023: 49%). A discount rate of 7.6% (2023: between 7.6% and 8.1%) has been used for Australian business units, reflecting the risk profile and the regions in which they operate. An average annual growth rate of 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 rates employed for Australia businesses was 2.5% (2023: 2.5%).

Sensitivity to reasonably possible changes in assumptions

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

2024	Higgins® New Zealand NZ$M	Iplex® New Zealand NZ$M
Goodwill	24	105
Brands	19	7

Higgins® New Zealand

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	10.65%
EBIT margin (5-year average)	2.67%
Discount rate (post-tax)	10.80%

Group and Construction divisional management have implemented a number of strategic and operational initiatives aimed at resetting the business to generate margin growth and improve productivity. These initiatives, coupled with a lower-risk and higher quality forward orderbook (alliance contracts, national and local maintenance cost plus contracts) are expected to support productivity and drive better profitability going forward.

Higgins® New Zealand has performed broadly in line with its FY24 budget. However, the uncertain near-to-medium-term economic outlook and adverse trading conditions have impacted Higgins's® forecast earnings and cash flows. Group management also acknowledges the time required for strategic initiatives to reach their full potential, and the risk that they may not, further impacting the overall assessment of Higgins® New Zealand's future earnings and cash flow forecast. As a result the Group has recognised a $100 million non-cash impairment and write-down of Higgins® New Zealand's assets as at 30 June 2024. The non-cash impairment and asset write downs included a partial impairment of Higgins® New Zealand's goodwill balance ($90 million), as well as losses associated with the derecognition of fixed assets ($7 million) and other associated costs ($3 million), as the business right-sized and rationalised its property footprint.

The recoverable value of the Higgins® New Zealand CGU of $124 million was assessed as at 30 June 2024 using a value-in-use discounted cash flow method. This valuation is based on a five-year business plan, formulated with consideration of the company's historical performance. The long-term growth rate applied to the forecast's fifth-year cash flows is 2.0% (June 2023: 2.0%), and a post-tax discount rate of 10.8% (June 2023: 10.1%) has been used in the impairment model.

Impact of possible changes in key assumptions on Higgins® New Zealand CGU

If the revenue CAGR assumption used in the value-in-use calculation had been 100 basis points (bp) lower than management's estimates as at 30 June 2024 (9.65% instead of 10.65%), the Group would have had to recognise an additional impairment against the carrying amount of goodwill of $18 million. A 100 bp reduction in the five-year average EBIT margin would have resulted in additional impairment of $74 million against the carrying amount of goodwill, brands, property plant and equipment and right-of-use assets. If the discount rate applied to the cash flow projections had been 100bp higher than management's estimates (11.8% instead of 10.8%), the Group would have had to recognise an additional impairment of $19 million against the carrying amount of goodwill.

Iplex® New Zealand

Key Assumptions	Value attributed
Revenue growth (5-year Cumulative Average Growth Rate (CAGR))	12.37%
EBIT margin (5-year average)	12.81%
Discount rate (post-tax)	9.20%

Notes to the Consolidated Financial Statements 2024 (Continued)

Iplex® New Zealand performance in the year was materially below its FY24 budget, impacted by: slowdowns in New Zealand's commercial, rural and residential construction sectors; loss of market share; with price ceded to reduce expensive resin stock acquired during COVID stock build, compressing trading margins. The Group's annual impairment review showed increased sensitivity to changes in key assumptions used to value Iplex® New Zealand's recoverable value. As a result, Iplex® New Zealand has been added to the Group's Watchlist.

The recoverable value of the Iplex® New Zealand CGU of $195 million was assessed using a value-in-use discounted cash flow method, marginally exceeding its carrying amount as at 30 June 2024. This valuation is based on a five-year business plan reviewed by the Board, formulated with consideration of the company's historical performance. The long-term growth rate applied to the forecast's fifth-year cash flows is 2.0% (June 2023: 2.0%), and a post-tax discount rate of 9.2% (June 2023: 9.2%) has been used in the impairment model.

Impact of possible changes in key assumptions on Iplex® New Zealand CGU

If the revenue CAGR assumption used in the value-in-use calculation had been 200 basis points (bp) lower than management's estimates as at 30 June 2024 (10.37% instead of 12.37%), the Group would have had to recognise an impairment against the carrying amount of goodwill of $19 million. A 200 bp reduction in the five-year average EBIT margin (10.81% instead of 12.81%) would have resulted in an impairment of $32 million against the carrying amount of goodwill. If the discount rate applied to the cash flow projections of this CGU had been 200bp higher than management's estimates (11.2% instead of 9.2%), the Group would have had to recognise an impairment of $44 million against the carrying amount of goodwill.

Assets held for sale

Tradelink®

During the year, Tradelink's® performance continued to trend below its long-term targets as the business faced increased market competition and saw its market share decrease. Group management completed a comprehensive review of Tradelink's® operations in the year, with strategic initiatives identified to strengthen the business' market position.

Group management acknowledged that the negative short-to-medium-term economic outlook and the expected time it would take for strategic initiatives to reach full potential would continue to adversely impact management's assessment of Tradelink's® forecast earnings and cash flows. As a result, the Group recognised a NZ$122 million non-cash impairment and write-down of Tradelink's® assets during the year. The non-cash impairment and write-down includes the impairment of the remaining goodwill (A$57 million) and Brand (A$48 million) assets. Consequently, the associated deferred tax liability on brands (A$15 million) recognised in Tradelink® was also released, as an adjustment to tax expense.

The recoverable value of the Tradelink® CGU of A$152 million was assessed as at 31 December 2023 using a value-in-use discounted cash flow method. This valuation was based on a five-year business plan, formulated with consideration of the company's historical performance. The long-term growth rate applied to the forecast's fifth-year cash flows is 2.5% (June 2023: 2.5%), and a post-tax discount rate of 8.1% (June 2023: 8.1%) was used in the impairment model.

On 14 February 2024, the Group announced its intention to divest the Tradelink® business and initiated an active programme to locate a buyer, with Tradelink® reclassified to held for sale as at 1 April 2024, see **note 2.4** for further details.

Immediately prior to the classification of Tradelink® as a discontinued operation, carrying value of its net assets was measured at the higher of its value-in-use and fair value less costs to sell, with no additional impairment or write-down required.

On 12 August 2024, the Group announced that it has entered into an agreement with Metal Manufactures Pty Limited to sell 100% of the shares in Tradelink® for A$170 million. The transaction is made up of a cash payment of A$160 million payable on the settlement date expected to occur on 30 September 2024. The remaining A$10 million will be a deferred cash payment based on achieving separation milestones. Separation is expected to take up to two years and be completed by September 2026. There are no regulatory or other conditions to be satisfied to complete the transaction. As a result, an additional impairment of $36 million (A$32.5 million) was recognised at 30 June 2024, principally against the business unit's property, plant and equipment, right-of-use assets and deferred tax assets.

Higgins® Fiji

On 18 June 2024, the Group announced that it had entered an agreement to divest 50% of its Higgins® Fiji construction business to two local partners, Fiji National Provident Fund and Fijian Holdings Limited.

The transaction valued the Higgins® Fiji business, comprising Fletcher Construction and Higgins® branded operations, at approximately NZ$40 million. The Company will receive cash proceeds of approximately NZ$20 million for the sale of a 50% stake in the business. As a result, the Group recorded a non-cash impairment of NZ$17 million at 30 June 2024. The full amount of impairment was allocated to the business unit's goodwill balance.

Higgins® Fiji's assets and associated liabilities were classified as held for sale as at 30 June 2024, see **note 2.4** for further details. Prior to reclassification as held for sale, Higgins® Fiji was measured at the higher of its value-in-use and fair value less costs to sell, there was no additional write-down to fair value less costs. On 31 July 2024, following receipt of regulatory approvals, the Group successfully completed the transaction to divest 50% of the Higgins® Fiji construction business. The Group also fully repaid and cancelled the FJ$20 million term loan with ANZ Fiji, the loan was fully drawn as at 30 June 2024.

2.4 DISCONTINUED OPERATION 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 are 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. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

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. The results of Tradelink for the year are presented below. Both Higgins® Fiji and NZCDS did not meet criteria of a discontinued operation, but their assets and liabilities have been classified as held for sale as at 30 June 2024.

Financial performance and cash flow information for discontinued operation

The financial performance and cash flow information presented are for the year ended 30 June 2024 and the year ended 30 June 2023 (comparative).

	2024 NZ$M	2023 NZ$M
Revenue	758	790
Cost of goods sold	(529)	(556)
Gross Margin	229	234
Selling, general and administration expenses	(222)	(221)
Significant Items	(155)	
Earnings before interest and taxation (EBIT)	(148)	13
Lease interest expense	(7)	(7)
Income tax expense/(benefit)	14	(1)
Profit/(loss) after income tax of discontinued operation	(141)	5
Other comprehensive income/(loss) from discontinued operations		
Net earnings/(loss) from discontinued operation	(141)	5
Net earnings/(loss) after taxation from discontinued operations (cents)		
Basic	(18.0)	0.6
Diluted	(18.0)	0.6
Net cash inflow/(outflow) from operating activities	20	47
Net cash inflow/(outflow) from investing activities	(10)	(9)
Net cash inflow/(outflow) from financing activities	(5)	(28)
Net increase in cash generated by the subsidiary	5	10

The cumulative foreign exchange losses recognised in other comprehensive income in relation to Tradelink® as at 30 June 2024 were $54 million.

Notes to the Consolidated Financial Statements 2024 (Continued)

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale and in relation to the discontinued operation as at 30 June 2024:

	Tradelink® NZ$M	Higgins® Fiji NZ$M	NZCDS NZ$M
Assets classified as held for sale			
Property, plant and equipment	31	10	
Intangible assets	11	18	
Tax asset	15		1
Right-of-use assets	102	1	3
Debtors	103	37	2
Inventories	169	2	2
Total assets of disposal group held for sale	431	68	8
Liabilities directly associated with assets classified as held for sale			
Creditors, accruals and other liabilities	139	29	
Lease liabilities	139	1	3
Provisions	20	1	1
Contracts		3	
Total liabilities of disposal group held for sale	298	34	4

Disposal groups classified as held for sale as at 30 June 2024 were measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of impairments of $57 million in Tradelink®, Higgins® Fiji and NZCDS and classified as Significant Items in the Consolidated Income Statement (see **note 2.2** and **note 2.3**). The fair values of Tradelink®, Higgins® Fiji and NZCDS were determined using the approach as described in **note 2.3**. This is a level 3 measurement as per the fair value hierarchy.

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 estimates 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 2024.

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, there are also estimates required on the level of disallowable costs which requires 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 cost to complete estimates, 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 are 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 increase 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 projection 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 determines whether a single or multiple performance obligations exist, and allocates 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 forecast financial result of the contract as part of this determination.

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.

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. Contract assets and liabilities arising from construction work in progress at year end are disclosed below.

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 12**.

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

Status of construction projects (> $200 million original contract value) as at 30 June 2024:

	Business unit	Forecast completion*	Percentage of completion 2024 (% cost)
New Zealand International Convention Centre and Hobson Street Hotel (NZICC) - Fixed price contract and fire reinstatement	Buildings	2024	92%
Pūhoi to Warkworth - Fixed price contract (Public Private Partnership)	Infrastructure	2024	99%

* Calendar year

Notes to the Consolidated Financial Statements 2024 (Continued)

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 2024. 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.

Revenue backlog by business unit as at 30 June 2024:

	Current Revenue Backlog NZ$M	Top 5 projects as a % of Revenue Backlog
Buildings	**104**	100%
Infrastructure	**305**	98%
Brian Perry Civil®	**395**	67%
Higgins®	**1,006**	48%
South Pacific	**35**	99%
	1,845	**NA**

Reduction in Brian Perry Civil® orderbook relates to removal of Water Enterprise Model (WEM) project

Revenue backlog by business unit as at 30 June 2023:

	Current Revenue Backlog NZ$M	Top 5 projects as a % of Revenue Backlog
Buildings	**292**	100%
Infrastructure	**348**	97%
Brian Perry Civil®	**1,298**	45%
Higgins®	**807**	39%
South Pacific	**71**	97%
	2,816	**NA**

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.

	2024 NZ$M	2023 NZ$M
Construction contracts with cost and margin in advance of billings	**142**	141
Contract assets	**142**	141
Construction contracts with billings in advance of cost and margin	**166**	82
Contract liabilities	**166**	82

Construction projects update

Pūhoi to Warkworth (P2W)

The Fletcher Construction Company Limited (the FCC) and its 50% joint venture partner, Acciona (together Construction JV), are subcontracted for the design and construction of P2W motorway, by the Northern Express Group (NX2), which is undertaking the project on behalf of Waka Kotahi NZ Transport Agency (Waka Kotahi).

The road opening was achieved on the 14 June 2023, with full works completion approved in May 2024. The project was initially set to be completed in December 2021. However, programme delays and inefficiencies were experienced, as a result of constraints on resource and productivity arising from the impacts of the NZ Government's 2020 COVID-19 pandemic response. In July 2020, an agreement was reached between the parties which included revising the planned service commencement date to May 2022, with Waka Kotahi issuing a notice acknowledging the right to relief under the Project Agreement for certain COVID-19 events.

COVID-19 events (further lockdowns in 2021, introduction of a traffic light system and national and regional border closures) and the consequent impacts of those matters on supply chain and resource availability, further adversely impacted the progress of project construction and associated costs.

The Construction JV has lodged a claim with NX2 and Waka Kotahi for the impacts and delays arising from COVID-19 and other weather events. In December 2022, the Construction JV entered into an agreement with Waka Kotahi, which provided it with some interim and potentially refundable financial support, but without any party agreeing variations for compensation or extensions of time for the project to reach the contract Service Commencement Date. If no variations or extension of time are agreed between the parties or ultimately determined under the contract, the Construction JV will incur unrecoverable costs and liquidated damages (from 16 August 2022, being the current contractual Planned Service Commencement Date to mid-June 2023). Unless the Construction JV and Waka Kotahi agree otherwise, that claim will be resolved through an agreed dispute resolution process, unlikely to be earlier than 2025.

Separately, Construction JV has lodged material claims under the Contract Works Insurance policy for damage to the project works caused by landslips and weather events during construction. For claims that have been notified, coverage has been confirmed under the Contract Works Insurance policy. An assumed recovery for all events has been included in the determination of the final project position and estimated final margin.

Finally, as the project completes, the Construction JV will expect to make claims against some of its suppliers and may be subject to claims against it by suppliers and subcontractors. The Group has assessed the facts and circumstances known to it relating to the Construction JV's estimate of net cost of remaining works, including the merits of Construction JV's claims and likelihood of receipt of further relief under the Project Agreement, quantification of any claims and costs under this relief and the expected recovery under insurance policies, and concluded that no additional provision is required to be recognised as at 30 June 2024. There remains a risk that, ultimately, the full amount of the Construction JV's claims will not be recovered.

New Zealand International Convention Centre and Hobson Street Hotel (NZICC)

As announced on 5 February 2024, and in its interim financial statements as at 31 December 2023, additional provisions of $165 million on New Zealand International Convention Centre and Hobson Street Hotel (NZICC), and $15 million on Wellington International Airport Limited (WIAL) carpark project were recognised, classified as a Significant Item.

On NZICC, the additional provision was recognised as actual and expected costs to complete the project had increased, principally in the areas of steel remediation, internal fit-out, and installation of operating systems. The increased costs were primarily due to higher levels of subcontractor resource required to deliver the final stage of the project. In addition, it was assessed that a portion of the FCC claims against the project Contract Works Insurance (CWI) may not be recoverable. No change in provision was required as at 30 June 2024.

At 30 June 2024, and as announced on 1 July 2024, the HSH project achieved practical completion and has been handed over to the client, with the NZICC project remaining on schedule to complete the build by the end of calendar 2024. Additionally, prior to year-end, the FCC settled and received final payment on its remaining CWI claims with the NZICC project insurers and SkyCity. The CWI settlement proceeds are materially in line with those assumed in the FCC's provision recognised at 31 December 2023, and so de-risks this aspect of the project with the current provision on the project being unchanged from 31 December 2023. The remaining forecast revenues to secure on the project solely relate to c. $30 million in 'BAU' client revenues (i.e. for work that was still to complete at the time of fire).

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. As the project approaches completion, there is also risk of dispute over delay and cost with SkyCity. No claims have been received to date and project forecast and expected final margin does not allow for any.

The Group continues to pursue recoveries under the NZICC Third Party Liability (TPL) insurance policy of more than $100 million. 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, though this is not expected to be settled until calendar year 2025.

Wellington International Carpark (WIAL)

On the WIAL carpark project, the FCC completed a multi-level carpark for WIAL in October 2018. The client had 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 in the order of $40 million. Based on the FCC's assessment of the estimated remedial costs and expected recoveries, the FCC recognised a provision of $15 million in the interim financial statements as at 31 December 2023, classified as a Significant Item.

At 30 June 2024, the storm water drainage remediation works are nearing completion, and the cost of those remediation works are materially in line with that assumed in the FCC's provision recognised at 31 December 2023. The FCC continues to work with WIAL to agree a remediation solution to quality issues identified on the carpark and to settle claims. These matters may take some time to be resolved. The FCC has assessed that no additional provision is required to be recognised on the WIAL carpark project as at 30 June 2024.

It is possible that the final provision could be below or above the levels currently allowed for and would ultimately depend on the solution agreed and associated costs, and final claim settlements.

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.

Building Products and Distribution divisions

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.

Residential and Development division

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.

2024	Sale of building products and materials NZ$M	Development and sale of properties NZ$M	Construction contract revenue NZ$M	Maintenance contract revenue NZ$M	Total NZ$M
Goods and services transferred at a point in time	5,378	739			6,117
Goods and services transferred over time			797	769	1,566
Total revenue from contracts with customers	**5,378**	**739**	**797**	**769**	**7,683**

2023	Sale of building products and materials NZ$M	Development and sale of properties NZ$M	Construction contract revenue NZ$M	Maintenance contract revenue NZ$M	Total NZ$M
Goods and services transferred at a point in time	5,909	594			6,503
Goods and services transferred over time			644	532	1,176
Total revenue from contracts with customers	**5,909**	**594**	**644**	**532**	**7,679**

5. 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 that is 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 vertical building sector, with NZICC and WIAL being the last projects for the Group.
Discontinued operation	Discontinued operation comprises the Tradelink® business classified as held for sale from 1 April 2024 and was previously included in the Australia segment.

Industry segments	Gross revenue 2024 NZ$M	Gross revenue 2023* NZ$M	External revenue 2024 NZ$M	External revenue 2023* NZ$M
Building Products	**1,345**	1,443	**1,093**	1,154
Distribution	**1,615**	1,824	**1,578**	1,792
Concrete	**1,082**	1,085	**782**	800
Australia	**1,979**	2,222	**1,925**	2,163
Materials and distribution	**6,021**	6,574	**5,378**	5,909
Residential and Development	**796**	607	**739**	594
Construction	**1,614**	1,319	**1,566**	1,176
Corporate and other	**10**	10		
Continuing operations	**8,441**	8,510	**7,683**	7,679
Discontinued operation	**762**	794	**758**	790
Group	**9,203**	9,304	**8,441**	8,469
Less: intercompany revenue	**(762)**	(835)		
External revenue	**8,441**	8,469	**8,441**	8,469

* The comparatives have been represented for Tradelink® classified as a discontinued operation. Further details of the change can be found in **note 2.4**.

Note: External revenue includes income from the Group's Vertical Buildings Business (2024: $159 million 2023: $104 million), which the Group is in the process of exiting. The New Zealand International Convention Centre and Hobson Street Hotel (NZICC) represents the largest project to complete in this sector. EBIT before significant items, however, excludes any earnings or losses from these projects, which are recognised as a Significant item.

Notes to the Consolidated Financial Statements 2024 (Continued)

	EBIT before significant items 2024 NZ$M	EBIT before significant items 2023* NZ$M
Building Products	**143**	215
Distribution	**49**	141
Concrete	**130**	156
Australia	**126**	167
Materials and distribution	**448**	679
Residential and Development	**100**	147
Construction	**28**	26
Corporate and other	**(67)**	(67)
Continuing operations	**509**	**785**
Discontinued operation	**7**	13
Group	**516**	**798**

* The comparatives have been represented for Tradelink® classified as a discontinued operation. Further details of the change can be found in **note 2.4**.

	Funds^ 2024 NZ$M	Funds^ 2023 NZ$M
Building Products	**1,311**	1,210
Distribution	**305**	312
Concrete	**836**	789
Australia	**1,128**	1,138
Materials and distribution	**3,580**	3,449
Residential and Development	**841**	915
Construction	**138**	85
Corporate and other	**226**	158
Continuing operations	**4,785**	**4,607**
Discontinued operation	**118**	**230**
Group operating funds	**4,903**	**4,837**
Net debt	**(1,797)**	(1,438)
Deferred tax (excl. deferred tax liability on brands)	**222**	278
Group	**3,328**	3,677

^ Funds represent the external assets and liabilities of the Group and are used for internal reporting purposes.

	Depreciation, depletion and amortisation expense 2024 NZ$M	Depreciation, depletion and amortisation expense 2023* NZ$M	Capital expenditure+ 2024 NZ$M	Capital expenditure+ 2023* NZ$M
Building Products	**64**	48	**178**	191
Distribution	**58**	53	**11**	62
Concrete	**75**	70	**89**	65
Australia	**81**	82	**53**	50
Materials and distribution	**278**	253	**331**	368
Residential and Development	**4**	3	**20**	23
Construction	**42**	39	**20**	19
Corporate and other	**13**	12	**48**	42
Continuing operations	**337**	307	**419**	452
Discontinued operation	**36**	51	**10**	9
Group	**373**	358	**429**	461

\+ Capital expenditure represents additions to the balance sheet of property, plant and equipment and intangible assets, excluding the impacts of the investments/acquisitions of companies or businesses.

* The comparatives have been represented for Tradelink® classified as a discontinued operation. Further details of the change can be found in **note 2.4**.

Geographic segments	External revenue 2024 NZ$M	External revenue 2023 NZ$M	EBIT before significant items 2024 NZ$M	EBIT before significant items 2023 NZ$M
New Zealand	**5,602**	5,353	**383**	612
Australia	**2,702**	2,959	**132**	177
Other jurisdictions	**137**	157	**1**	9
Group	**8,441**	8,469	**516**	798
Significant items (**note 2.2**)			**(488)**	(301)
Earnings before interest and taxation (EBIT)			**28**	497

	Non-current assets+ 2024 NZ$M	Non-current assets+ 2023 NZ$M	Funds^ 2024 NZ$M	Funds^ 2023 NZ$M
New Zealand	**4,137**	3,762	**3,613**	3,403
Australia	**1,212**	1,574	**1,229**	1,381
Other (including debt and taxation)	**3**	52	**(1,514)**	(1,107)
Group	**5,352**	5,388	**3,328**	3,677

^ Funds represent the external assets and liabilities of the Group and are used for internal reporting purposes.

\+ Excludes deferred tax assets, retirement plan surplus and financial instruments.

Notes to the Consolidated Financial Statements 2024 (Continued)

6. 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.

	2024	2023
Net earnings/(loss) per share (cents)		
Basic	**(29.0)**	30.0
Diluted	**(29.0)**	28.4
Net earnings/(loss) per share from continuing operations (cents)		
Basic	**(11.0)**	29.4
Diluted	**(11.0)**	27.8
Numerator	**NZ$M**	**NZ$M**
Net earnings/(loss)	**(227)**	**235**
Numerator for basic earnings per share	**(227)**	235
Dilutive capital notes		6
Numerator for diluted net earnings/(loss) per share	**(227)**	241
Numerator (continuing operations)	**NZ$M**	**NZ$M**
Net earnings/(loss)	**(86)**	230
Numerator for basic earnings/(loss) per share	**(86)**	230
Dilutive capital notes		6
Numerator for diluted net earnings/(loss) per share from continuing operations	**(86)**	236
Denominator (millions of shares)		
Weighted average number of shares outstanding (**note 21**)	**783**	783
Conversion of dilutive capital notes		65
Denominator for diluted net earnings/(loss) per share	**783**	848

7. CONSOLIDATED INCOME STATEMENT DISCLOSURES

	2024 NZ$M	2023 NZ$M
The following items are specific disclosures required to be made and are included within the Consolidated Income Statement:		
Employee related short-term costs (1)	**1,482**	1,466
Other long-term employee related benefits	**51**	48
Net periodic pension cost	**5**	3
Net interest income on defined benefit assets	**(4)**	(4)
Depreciation of property, plant & equipment	**149**	137
Amortisation of intangible assets	**16**	14
Depreciation of right-of-use assets	**172**	156
Short-term and low-value lease asset expense	**57**	59
Repairs and maintenance	**168**	158
Restructuring costs	**16**	1
Insurance proceeds (business interruption)	**(9)**	(2)
Emissions trading unit sales	**(6)**	(9)
Bad debts written off	**2**	5
Research and development expenditure	**3**	5
Donations and sponsorships	**3**	4
Loss on disposal of property, plant and equipment	**3**	

(1) Short-term employee benefits for the executive committee included in the above are disclosed in **note 24**.

Auditor's remuneration

	2024 NZ$000's	2023 NZ$000's
Audit and review of the financial statements (1)	**4,066**	3,652
Total audit and assurance services	**4,066**	3,652
Other services		
Other services (2)	**24**	73
Total non-assurance services	**24**	73
Total auditor's remuneration	**4,090**	3,725

(1) 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 agreed upon procedures ($10,500), taxation compliance ($7,500) and financial statement preparation services ($5,500) relating to the Group's Fiji based subsidiaries.

Notes to the Consolidated Financial Statements 2024 (Continued)

Working Capital Management

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

8. 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 $31 million (2023: $40 million).

At 30 June 2024, approximately $42 million (2023: $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.

	2024 NZ$M	2023 NZ$M
Cash and bank balances	295	271
Contract retention bank balances	16	18
Short-term deposits		76
Cash and cash equivalents	311	365

Reconciliation of net earnings to net cash from operating activities

	2024 NZ$M	2023 NZ$M
Net earnings/(loss)	(227)	235
Earnings attributable to minority interest	7	19
	(220)	254
Add/(less) non-cash items:		
Depreciation, depletions and amortisation	373	358
Other non-cash items	439	211
Taxation	25	(102)
Net loss on disposal of property, plant and equipment	3	
	840	467
Net working capital movements		
Residential and Development	67	(240)
Construction	(346)	(52)
Other divisions:		
Debtors	151	34
Inventories	64	21
Creditors	(158)	(96)
	(222)	(333)
Net cash from operating activities	398	388

9. 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 19.3.

	2024 NZ$M	2023 NZ$M
Trade debtors	**636**	875
Contract debtors	**148**	126
Contract retentions	**32**	35
Less expected credit loss provisions	**(15)**	(20)
Trade and contract debtors	**801**	1,016
Other receivables	**113**	160
	914	1,176
Current	**705**	893
0 - 30 days over standard terms	**80**	94
31 - 60 days over standard terms	**10**	12
61+ days over standard terms	**21**	37
Provision	**(15)**	(20)
Trade and contract debtors	**801**	1,016

Fair values 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 19.1** and **19.3**.

10. 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 materials but excludes borrowing costs. Costs are assigned to individual items of inventory on the weighted average 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.

	2024 NZ$M	2023 NZ$M
Manufacturing, distribution and other inventories		
Raw materials	**213**	249
Work in progress	**17**	16
Finished goods	**585**	797
Consumable stores and spare parts	**54**	41
	869	1,103
Inventories held at cost	**814**	1,003
Inventories held at net realisable value	**55**	100
	869	1,103

Notes to the Consolidated Financial Statements 2024 (Continued)

	2024 NZ$M	2023 NZ$M
Property and land inventories		
Freehold land	**69**	26
Freehold land under development	**511**	455
Properties under development	**273**	364
Completed properties	**148**	132
	1,001	977
All property and land inventories are held at cost.		
Total inventories		
Current portion	**1,276**	1,624
Non-current portion	**594**	456
	1,870	2,080

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 $275 million (2023: $455 million), of which $86 million is expected to be delivered in the year ending 30 June 2025.

Emissions units
Emissions units held for own use are allocated to the Group under the New Zealand Emissions Trading Scheme (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 2024 have been recognised at nil value (2023: nil).

11. 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.

	2024 NZ$M	2023 NZ$M
Trade creditors	**530**	772
Contract retentions	**22**	23
Accrued interest	**20**	18
Other liabilities	**498**	429
Employee entitlements	**200**	219
Workers' compensation schemes	**11**	7
	1,281	1,468
Current portion	**1,147**	1,416
Non-current portion	**134**	52
Carrying amount at the end of the year	**1,281**	1,468

The non-current portion of creditors and accruals as at 30 June 2024 primarily relates to long service employee entitlement obligations and deferred land purchases.

12. 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).

Other

Other provisions relate to miscellaneous matters, across the Group, including any make good provisions.

	Restructuring NZ$M	Warranty & environmental NZ$M	Onerous contracts NZ$M	Other NZ$M	Total NZ$M
2024					
Carrying amount at the beginning of the year	11	24	281	118	434
Charged to earnings	14	6	180	14	214
Settled or utilised	(8)	(10)	(383)	(40)	(441)
Released to earnings	(1)	(2)		(4)	(7)
Recognised on balance sheet				2	2
Classified as held for sale	(1)			(2)	(3)
	15	**18**	**78**	**88**	**199**
2023					
Carrying amount at the beginning of the year	16	25	78	78	197
Charged to earnings	2	7	255	47	311
Settled or utilised	(7)	(6)	(52)	(22)	(87)
Released to earnings	(1)	(2)		(13)	(16)
Recognised on balance sheet				28	28
Currency translation	1				1
	11	**24**	**281**	**118**	**434**

Notes to the Consolidated Financial Statements 2024 (Continued)

	2024 NZ$M	2023 NZ$M
Current portion	**171**	403
Non-current portion	**28**	31
Carrying amount at the end of the year	**199**	434

During the year, the Group utilised $8 million (2023: $7 million) in respect of restructuring obligations across various businesses. The $15 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. Onerous contracts include a charge to earnings of $180 million associated with the completion of the NZICC and the WIAL projects (refer to **note 3**). Other provisions include a charge to earnings for the recognition of a fund related to the Iplex® Australia Pro-fit pipes matter (refer to **note 26**), and an additional provision for the settlement of silicosis claims in Australia.

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 FY24 Laminex® Australia contributed $1.3m 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, the Group has increased its estimate of the future number claims by approximately 20% compared to its prior estimate. In addition, 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. Based on its assessment of the factors above, the Group has increased its provision for silica related personal injury claims in Australia by an additional $4 million (A$3.4 million), which has been classified as a Significant Item. Notwithstanding that increase, and the information obtained from settling claims in recent years, it is not possible, at this stage, to determine the Group's full exposure to these claims due to significant uncertainty associated with:

- 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.

Provision for Investigation Fund

As previously advised, Iplex® Australia had made a provision for certain costs associated with this matter of A$15 million in the prior year, which was classified as a Significant Item. That provision is not an indication of Iplex® Australia's view as to the costs it will or may incur in relation to this matter, but relates to costs expected to be incurred in investigating this matter, contributing to the cost of repairs and replacement work by Western Australia builders who choose to do so in the interim (in return for the provision of data and access to homes which have had plumbing failures) and fund the work to identify a solution for the industry, as described in the Company's 17 April 2023 NZX announcement. As at 30 June 2024, approximately A$2.5m of the Fund remains to be spent.

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.

13. 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.

2024	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	242	316	1,270	140	104	2,072
Additions	20	32	221	42	19	334
Acquisitions from business combination	1		1		1	3
Disposals	(1)	(2)	(5)	(2)		(10)
Depreciation expense		(11)	(104)	(31)	(10)	(156)
Impairment			(8)			(8)
Classified as held for sale	(2)	(1)	(10)	(32)		(45)
Currency translation			1			1
	260	**334**	**1,366**	**117**	**114**	**2,191**
Represented by:						
Cost	260	464	2,752	348	166	3,990
Accumulated depreciation and impairment		(130)	(1,386)	(231)	(52)	(1,799)
Carrying value at the end of the year	**260**	**334**	**1,366**	**117**	**114**	**2,191**

Notes to the Consolidated Financial Statements 2024 (Continued)

2023	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	183	259	1,123	133	102	1,800
Additions	68	63	209	40	11	391
Acquisitions from business combination	10	8	48	2		68
Disposals	(1)	(1)	(2)	(2)		(6)
Depreciation expense		(9)	(98)	(32)	(9)	(148)
Reversal of impairment	4					4
Impairment			(6)			(6)
Transfer of assets to inventory	(22)	(2)		(1)		(25)
Currency translation		(2)	(4)			(6)
	242	**316**	**1,270**	**140**	**104**	**2,072**
Represented by:						
Cost	242	448	2,678	417	147	3,932
Accumulated depreciation and impairment		(132)	(1,408)	(277)	(43)	(1,860)
Carrying value at the end of the year	**242**	**316**	**1,270**	**140**	**104**	**2,072**

As at 30 June 2024, property, plant and equipment includes $396 million of assets under construction that are not depreciated until they are commissioned and brought into use (2023: $607 million).

Physical impacts from climate-related risk

In FY24, the Group appointed Aon New Zealand to assess climate related physical risks. Three scenarios over three time horizons (2030, 2050 and 2070) were assessed. 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 potential climate impacts. The assessment focused on a number of climate-related hazards, including rainfall, temperature rise, sea level rise, extreme storm events and bush fire.

The FY24 review confirmed that:

- the Group's overall exposure to climate related hazards is moderate with flooding being the key exposure;
- the share of the Group's asset value assessed to have high or extreme flood hazard exposure has not materially changed from the previous assessment in 2022;
- the assessment did not identify a material change in risk in the FY2030 or 2050 timeframes;
- some change in flood risk is expected for the FY2070 timeframe due to changes in climate stressors.

In FY23, there were property damages and direct remedial works resulting from the impacts of Cyclone Gabrielle and North Island Floods in New Zealand, which amounted to $21 million. Those businesses and locations impacted, are included within the identified Group's assets exposed to high or extreme flood hazards per the Aon New Zealand climate related physical risk report. Overall, the analysis quantified a physical risk which is not material to the Group's future cash flows. The analysis confirmed no change to the expected useful economic lives of non-current assets as disclosed.

14. 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 2024.

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:

	2024 NZ$M	2023 NZ$M
Development land at fair value	**27**	14
Retirement units under construction at cost	**25**	17
Completed retirement units at fair value	**48**	27
	100	58

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

	2024 NZ$M	2023 NZ$M
Opening balance	**58**	34
Additions	**20**	19
Transferred from inventory	**20**	3
Transferred to inventory		(14)
Change in fair value	**2**	16
Closing balance	**100**	**58**

The Group's interest in all completed investment property was valued on 30 June 2024 by Colliers Limited, at a total of $48 million (2023: $27 million).

During the year, 17 retirement units were provided to residents under Vivid Living®'s occupation rights agreements (ORA). As at 30 June 2024, the carrying value of the Group's ORA liability amounted to $17 million, recognised in Other Liabilities, refer to **note 11.**

15. 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 is 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 and 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.

Notes to the Consolidated Financial Statements 2024 (Continued)

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 terminal growth rate and the appropriate discount rate to apply, and are detailed in note 2.3.

2024	Goodwill NZ$M	Brands NZ$M	Other Intangibles NZ$M	Total NZ$M
Carrying value at the beginning of the year	823	287	143	1,253
Additions			75	75
Disposals			(1)	(1)
Acquired from business combination	6			6
Impairment	(153)	(52)	(9)	(214)
Amortisation expense			(16)	(16)
Classified as held for sale	(33)	(2)	(14)	(49)
Currency translation		1		1
	643	**234**	**178**	**1,055**
Represented by:				
Cost	643	314	364	1,321
Accumulated impairment/amortisation		(80)	(186)	(266)
Carrying value at the end of the year	**643**	**234**	**178**	**1,055**

2023	Goodwill NZ$M	Brands NZ$M	Other Intangibles NZ$M	Total NZ$M
Carrying value at the beginning of the year	717	289	110	1,116
Additions			53	53
Disposals			(3)	(3)
Acquired from business combination	110			110
Impairment			(1)	(1)
Amortisation expense			(16)	(16)
Currency translation	(4)	(2)		(6)
	823	**287**	**143**	**1,253**
Represented by:				
Cost	823	367	310	1,500
Accumulated impairment/amortisation		(80)	(167)	(247)
Carrying value at the end of the year	**823**	**287**	**143**	**1,253**

As at 30 June 2024, other intangible assets include $120 million of assets under development (2023: $82 million). Included in the amount are costs associated with Group's Digital@Fletchers (D@F) ERP project. D@F is a multi-year process to transition all the Group's manufacturing and distribution business units to a single integrated ERP.

As at 30 June 2024, the Group had capitalised $114 million of costs associated with the project, including $5 million of capitalised borrowing costs, with $44 million of costs capitalised to the project during the current year. In June 2024, the project was paused for 25 months, with only four of the Group's business units having transitioned to the platform by 30 June 2024. Amortisation of $1 million has been recognised on the Group Template of the D@F asset during the year, with the annual amortisation of the Group Template to increase as it is leveraged and utilised by other business units when they transition. For impairment testing purposes the costs capitalised are treated as a "corporate asset" and have been allocated to business units (CGUs) on a reasonable and consistent basis to determine if they are recoverable, based on original expected use. $9 million of capitalised costs allocated to Tradelink® are no longer considered recoverable and therefore have been impaired, with the impairment recognised as a Significant Item.

Significant intangible balances within cash-generating units (CGUs)	Goodwill 2024 NZ$M	Goodwill 2023 NZ$M	Brands 2024 NZ$M	Brands 2023 NZ$M
Laminex® Australia	**157**	157	**124**	124
Higgins® New Zealand	**24**	114	**19**	19
Iplex® New Zealand	**105**	105	**7**	7
Stramit®	**61**	62	**41**	41
Tradelink®		62		53
PlaceMakers®	**56**	56		
Waipapa Pine	**57**	57		
Humes®	**49**	49		
Other	**134**	161	**43**	43
	643	823	**234**	287

The goodwill allocated to significant CGUs accounts for 79% (2023: 80%) of the total carrying value of goodwill. The remaining 'other' CGUs, which comprise 12 (2023: 12) in total, are each less than 6% of total carrying value. The significant brand assets account for 82% (2023: 86%) of the total carrying value of brands. The remaining 'other' brand assets are each less than 5% of total carrying value (2023: 5%).

16. 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.

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 2024, the 6 largest property lease contracts (2023: 4) have all 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 2024 (Continued)

Right-of-use assets

2024	Land NZ$M	Buildings NZ$M	Plant & machinery NZ$M	Total NZ$M
Opening net book value at the beginning of the year	**12**	**1,102**	**210**	**1,324**
Additions and renewals	1	152	108	261
Acquisitions from business combination				
Depreciation	(1)	(124)	(75)	(200)
Impairment		(2)		(2)
Terminations / revisions of extension options		(71)	(2)	(73)
Classified as held for sale		(96)	(26)	(122)
Currency translation		2	1	3
Closing balance at the end of the year	**12**	**963**	**216**	**1,191**
2023				
Opening net book value at the beginning of the year	**12**	**1,135**	**204**	**1,351**
Additions and renewals		102	75	177
Acquisitions from business combination	1	24		25
Depreciation	(1)	(126)	(67)	(194)
Impairment				
Terminations / revisions of extension options		(31)	(1)	(32)
Currency translation		(2)	(1)	(3)
Closing balance at the end of the year	**12**	**1,102**	**210**	**1,324**

Lease liabilities	2024 NZ$M	2023 NZ$M
Opening balance	**1,596**	**1,655**
Additions and renewals	**258**	177
Acquisitions from business combination		25
Classified as held for sale	**(143)**	
Repayments	**(206)**	(196)
Terminations / revisions of extension options	**(74)**	(59)
Currency translation	**5**	(6)
Closing balance	**1,436**	**1,596**

Current portion	**164**	192
Non-current portion	**1,272**	1,404
Carrying amount at the end of the year	**1,436**	**1,596**

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 target leverage ratio range for the group is 1.0 to 2.0 times. It is intended that the Group will not be materially outside the target leverage ratio range on a long-term basis.

Credit rating

On 3 October 2023, the Group announced that it has been assigned an investment grade credit rating from an accredited rating agency, Moody’s Investors Service, of Baa2 with a stable outlook.

On 5 June 2024, the Group has been notified that credit rating agency Moody’s Ratings has amended the Company’s credit rating from Baa2 on a stable outlook to Baa3 on a negative outlook. This amendment also applies to the rating for the Company’s medium-term note (MTN) program. The amended rating does not have a material impact on the Company’s cost of funding in the near-term.

17. 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 18**.

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 19**.

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.

	2023 NZ$M	Cash flows NZ$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	355	1		1,302
Capital notes	343	(46)			297
Other loans	30	(10)			20
Carrying value of borrowings (as per Consolidated Balance Sheet)	**1,803**	**299**	**(2)**	**8**	**2,108**
Less: value of derivatives used to manage changes in hedged risks on debt instruments	(26)		(10)	5	(31)
Economic debt	**1,777**	**299**	**(12)**	**13**	**2,077**
Less: Cash and cash equivalents	(365)	54			(311)
Net debt	**1,412**	**353**	**(12)**	**13**	**1,766**

Notes to the Consolidated Financial Statements 2024 (Continued)

	2022 NZ$M	Cash flows NZ$M	Currency translation NZ$M	Other non-cash movements (including hedge accounting) NZ$M	2023 NZ$M
Private placements	481		16	(13)	484
Bank loans	180	773	(7)		946
Capital notes	350	(6)		(1)	343
Other loans	29	1			30
Carrying value of borrowings (as per Consolidated Balance Sheet)	**1,040**	**768**	**9**	**(14)**	**1,803**
Less: value of derivatives used to manage changes in hedged risks on debt instruments	(19)	(3)	(16)	12	(26)
Economic debt	**1,021**	**765**	**(7)**	**(2)**	**1,777**
Less: Cash and cash equivalents	(351)	(16)	2		(365)
Net debt	**670**	**749**	**(5)**	**(2)**	**1,412**

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

	2024 NZ$M	2023 NZ$M
Current borrowings	**86**	88
Non-current borrowings	**2,022**	1,715
Total borrowings	**2,108**	**1,803**

At reporting date, the Group had the following funding facilities:

Utilised facilities	**2,077**	1,777
Unutilised bank loan facilities	**760**	1,014
Total facilities	**2,837**	**2,791**

Private placements

Private placements comprise loans of US$246 million, CA$15 million, EUR41 million and GBP10 million with maturities between 2026 and 2028.

Capital notes

At 30 June 2024 the Group had issued $297 million of listed capital notes to retail investors (2023: $343 million) with maturities between 2025 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.

Listed capital notes

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 2024 were to be converted to shares, 107 million (2023: 65 million) Fletcher Building Limited shares would be issued at the share price as at 30 June 2024, of $2.83 (2022: $5.42).

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 2024, the Group held $202 million (2023: $157 million) of its own capital notes.

Bank Loans

Syndicated revolving credit facilities

At 30 June 2024, the Group had a NZ$925 million (2023: $925 million) and AU$674.5 million (2023: AUD674.5 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: AU$674.5 million expiring in two tranches including 1 July 2027 and 4 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.

On 4 June 2024, the Group announced amendments to its banking agreements which will extend the tenor of its debt facilities, and enable it to rely on more favourable terms for covenant testing through to the end of calendar 2025 if required. Fletcher Building Limited has agreed with its Syndicated Facility Agreement lenders to refinance Tranche D of the SFA. This A$674.5m facility was scheduled to expire in October 2025. The agreement extends the expiry date for this facility into two longer-dated maturities: A$424.5 million will now expire in July 2027, and A$250 million will expire in June 2029. The agreement significantly improves the tenor of the Group's funding lines, such that the next material debt maturity is in FY27.

Club loan facility

On 18 December 2023, the Group executed a NZ$400 million loan facility with a three-bank syndicate expiring on 30 November 2026. The three banks are all New Zealand registered. The facility comprises a NZ$310 million revolving credit tranche and a NZ$90 million term loan tranche. As at 30 June 2024 the facility was fully drawn. This facility replaces and extends a NZ$300 million bi-lateral bank revolving credit facility with expiry date 31 October 2024, which was repaid in full and cancelled on 18 December 2023.

Other Loans

At 30 June 2024, the Group had other loans of $20 million (2023: $30 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 2024, the Group had debt subject to the negative pledge of $1,779 million (2023: $1,424 million).

Covenants

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

During the year, the Group has agreed certain amendments with all of its lenders (SFA, Club Loan, and USPP) which will enable it to rely on more favourable terms for covenant testing for its Senior Interest Cover and Senior Leverage covenants 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 covenant levels. The Group was in compliance with all financial covenants during the year and at balance date. The existing and amended covenant levels are shown in the following table:

Covenant	Existing level	Amended level Jun 2024	Amended level Dec 2024	Amended level Jun 2025	Amended level Dec 2025	Level June 2026+
Senior Leverage	**<3.25x**	<3.25x	<3.5x	<3.5x	<3.25x	**<3.25**
Senior Interest Cover	**>3.0x**	>2.5x	>2.25x	>2.25x	>2.25x	**>3.0x**
Total Interest Cover	**>2.0x**		Unchanged at >2.0x			**>2.0x**

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

The impact of debt hedging activities on borrowings

2024 Currency of borrowings	Underlying borrowing exposure Fixed rate NZ$M	Underlying borrowing exposure Floating rate NZ$M	Impact of hedging NZ$M	Economic debt exposure Fixed rate NZ$M	Economic debt exposure 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%**

Notes to the Consolidated Financial Statements 2024 (Continued)

2023	Underlying borrowing exposure		Impact of hedging	Economic debt exposure		
Currency of borrowings	**Fixed rate NZ$M**	**Floating rate NZ$M**	**NZ$M**	**Fixed rate NZ$M**	**Floating rate NZ$M**	**% Fixed**
New Zealand Dollar	351	727	354	826	606	58%
Australian Dollar		227	103	256	74	77%
British Pound	21		(21)			
Canadian Dollar	19		(19)			
Euro	74		(74)			
United States Dollar	369		(369)			
Other		15			15	
Total	**834**	**969**	**(26)**	**1,082**	**695**	**61%**

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.

2024	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	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 flows	**1,791**	**212**	**191**	**458**	**930**
Total contractual cash flows	**4,017**	**350**	**305**	**2,432**	**930**

2023	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	946			946	
Capital notes	343	79	80	184	
Private placements	519			283	236
Other loans	30	15		15	
Borrowings - principal cash flows	**1,838**	**94**	**80**	**1,428**	**236**
Gross settled derivatives - to pay	458			249	209
Gross settled derivatives - to receive	(519)			(283)	(236)

2023	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
Debt derivatives financial instruments - principal cash flows	**(61)**			**(34)**	**(27)**
Total principal cash flows	**1,777**	**94**	**80**	**1,394**	**209**
Contractual interest cash flows	**183**	**63**	**42**	**75**	**3**
Total lease cash flows	**1,861**	**224**	**197**	**467**	**973**
Total contractual cash flows	**3,821**	**381**	**319**	**1,936**	**1,185**

18. 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 to 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.

	2024 NZ$M	2023 NZ$M
Interest income	**(5)**	(4)
Interest on borrowings and derivatives	**131**	87
Interest capitalised to balance sheet	**(13)**	(5)
Interest expense other	**7**	4
Net interest expense	**120**	82
Changes in fair value relating to:		
Borrowings designated in a hedging relationship	**8**	(12)
Derivatives designated in a hedging relationship	**(8)**	12
Total changes in fair value		
Bank fees, registry and other expenses	**2**	1
Line fees	**15**	11
Debt restructure fees	**5**	
Net funding costs	**142**	94

Included in interest on borrowings and derivatives is the net settlement of the Group's interest derivatives. This consists of $49 million of interest income and $57 million of interest expense (2023: $35 million interest income; $44 million interest expense). Other losses include credit valuation adjustment (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 6.62% (2023: 5.20%), resulting in $13 million of capitalised borrowing costs in the year ended 30 June 2024. The FY24 amount mainly relates to Winstone Wallboards®'s Tauriko plant ($4 million), Laminex® wood panels plant ($4 million) and the Group's Digital@Fletcher ERP system build and implementation ($4 million).

Interest rate risk

At 30 June 2024, 44% of the Group's debt was subject to a fixed interest rate (2023: 61% 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.

Notes to the Consolidated Financial Statements 2024 (Continued)

	2024 NZ$M	2025 NZ$M	2026 NZ$M	2027 NZ$M	2028 NZ$M	2029 NZ$M
Fixed financial liabilities	920	615	418	185	33	
Floating financial liabilities	1,157	1,462	1,659	1,892	2,044	2,077
Economic Debt	**2,077**	**2,077**	**2,077**	**2,077**	**2,077**	**2,077**
% Fixed	44%	30%	20%	9%	2%	0%

The Group's overall weighted average interest rate (based on year end borrowings) excluding fees is 6.22% (2023: 5.74%).

(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 $11 million pre-tax on the Group's debt portfolio exposed to floating rates at balance date (2023: $7 million) assuming that all other variables remain constant.

19. 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 risk
Foreign currency trade transaction risk (**note 19.1 (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 a 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 19.1 (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.

Financial risk	Description	Management of risk
Interest rate risk (**note 18** & **note 19.2**)	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 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 2024, the Group has hedged a portion of its electricity and diesel usage for the period 1 July to 31 December 2028 and 30 June 2025 respectively. The average hedged electricity price is NZ$144/MWh and the average hedged diesel price (ex-Singapore) is NZ$1.01/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.

Disclosure about the credit risk associated with financial instruments and fair value measurement of financial instruments is included in **notes 19.3** and **19.4**.

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.

19.1 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 2024 was $542 million (2023: $592 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:

Hedged investments and hedging instruments used

	2024 Maturity: 0-49 months NZ$M	2023 Maturity: 0-61 months NZ$M
Amount of investment hedged		
Foreign currency AUD	**104**	103
Notional amount		
Cross currency interest rate swaps (25-49 months)	**(104)**	(103)
Foreign currency swaps (0-1 months)		
Hedge effectiveness		
Change in value used for calculating hedge ineffectiveness	**1**	1
Net investment hedge (gain)/loss recognised in Other Comprehensive Income		

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 $88 million (2023: $104.7 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:

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 (gain)/loss recognised in Other Comprehensive Income	3		(1)	(1)	1
Fair value hedge gain in the Consolidated Income Statement	(8)				(8)

* Designated in cash flow relationship only

2023	USD 37-61 Months Floating NZD/USD 0.6944 NZ$M	CAD* 61 Months Fixed - 4.43% AUD/CAD 0.927 NZ$M	EUR* 37 Months Fixed - 4.30% AUD/EUR 0.684 NZ$M	GBP* 61 Months Fixed - 4.80% AUD/GBP 0.568 NZ$M	Total NZ$M
Cash flow hedging and fair value hedging					
Cross currency interest rate swaps					
Nominal amount of the hedging instrument	405	19	74	21	519
Carrying amount	14	1	6		21
Accumulated cost of hedging recognised in Other Comprehensive Income	(3)				(3)
Change in value used for calculating hedge ineffectiveness	(8)		(3)	(2)	(13)
Hedging (gain)/loss recognised in Other Comprehensive Income	(4)		3	2	1
Fair value hedge loss in the Consolidated Income Statement	12				12

* Designated in cash flow relationship only

Notes to the Consolidated Financial Statements 2024 (Continued)

19.2 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.

2024	NZD Borrowings 13-48 Months 4.34% NZ$M	AUD Borrowings 31 months 4.11% NZ$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

2023	NZD Borrowings 25-60 Months 4.34% NZ$M	AUD Borrowings 7 months 1.91% NZ$M	Total NZ$M
Cash flow hedging			
Interest rate swaps			
Nominal amount of the hedging instrument	475	153	628
Carrying amount - derivative assets/(liabilities)	7	2	9
Change in value used for calculating hedge ineffectiveness	6	(1)	5
Hedging (gain)/loss recognised in Other Comprehensive Income	(6)	1	(5)

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

19.3 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 debtors. Refer to **note 9** 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 9**)
– 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 debtors 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 debtors for the same types of contracts.

The Group has therefore concluded that the expected loss rates for trade debtors 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 and 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:

	2024 NZ$M	2023 NZ$M
Opening provision for expected credit losses	**(20)**	**(20)**
Increase in provision for doubtful debts recognised in the Consolidated Income Statement	**(1)**	1
Receivables written off during the year as uncollectible	**1**	
Unused amount reversed	**2**	(1)
Reclassified to held for sale	**3**	
Closing provision for expected credit losses	**(15)**	**(20)**

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 debtors 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.

19.4 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:

	Classification	2024 Carrying value NZ$M	2024 Fair value NZ$M	2023 Carrying value NZ$M	2023 Fair value NZ$M
Financial assets					
Cash and liquid deposits	Amortised cost	**311**	**311**	365	365
Debtors	Amortised cost	**799**	**799**	1,109	1,109
Forward exchange contracts - fair value through profit or loss	Fair value	**2**	**2**	2	2
Forward exchange contracts - cash flow hedge	Fair value	**1**	**1**	8	8
Cross currency interest rate swaps - split designation	Fair value	**32**	**32**	30	30
Cross currency interest rate swaps - cash flow hedge	Fair value	**7**	**7**	7	7
Interest rate swaps - cash flow hedge	Fair value	**6**	**6**	13	13
Commodity price swaps - cash flow hedge	Fair value	**8**	**8**	2	2
Total financial assets		**1,166**	**1,166**	**1,536**	**1,536**
Financial liabilities					
Creditors and accruals	Amortised cost	**1,024**	**1,024**	1,197	1,197
Bank loans	Amortised cost	**1,302**	**1,302**	946	946
Private placements	Amortised cost	**489**	**486**	484	480
Other loans	Amortised cost	**20**	**20**	30	30
Capital notes	Amortised cost	**297**	**274**	343	315
Forward exchange contracts - fair value through profit or loss	Fair value	**1**	**1**	1	1
Forward exchange contracts - cash flow hedge	Fair value	**3**	**3**		
Cross currency interest swaps - split designation	Fair value	**13**	**13**	16	16
Interest rate swaps - cash flow hedge	Fair value	**2**	**2**	4	4
Commodity price swaps - cash flow hedge	Fair value	**1**	**1**		
Total financial liabilities		**3,152**	**3,126**	**3,021**	**2,989**
Total financial instruments		**(1,986)**	**(1,960)**	**(1,485)**	**(1,453)**

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 2.6% and 10.3% (2023: 2.7% and 7.5%) including margins, for both accounting and disclosure purposes.

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.

20. DIVIDENDS AND SHAREHOLDER TAX CREDITS

Dividends	2024 NZ$M	2023 NZ$M
Full year dividend paid October 2022 (22.0 cents per share)		172
Interim dividend paid April 2023 (18.0 cents per share)		139
Full year dividend paid October 2023 (16.0 cents per share)	**124**	
	124	311

The Board determined that it would not declare a final dividend for the 2024 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.

	2024 NZ$M	2023 NZ$M
Imputation credit account		
Imputation credits at the beginning of the year	**37**	67
Taxation paid	**3**	58
Imputation credits attached to dividend paid	**(37)**	(92)
Taxation payable		4
Imputation credits available for use in subsequent accounting periods	**3**	**37**

	2024 NZ$M	2023 A$M
Franking credit account		
Franking credits at the beginning of the year	**38**	38
Taxation paid		
Franking credits received		
Franking credits available for use in subsequent accounting periods	**38**	**38**

21. 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.

	2024 NZ$M	2023 NZ$M
Share capital at the beginning of the year excluding treasury stock	**2,993**	3,003
Repurchase of shares		(13)
Vested share-based payment	**2**	3
Share capital at the end of the year excluding treasury stock	**2,995**	2,993

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 2024 (Continued)

	2024	2023
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
Repurchase of shares		
Total number of shares on issue	**783,043,596**	783,043,596
Less shares accounted for as treasury stock	**(6,322,384)**	(6,655,828)
	776,721,212	776,387,768

22. 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.

	2024 NZ$M	2023 NZ$M
Share capital	**9**	14
Reserves	**2**	13
	11	27

23. 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.

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.

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 Income Statement. 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.

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.

	2024 NZ$M	2023 NZ$M
Investment by associate/joint venture:		
Wespine Industries Pty Ltd	**71**	72
Hexion Australia Pty Ltd	**24**	23
Altus NZ Limited	**82**	78
NX2 Hold LP	**24**	28
Other	**20**	24
	221	225

Equity accounted earnings comprise:	2024 NZ$M	2023 NZ$M
Sales - 100%	**257**	596
Earnings before taxation - 100%	**49**	117
Earnings before taxation - Fletcher Building share	**13**	42
Taxation expense	**(3)**	(8)
Earnings after taxation - Fletcher Building share	**10**	34

Interest in joint operations

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

	Principal activity	Principal place of business	2024 NZ$M	2023 NZ$M
Liveable Streets	Maintenance	Auckland	**50%**	50%
P2W Construction JV	Construction	Auckland	**50%**	50%
Eastern Busway Alliance	Construction	Auckland	**60%**	60%
Waterview Connection Joint Operations	Construction	Auckland	**23%**	23%
Kirkbride Alliance	Construction	Auckland	**56%**	56%
Hamilton Expressway	Construction	Waikato	**61%**	61%
Mackays to Peka Peka	Construction	Wellington	**75%**	75%
Transport Rebuild East Coast	Maintenance	Hawke's Bay	**33%**	
Ground Improvement	Construction	Canterbury		50%

24. 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.

	Sales to related parties NZ$M	Purchased from related parties NZ$M	Amounts owing from related parties (within debtors) NZ$M	Amounts owing to related parties (within creditors) NZ$M
2024				
Wespine Industries Pty Ltd and Hexion Australia Pty Ltd		39		5
Altus NZ Limited		4		
NX2 Hold LP	19			
Others	3	2		
2023				
Wespine Industries Pty Ltd and Hexion Australia Pty Ltd		42		6
Altus NZ Limited		15		
NX2 Hold LP	72			
Others	4	6		

As at 30 June 2024, the Group held no cash deposits on behalf of 2 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 2024 (Continued)

	2024 NZ$M	2023 NZ$M
Key management personnel compensation		
Directors' fees	**2**	2
Executive committee remuneration paid, payable or provided for:		
Short-term employee benefits	**12**	18
Long-term employee benefits	**2**	2

Fletcher Building Retirement Plan

As at 30 June 2024, Fletcher Building Nominees Limited (the New Zealand retirement plan) held $2.1 million of shares in Fletcher Building (2023: $3.5 million of shares).

Other Information

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

25. CAPITAL EXPENDITURE COMMITMENTS

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

	2024 NZ$M	2023 NZ$M
Committed at year end		
Property, plant and equipment and other long-term assets	**114**	284

26. 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 provided for at reporting date and matters assessed as having possible future economic outflows capable of reliable measurement are included in the total amount of contingent liabilities 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 Group subsidiaries.

Contingent liabilities in relation to guarantees, claims and others

	2024 NZ$M	2023 NZ$M
Contingent liabilities with respect to guarantees extended on trading transactions, performance bonds and other transactions	**426**	391
Contingent liabilities with respect to claims	**30**	40
	456	**431**

Product claims

As noted in prior disclosures, including the 2023 Annual Financial Results, the 2024 Interim Financial Results and NZX announcements on 17 April 2023 and 13 October 2023, issues have been raised in respect of the hot and cold water polybutylene pipe product Iplex® Australia previously manufactured (under the name "Pro-fit").

The issues relate to water leaks in homes, primarily built by group home builders in Western Australia, which have required repair or replacement of the Pro-fit pipes and, in some cases, repair to damage to the affected homes.

Iplex® Australia started manufacturing Pro-fit with Typlex resin from mid-2017 and those products represented the bulk of sales after that time. Iplex® Australia ceased the sale of Pro-fit in mid-2022. The Pro-fit product was sold into other states of Australia but not New Zealand.

Iplex® Australia is dependent on builders for information about the failures. Reports to Iplex® Australia are that, to date, about ~2,600 of the houses constructed in Western Australia using Pro-fit with Typlex resin have experienced leaks. This represents ~98% of the total impacted homes across Australia. Iplex® Australia estimates that there could be about 15,000 homes in Western Australia and another 15,000 in other states that were built with Pro-fit with Typlex.

The Western Australia building regulator investigated the matter and, as earlier advised to the market, informed Iplex® Australia in August 2023 that "concerns were identified" regarding the manufacturing process used for Pro-fit by Iplex® Australia. That regulator also said it had ruled out plumbing installation practices as being the cause of the leaks.

On 31 October 2023, WA Consumer Protection advised Iplex® Australia that it had commenced an investigation into whether there was sufficient evidence to recommend that the WA Minister compulsorily recall Pro-fit which was manufactured using the Typlex resin. That inquiry is on-going.

As previously advised, third party plumbers and builders in Western Australia have asserted that the cause of the Pro-fit plumbing failures is a manufacturing defect by Iplex® Australia.

Iplex® Australia has undertaken or commissioned a substantial battery of tests to identify the cause of the plumbing failures. None has identified a manufacturing defect. The information available to Iplex® Australia and the advice it has received from experts after completing all the tests they require, clearly point to plumbing installation failures as the cause of the "leaks in homes".

Notes to the Consolidated Financial Statements 2024 (Continued)

For some months, Iplex® Australia has participated in mediated discussions with relevant builders and the WA Government about whether an industry response to the circumstances in Perth can be established.

As at the time of preparing these statements:

- while the mediated discussions remained constructive from Iplex® Australia's perspective, they had not concluded and no time frame for their conclusion has been set; and
- Iplex® Australia is not aware of what the outcome of the WA Consumer Protection's investigation referred to above will be, what recommendation it may make, when it may do so or how the WA Minister will respond to any such recommendation.

Under the relevant law, a recall is not dependant on whether the Pro-fit product is defective but, instead, whether the WA Minister appropriately determines that it will or may injure a person and whether the suppliers are doing enough to prevent that. Iplex® Australia believes a recall is not an available remedy in the circumstances and, in any event, would be manifestly inappropriate.

If there is a recall, the path forward and the implications for Iplex® Australia (and the Group) will be determined by the terms of that recall, including geographic scope, timing and cost. A recall would also not preclude litigation or exposure to other legal risks.

If there is no recall, the path forward will be informed by the cause(s) identified, whether those matters are agreed or contested, whether an industry response can be agreed with builders and Government (and, if so, its terms) , whether builders participate in that response or not, whether regulator(s) and homeowners accept any proposed response plan and the availability of resources in the market to undertake work. The range of outcomes of that work programme may include full or partial product replacement in the homes where Pro-fit was installed, including in homes that have not and may not experience any leaks.

Class Action commenced: On 6 August 2024, a class action was served against Iplex® Australia in the Federal Court of Australia. The claim is against Iplex® Australia only – not any builder or other supplier. The members of the class action are persons who acquired Pro-fit pipe using Typlex-1050 resin between 1 July 2017 and 5 August 2024. The claim is not limited to homes built in Western Australia.

The claim alleges Iplex's® pipes have an unusual propensity to experience crazing; slow crack growth; fracture of the polymer; rupture or leakage; and/or escape of water. Two claims have been made against Iplex®:

- the affected pipes do not comply with the statutory guarantee that the product was "of acceptable quality" at the time of supply, pursuant to section 54 of the Australian Consumer Law; and
- Iplex® engaged in misleading or deceptive conduct with respect to representations and omissions made in the course of selling the affected pipes, pursuant to sections 18, 29 and 33 of the Australian Consumer Law.

The claim seeks a monetary award, comprising damages and interest. The loss claimed is broad and includes loss suffered as a result of the reduction in the value of the relevant affected pipe; loss or damage suffered by reason of the breach (such as the costs of removing, repairing, replacing and disposing of the affected pipe); actual and incidental costs of repair or replacement of any part of a building, building part and/or possession damaged by the affected pipe; the reduction in any value of any building; and loss of amenity, vexation, distress and disappointment.

- Members do not need to actually incur leaks to be eligible to participate in the class action.
- Iplex® Australia intends to defend the proceedings.
- Other legal claims against Iplex® Australia may arise, including via additional or competing consumer class actions or claims from builders or regulators.
- Iplex® Australia's exposure to future costs, if any, will depend on the final determination of a number of matters, including:
- whether a recall order is issued and, if so, the geographic scope and nature of its terms;
- the determination as to cause(s) of the leaks and the allocation of responsibility between Iplex® Australia and other parties, including under the class action referred to above;
- whether Iplex® Australia is found to have liability on other grounds, such as under consumer protection laws, including under the class action referred to above;
- whether an industry response is implemented, which industry players participate, and how costs are borne between the parties;
- the reason for, and the type and scale of remediation required, including the cost of undertaking it;
- other losses suffered by third parties as a result of the failures;
- if and how any relevant insurance policies respond;
- whether third party recovery or cross claims are possible and successful; and
- the time frames over which remediation/payments may be required.

At balance date, given current facts and circumstances, Iplex® Australia has concluded that the evidence obtained by it to date does not establish it is responsible for the matter and it has no present obligation to any party beyond the Investigation Fund it has put in place (see **note 12**). On that basis, no additional provision for any settlement relating to the matter is made in these financial statements.

If the mediated discussions referred to above result in an agreement to which Iplex® is party, it will announce that at the time, including its estimate of the financial cost to it of such participation.

Ultimately, if Iplex® Australia is ordered to compulsorily recall the product or it is found to bear full or part responsibility for this issue, the cost to it in performing a recall order, rectifying homes with Pro-fit installed and/or meeting any damages claims, fines and other costs could have a material impact on the Group's financial position. Disclosure of any possible impact would be materially prejudicial to the Group's commercial interests.

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 2024, 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.

Class action proceedings

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 2024, 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.

27. 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.

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 is expected to apply to the Group from 1 July 2024.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Pillar Two rules are enacted in countries in which the Group operates but not yet in effect. Since the Group does not have significant operations in low-tax jurisdictions, the rules are not expected to have a material impact.

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

	2024 NZ$M	2023 NZ$M
Earnings before taxation - continuing operations	(24)	337
Taxation at 28 cents per dollar	(7)	94
Adjusted for:		
Difference in tax rates		2
Non-assessable income	(5)	(13)
Non-deductible expenses	34	4
Tax in respect of prior years	(1)	1
Removal of building depreciation	34	
Tax expense on earnings - continuing operations	**55**	88
Income tax expense on continuing operations is attributable to:		
Tax on earnings before Significant Items	119	172
Tax benefit on Significant Items	(64)	(84)
Tax expense on earnings - continuing operations	**55**	88

Notes to the Consolidated Financial Statements 2024 (Continued)

	2024 NZ$M	2023 NZ$M
Income tax expense on discontinued operations is attributable to:		
Tax on earnings before Significant Items	1	1
Tax benefit on Significant Items	(15)	
Tax expense on earnings - discontinued operations	(14)	1
Income tax expense is attributable to:		
Total current taxation expense	(3)	130
Total deferred taxation benefit	44	(41)
Tax expense on earnings	41	89
Current tax assets/(liabilities)		
Included within the Consolidated Balance Sheet as follows:		
Current tax assets	28	6
Current tax liabilities		
	28	6
Movement during the year:		
Opening provision for current tax assets	6	(107)
Taxation expense - current tax	(10)	(130)
Taxation expense - prior period adjustments	13	
Transfer from deferred taxation		50
Non-controlling interest share of taxation expense		4
Tax recognised directly in reserves	1	(2)
Net tax payments	15	191
Other tax movements	3	
Currency movement		
	28	6
Provision for deferred tax assets		
Included within the Consolidated Balance Sheet as follows:		
Deferred tax assets	136	193
	136	193
Movement during the year:		
Opening deferred tax assets	193	209
Taxation expense - current year movement	3	41
Taxation expense - prior period adjustment	(13)	
Taxation expense - removal of building depreciation	(34)	
Transfer from current tax		(50)
Tax recognised directly in reserves	3	
Acquisitions		(5)
Reclassification to held for sale	(17)	
Currency movement	1	(2)
	136	193

	2024 NZ$M	2023 NZ$M
Composed of:		
Provisions and other liabilities	**101**	167
Inventories	**15**	16
Debtors	**4**	6
Property, plant and equipment	**(68)**	(37)
Brands	**(69)**	(85)
Tax losses	**91**	53
Right-of-use assets	**(326)**	(369)
Lease liabilities	**393**	444
Other	**(5)**	(2)
	136	193

The net deferred tax asset balance of $136 million at 30 June 2024 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 asset 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 asset in each of these jurisdictions.

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

28. 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 Consolidated 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.

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 is 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 4.82% has been applied in 2024 on benefit obligations (2023: 4.76%). In applying sensitivity analysis, a 1% lower discount rate assumption increases the defined benefit obligation by $12 million, whilst adding one additional year of life expectancy of scheme members increases the obligation by $7 million.

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:

	2024 %	2023 %
Assumed discount rate on benefit obligations	**4.82**	4.76
Annual rate of increase in future compensation levels	**2.39**	2.37

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 2024, the value of the plan assets was 199% of the actuarial liability and the funded surplus was $146 million (31 March 2023: 184%, $122 million).

During the year the Group contributed less than $1 million (2023: less than $1 million) in respect of its Australian defined benefit plans. It contributed $51 million (2023: $58 million) in respect of its defined contribution plans worldwide, including Kiwisaver and Australia Superannuation.

Notes to the Consolidated Financial Statements 2024 (Continued)

The net period pension cost recognised in the year in earnings before interest and taxation was $4 million (2023: $2 million). The Group expects to contribute less than $1 million to its New Zealand and Australian defined benefit plans during the year to 30 June 2024. The Group is currently not contributing to the New Zealand plan.

	2024 NZ$M	2023 NZ$M
Recognised net asset		
Assets of plans	**367**	348
Projected benefit obligation	**(215)**	(222)
Funded surplus	**152**	126
Asset ceiling effect		
Recognised net asset	**152**	126
Movement in recognised net asset		
Recognised net asset at the beginning of the year	**126**	124
Currency translation		(1)
Actuarial movements for the year	**21**	
Net periodic pension cost	**5**	3
Recognised net asset	**152**	126
Assets of the plans		
Assets of plans at the beginning of the year	**348**	360
Actual return on assets	**38**	7
Total contributions	**2**	2
Benefit payments	**(20)**	(21)
Currency translation	(1)	
	367	348
Assets of the plans consist of:		
Australasian equities	**30**	29
International equities	**141**	136
Property	**109**	12
Bonds	**20**	93
Cash and short-term deposits	**47**	23
Other assets	**20**	55
	367	348
Projected benefit obligation		
Projected benefit obligation as at the beginning of the year	**(222)**	(236)
Service cost	**(2)**	(2)
Interest cost	**(10)**	(9)
Actuarial loss arising on changes in demographic assumptions	**(1)**	(1)
Actuarial gain arising on changes in financial assumptions		9
Actuarial loss arising on other assumptions - experience adjustments	**(1)**	(3)
Benefit payments	**20**	22
Currency translation	**1**	(2)
	(215)	(222)

29. 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 a 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.

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.

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 ROFE grants do not include the opportunity to extend the restrictive period.

If the TSR 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. No expense is recognised (and any previously recognised expense is reversed) for awards that do not vest because ROFE and/or service performance conditions have not been met. The loan provided in respect of those shares which do not transfer to the scheme participants (the unvested shares) will be novated to the trustee and will be fully repaid by the transfer of the unvested shares.

The following are details with regard to the scheme:

	2023 Award	2022 Award	2021 Award	2020 Award
Grant date	1 September 2023	1 September 2022	1 July 2021	1 July 2020
Number of shares granted	745,440	616,654	395,085	1,998,635
Market price per share at grant date	$4.88	$5.61	$7.48	$3.66
Total value at grant date (NZ$)	$3,637,747	$3,459,429	$2,955,236	$7,315,004
Vesting date	31 August 2026	31 August 2025	30 June 2024	30 June 2023
Number of shares:				
Number of shares originally granted	745,440	616,654	395,085	1,998,635
Less forfeited/unvested over life of scheme	(32,544)	(52,570)		(663,058)
Less vested over life of scheme				(40,803)
Number of shares held at 30 June 2024	**712,896**	**564,084**	**395,085**	**1,294,774**
Cumulative number of shares held	**2,966,839**	**2,253,943**	**1,689,859**	**1,294,774**

* As of 1 July 2024, the 2020 award scheme did not vest. The Group has also assumed that the ROFE component of the 2022 scheme will not vest.

Notes to the Consolidated Financial Statements 2024 (Continued)

	2024 NZ$M	2023 NZ$M
Total fair value expense in year for LTI	**2**	4
Amount recognised at year end in the share based payment reserve	**10**	16

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.

	2024 NZ$M	2023 NZ$M
Total fair value expense in year for deferred STI	**3**	5

Employee retention share scheme

The employee retention share scheme is a special retention arrangement in the form of one-off share-based payments that have been put in place for certain senior management and executives.

	2024 NZ$M	2023 NZ$M
Total fair value expense in year for employee retention share scheme		1

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 0.4 million award shares vested. At 30 June 2024, approximately 1.8 million shares would be required to satisfy the obligation to provide award shares to FBuShare participants based on the purchased share balances.

	2024 NZ$M	2023 NZ$M
Total fair value expense in year for employee share purchase scheme	**2**	1

30. SUBSEQUENT EVENTS

Divestment of Tradelink®

On 12 August 2024, the Group announced that it has entered into an agreement with Metal Manufactures Pty Limited to sell 100% of the shares in Tradelink® for A$170 million. As a result, an additional impairment of $36 million (A$32.5 million) was recognised at 30 June 2024, refer to **note 2.2** and **note 2.3** and **note 2.4**.

Divestment of Higgins® Fiji

On 31 July 2024, following receipt of regulatory approvals, the Group successfully completed the transaction to divest 50% of the Higgins® Fiji construction business. The Group also fully repaid and cancelled the FJ$20 million term loan with ANZ Fiji, the loan was fully drawn as at 30 June 2024, refer to **note 2.3** and **note 2.4**.

EY
Building a better working world

Independent Auditor's Report to the Shareholders of Fletcher Building Limited

Opinion

We have audited the financial statements of Fletcher Building Limited (the "Company") and its subsidiaries (together the "Group") on pages 87 to 145, which comprise the consolidated balance sheet of the Group as at 30 June 2024, 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 87 to 145 present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024 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 and financial statement preparation services 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.

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, for example 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 duration construction contracts, in particular relating to: • initial forecasting of total cost to complete, including the estimation of cost contingencies for contracting risks, 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 consideration 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 3, 4, 12 and 26** 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 controls including: – the performance of monthly project reviews, which involves management assessing key aspects of contract performance; and – the project reviews undertaken by the divisional and Group management and Audit & Risk Sub-Committee. • 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 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; – tested controls as they pertain to contract costs incurred in the year and validated a sample of costs incurred in the year to supporting documentation; – sample tested the estimated costs to complete, where material, by agreeing 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 to actual outcomes or to current estimates of cost to complete, assessing the reason for changes to the estimate; – evaluated, utilising our legal specialists where appropriate, external legal and construction experts' reports on contentious matters, 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; – checked variable consideration to supporting documentation taking into account relevant contractual terms, and where appropriate, executive leadership team and Board approvals; – evaluated the competence, capabilities and objectivity of the external experts utilised by the Group to support the best estimate of onerous contract provisions; – 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; and – evaluated any insurance recoveries relevant to the expected value of onerous contract provisions. In these situations, we considered whether forecast recovery assumptions were appropriate and whether incurred and costs claimed and expected to be claimed were within the total indemnity limits and the sub limits, if relevant; 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.

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 $877 million at 30 June 2024. An impairment of $222 million has been recognised during the year ended 30 June 2024. The recoverable amount of the Group's Cash Generating Units ("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 **note 2.2** and **note 2.3** 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 risk 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 risk of impairment, agreed earnings before interest and tax forecasts to a combination of the Board approved FY25 budget and the FY26 - FY27 strategic plan; • 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 risk 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 values 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; • for the CGU's where goodwill and intangible assets with indefinite useful lives were determined to be impaired and an impairment was recognised, where relevant we: – assessed the output of the DCF models against the carrying value of the CGUs to assess the calculation of the impairment recognised; – assessed indicative bids for CGUs classified as held for sale to assess the impairment recognised, if any; – assessed signed sale and purchase agreement(s) and verified any impairment loss recognised for CGUs disposed of subsequent to balance date; 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.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the consolidated financial statements and auditor's 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, 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.

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-for-assurance-practitioners/auditors-responsibilities/audit-report-1/**. This description forms part of our auditor's report.

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

Ernst + Young

Chartered Accountants

Auckland

21 August 2024

Statutory Disclosures

DISCLOSURE OF INTERESTS BY DIRECTORS

The following are particulars of general disclosures of interest by directors during the 12 months ending 30 June 2024, 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 2024 are noted in brackets, for the purposes of section 211(1)(e) of the Companies Act 1993.

Barbara Chapman	Fletcher Building Industries Limited (Director, appointed Acting Chair 4 March 2024)	Acting Chair
	Genesis Energy Limited	Chair
	NZME Limited	Chair
	The New Zealand Initiative Limited	Deputy Chair
	Bank of New Zealand	Director
	Two Tin Pigs Limited	Director
Martin Brydon (stepped down 30 June 2024)	Duratec Limited	Chair
	Brydon Investment Holdings Pty Limited	Director
	Fletcher Building Industries Limited (stepped down 30 June 2024)	Director
	Rytysh Pty Limited	Director
Peter Crowley	Barrambin Trading Company Pty Limited	Director
	Fletcher Building Industries Limited	Director
	The Riverside Coal Transport Company Pty Limited	Director
Sandra Dodds	Beca Group Limited (resigned 31 March 2024)	Director
	Contact Energy Limited	Director
	Fletcher Building Industries Limited	Director
	OceanaGold Corporation	Director
	Snowy Hydro Limited	Director
Bruce Hassall (stepped down 4 March 2024)	Fletcher Building Industries Limited (stepped down 4 March 2024)	Chair
	Prolife Group Holdings Limited	Chair
	The Farmers' Trading Company Limited	Chair
	Fonterra Co-operative Group Limited	Director
	Vector Limited (appointed 31 October 2023)	Director
Rob McDonald (stepped down 30 June 2024)	Contact Energy Limited	Chair
	The University of Auckland Business School Advisory Board	Chair
	AIA New Zealand Limited (resigned 1 October 2023)	Director
	Chartered Accountants Australia and New Zealand	Director
	FleetPartners Group Limited (appointed 15 November 2023)	Director
	Fletcher Building Industries Limited (stepped down 30 June 2024)	Director
	RSMcDonald Services Limited	Director
	McDonald Family Trust	Trustee
	The University of Auckland Council	Member
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 (corporate trustee of Kintyre Trust)	Director / Shareholder
	MinterEllisonRuddWatts	Consultant
	The University of Auckland Council	Pro-Chancellor

There were no specific disclosures made during the year of any interests in transactions entered by Fletcher Building or any of its subsidiaries by a director.

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.

DIRECTORS' HOLDING OF SECURITIES

The policy of the Board is that non-executive directors (or their associates) 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 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

Securities of the Company in which each director has a relevant interest at 30 June 2024.

Director	Ownership	Ordinary Shares	Capital Notes
Barbara Chapman (Acting Chair)	Beneficial	50,000	
Martin Brydon[1]	Beneficial	30,000	
Peter Crowley	Beneficial	50,000	
Sandra Dodds	Beneficial	15,000	
Rob McDonald[1]	Beneficial	60,000	
Cathy Quinn	Beneficial	40,000	
	Non-Beneficial[2]	121,197	25,185,500

(1) Martin Brydon and Rob McDonald stepped down from the board effective 30 June 2024.
(2) Cathy Quinn also held a non-beneficial interest in securities as a director/shareholder of Pin Twenty Limited (corporate trustee of Kintyre Trust).

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARE TRANSACTIONS

Directors disclosed, pursuant to section 148(2) of the Companies Act 1993, the following acquisitions or disposals of relevant interests in Fletcher Building securities during the year ended 30 June 2024.

Director	Date of transaction	Nature of relevant interest	Consideration	Number of securities
Sandra Dodds	30 October 2023	On-market purchase of ordinary shares	NZ $59,586	15,000
Barbara Chapman	1 November 2023	On-market purchase of ordinary shares	NZ $43,888	10,000
Peter Crowley	1 November 2023	On-market purchase of ordinary shares	AU $39,867	10,000
Cathy Quinn[1]	15 March 2024	Redemption on maturity of Fletcher Building Industries capital notes	NZ $6,350,000	(3,175,000)

(1) Non-beneficial interest in securities as a director/shareholder of Pin Twenty Limited (corporate trustee of Kintyre Trust).

STOCK EXCHANGE LISTINGS

Fletcher Building's ordinary shares are listed and quoted on the Main Board of NZX Limited and the Australian Securities Exchange (ASX) under the company code 'FBU'. Fletcher Building's listing on the ASX is as a Foreign Exempt Listing. Fletcher Building must comply with the NZX Listing Rules but is exempt from almost all of the ASX Listing Rules. For the purposes of ASX Listing Rule 1.15.3, Fletcher Building confirms that it continues to comply with the NZX Listing Rules.

In addition, Fletcher Building Limited maintains a sponsored Level 1 American Depositary Receipt (ADR) programme with Deutsche Bank Trust Company Americas (Deutsche Bank). The ADRs trade over the counter in the United States of America (US) under the ticker code 'FCREY', with each ADR representing two ordinary Fletcher Building shares. US investors may prefer to purchase ADRs rather than ordinary shares in Fletcher Building's home market because ADRs trade, clear and settle according to US market conventions.

EXERCISE OF NZX DISCIPLINARY POWERS

Neither NZX or ASX has taken any disciplinary action against Fletcher Building during the financial year ended 30 June 2024 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 preceding 30 June 2024.

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS AS AT 30 JUNE 2024

The total number of voting securities of Fletcher Building at 30 June 2024 was 783,043,596 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	15,376	46.03	6,470,174	0.83
1,001 - 5,000	12,132	36.32	29,708,580	3.79
5,001 - 10,000	3,096	9.27	22,433,312	2.87
10,001 - 100,000	2,624	7.86	62,339,225	7.96
100,001 Over	174	0.52	662,092,305	84.55
Total	**33,402**	**100.00**	**783,043,596**	**100.00**

SUBSTANTIAL PRODUCT HOLDERS

According to notices given under the Financial Markets Conduct Act 2013, the following persons were a substantial product holder of the Company as at 30 June 2024. The total number of voting securities of Fletcher Building Limited at 30 June 2024 was 783,043,596 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	110,889,910	17 April 2024

20 LARGEST SHAREHOLDERS AS AT 30 JUNE 2024

Holder Name	Number of ordinary shares	% of issued capital
Citicorp Nominees Pty Limited	91,736,544	11.72
HSBC Custody Nominees (Australia) Limited	69,756,597	8.91
JP Morgan Nominees Australia Limited	62,456,649	7.98
Citibank Nominees (New Zealand) Limited - NZCSD	58,848,137	7.52
BNP Paribas Nominees (NZ) Limited - NZCSD	40,975,420	5.23
HSBC Nominees (New Zealand) Limited A/C State Street - NZCSD	39,326,882	5.02
HSBC Nominees (New Zealand) Limited - NZCSD	33,210,076	4.24
JPMorgan Chase Bank NA NZ Branch - Segregated Clients Acct - NZCSD	27,287,852	3.48
Accident Compensation Corporation - NZCSD	25,737,310	3.29
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD	22,982,951	2.94
BNP Paribas Nominees Pty Ltd	19,350,170	2.47
New Zealand Depository Nominee Limited	15,661,549	2.00
TEA Custodians Limited Client Property Trust Account - NZCSD	15,354,737	1.96
JBWere (NZ) Nominees Limited	13,737,011	1.75
ANZ Wholesale Australasian Share Fund - NZCSD	12,686,104	1.62
Custodial Services Limited	9,684,845	1.24
Simplicity Nominees Limited - NZCSD	7,860,025	1.00
FNZ Custodians Limited	6,245,967	0.80
BNP Paribas Noms Pty Ltd	5,960,019	0.76
ANZ Custodial Services New Zealand Limited - NZCSD	5,332,911	0.68
Total	**584,191,756**	**74.61**

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 2024, total holding in NZCSD was 298,220,139 or 38.08% of shares on issue.

AUDITOR FEES

EY has continued to act as auditors of the Group. Please refer to **note 7** of the consolidated financial statements for audit fees paid to EY in the financial year to 30 June 2024.

CREDIT RATING

The Group was assigned a rating of Baa2 from Moody's Investors Services with a stable outlook in October 2023. This was amended to a Baa3 with a negative outlook in June 2024.

DONATIONS

Please refer to **note 7** of the consolidated financial statements for donations made in FY24. All political donations must be approved by the Board.

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 2024, 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 2024 was 100%.

No employee of Fletcher Building appointed as a director of a Fletcher Building Limited 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	M Brodie (R), B McKenzie, G O'Reilly
Amatek Industries Pty Limited	M Brodie (R), B McKenzie, G O'Reilly
Amatek Investments Pty Limited	M Brodie (R), B McKenzie, G O'Reilly
Approach Signs Limited	P Boylen, B McKenzie
Bandelle Pty Limited	M Brodie (R), B McKenzie, G O'Reilly, N Sekul (R)
Baron Insulation Pty Limited	B McKenzie, G O'Reilly, A Rowe
Brian Perry Civil Limited	P Boylen, B McKenzie
Building Prefabrication Solutions Limited	J Jang, B McEwen (R), B McKenzie
Burnham 2020 Limited	B McKenzie, N Traber
Cleaver Building Supplies Limited (75%)	M Cleaver, J Jang, B McEwen (R)
Clever Core New Zealand Limited	S Evans, B McKenzie
Crane Enfield Metals Pty Limited	M Brodie (R), B McKenzie, G O'Reilly
Crane Group Pty Limited	M Brodie (R), B McKenzie, G O'Reilly
Crane Share Plan Pty Limited	M Brodie (R), B McKenzie, G O'Reilly
Crevet Pipelines Pty Limited	P Lavelle, B McKenzie, G O'Reilly
Crevet Pty Limited	M Brodie (R), B McKenzie, G O'Reilly
CTCI Pty Limited	J Burgess (R), S Leagh-Murray, B McKenzie, J Nicolazzo (R), G O'Reilly, K Taneja (R)
Delcon Holdings (No. 11) Limited	D Fradgley (R), H McBeath, B McKenzie
ee-Fit Pty Limited	B McKenzie, G O'Reilly, A Rowe
FBHS (Aust) Pty Limited	B McKenzie, G O'Reilly, D Orr
FBII (Puhoi) Limited	P Boylen, B McKenzie
FBSOL Pty Limited	B McKenzie, G O'Reilly, D Orr
Fletcher Building (Australia) Pty Limited	M Brodie (R), A Clarke (R), B McKenzie, G O'Reilly, N Sekul (R)
Fletcher Building (Fiji) Pte Limited	P Boylen, A Henderson, A Kumar, A Morton (R)
Fletcher Building Educational Fund Limited	C Carroll, J McDonald, P Muir (R), R Rendle
Fletcher Building Holdings Limited	A Clarke (R), B McKenzie, H Wong
Fletcher Building Holdings New Zealand Limited	A Clarke (R), B McKenzie
Fletcher Building Industries Limited	M Brydon, B Chapman, P Crowley, S Dodds, B Hassall (R), R McDonald, D McKay (R), C Quinn
Fletcher Building Limited	M Brydon, B Chapman, P Crowley, S Dodds, B Hassall (R), R McDonald, D McKay (R), C Quinn
Fletcher Building Nominees Limited	M Binns, J Chapman, G Clarke (R), H McKenzie, C Munkowits, G Niccol, T Williams
Fletcher Building Products Australia Pty Limited	M Brodie (R), B McKenzie, G O'Reilly
Fletcher Building Products Limited	H McBeath, B McKenzie
Fletcher Building Share Schemes Limited	J Chapman, G Niccol

Company	Directors
Fletcher Building Welfare Fund Nominees Limited	D Lucas, S Schulz, D Sixton, C Stewart
Fletcher Challenge Building UK Limited	S Evans, B McKenzie
Fletcher Challenge Forest Industries Limited	S Evans, B McKenzie
Fletcher Concrete and Infrastructure Limited	H McBeath, B McKenzie, N Traber
Fletcher Construction (Solomon Islands) Limited	P Boylen, A Henderson, A Morton (R)
Fletcher Construction Buildings Limited	P Boylen, B McKenzie
Fletcher Construction Company (Fiji) Pte Limited	P Boylen, A Kumar, J Matthews (R)
Fletcher Construction Holdings Limited	P Boylen, B McKenzie
Fletcher Construction Infrastructure Limited	P Boylen, B McKenzie
Fletcher Construction Management Services Limited	P Boylen, B McKenzie
Fletcher Development Limited	S Evans, B McKenzie
Fletcher Distribution Limited	J Jang, B McEwen (R), B McKenzie
Fletcher Industries Australia Pty Limited	M Brodie (R), B McKenzie, G O'Reilly, N Sekul (R)
Fletcher Insulation Pty Limited	B McKenzie, G O'Reilly, A Rowe
Fletcher Morobe Construction Limited	P Boylen, R Simpson
Fletcher Property Limited	A Clarke (R), B McKenzie
Fletcher Residential Limited	S Evans, B McKenzie
Fletcher Steel Limited	H McBeath, B McKenzie
Fletcher Wood Products Limited	H McBeath, B McKenzie
Gatic Pty Limited	P Lavelle, B McKenzie, G O'Reilly
Geraldton Independent Building Supplies Pty Limited	J Burgess (R), S Leagh-Murray, B McKenzie, J Nicolazzo (R), G O'Reilly, K Taneja (R)
Higgins Contractors Limited	P Boylen, B McKenzie
Higgins Group Holdings Limited	P Boylen, B McKenzie
Higgins Holdings (Fiji) Pte Limited	P Boylen, A Kumar
Homai MFR General Partner Limited (51%)	S Evans, P Majurey
Homai MFR Limited Partnership (51%)	
HotForm Products Limited (51%)	S Hansen, J Mainwaring, R Sutherland, D Sutton
Iplex Pipelines Australia Pty Limited	P Lavelle, B McKenzie, G O'Reilly
Iplex Pipelines NZ Limited	H McBeath, B McKenzie
Iplex Properties Pty. Limited	P Lavelle, B McKenzie, G O'Reilly
Kaipatiki FRL General Partner Limited (51%)	S Evans, P Majurey
Kaipatiki FRL Limited Partnership (51%)	
Key Plastics Pty. Limited.	P Lavelle, B McKenzie, G O'Reilly
Kingston Bridge Engineering Pty Limited	P Lavelle, B McKenzie, G O'Reilly
Kinsey Kydd Building Supplies Limited	S Kinsey (R), B McEwen (R), B McKenzie
Kusabs Building Supplies Limited (75%)	J Jang, G Kusabs, B McEwen (R)
Laminex Group Pty Limited	J Burgess (R), S Leagh-Murray, B McKenzie, J Nicolazzo (R), G O'Reilly, K Taneja (R)
Leary Building Supplies Limited (75%)	J Jang, B Leary, B McEwen (R)
Macready Building Supplies Limited (75%)	J Jang, J Macready, B McEwen (R)
Matt Orr Building Supplies Limited (75%)	J Jang, B McEwen (R), M Orr

Company	Directors
McGill Building Supplies Limited (75%)	J Jang, B McEwen (R), J McGill
McInnes Building Supplies Limited	B McEwen (R), B McKenzie
Mico New Zealand Limited	J Jang, B McEwen (R), B McKenzie
Milnes Holdings Pty Limited	M Brodie (R), B McKenzie, G O'Reilly
Moire Road General Partner Limited (51%)	N Donnelly, S Evans, S Rapson
Moire Road Limited Partnership (51%)	
Morinda Australia Pty Limited	B McKenzie, G O'Reilly, D Orr
New Zealand Ceiling & Drywall Supplies Limited	D Thomas
Northern Iron and Brass Foundry Pty. Ltd.	P Lavelle, B McKenzie, G O'Reilly
Ōkahukura GP Limited (51%)	D Clay, S Evans
Ōkahukura Limited Partnership (51%)	
Oliveri Solutions Pty Limited	B McKenzie, S Naish (R), G O'Reilly, J Woodcock
Paul Robinson Building Supplies Limited (75%)	J Jang, B McEwen (R), P Robinson
Pavement Technology Limited	P Boylen, B McKenzie
Penny Engineering Limited	P Boylen, B McKenzie
Penrose Retirement Nominees Limited	M Binns, J Chapman, G Clarke (R), H McKenzie, C Munkowits, G Niccol, T Williams
PlaceMakers Christchurch Limited (75%)	D Close (R), J Jang, B McEwen (R), B McKenzie
PlaceMakers Gisborne Limited (75.28%)	J Jang, B McEwen (R), B McKenzie
PlaceMakers Invercargill Limited	J Jang, R Jeffcoat (R), B McEwen (R), B McKenzie
PlaceMakers Hawkes Bay Limited (93.34%)	J Jang, B McEwen (R), B McKenzie
PlaceMakers Limited	J Jang, B McEwen (R), B McKenzie
PlaceMakers Supply, Fix & Install Limited	J Jang, B McEwen (R), B McKenzie
PlaceMakers Waiheke Limited (75%)	D Banks, J Jang, B McEwen (R)
PlaceMakers Wanaka Limited (80%)	J Jang, B McEwen (R), B Stanley-Joblin
Polymer Fusion Education Pty Limited	P Lavelle, B McKenzie, G O'Reilly
Raylight Aluminium Limited (80%)	M Buckenham, D Close (R), J Jang, B McEwen (R)
Reece Building Supplies Limited (75%)	J Jang, B McEwen (R), J Reece
Renewable Wood Fuels Limited	H McBeath, B McKenzie
S Cubed Pty Limited	B McKenzie, G O'Reilly, D Orr
Selwyn Quarries Limited	B McKenzie, N Traber
Shed Boss NZ Limited	D Fradgley (R), H McBeath, B McKenzie
Stanley Building Supplies Limited	J Jang, B McEwen (R), B McKenzie
Stramit Corporation Pty Limited	B McKenzie, G O'Reilly, D Orr
Tasman Australia Pty Limited	M Brodie (R), B McKenzie, G O'Reilly, N Sekul (R)
Tasman Building Products Pty Limited	M Brodie (R), B McKenzie, G O'Reilly, N Sekul (R)
Tasman Insulation New Zealand Limited	H McBeath, B McKenzie
Tauoma FRL GP Limited (51%)	S Evans, P Majurey
Tauoma FRL Limited Partnership (51%)	
TBP Group Pty Limited	M Brodie (R), B McKenzie, G O'Reilly, N Sekul (R)
Te Tau Waka General Partner Limited (51%)	D Clay, S Evans
Te Tau Waka Limited Partnership (51%)	

Company	Directors
Terrace Insurances (PCC) Limited	K Burke, J Crowder, B McKenzie
The Fletcher Construction Company (Fanshawe Street) Limited	P Boylen, B McKenzie
The Fletcher Construction Company Limited	P Boylen, B McKenzie
The Fletcher Organisation (Vanuatu) Limited	P Boylen, A Care
The Fletcher Trust and Investment Company Limited	P Boylen, B McKenzie
Tradelink Pty Limited	B McKenzie, S Naish, G O'Reilly
Tumu Dannevirke Limited	J Jang, B McEwen (R), B McKenzie
Tumu Frame & Truss Limited	J Jang, B McEwen (R), B McKenzie
Tumu Hastings Limited	J Jang, B McEwen (R), B McKenzie
Tumu Havelock North Limited	J Jang, B McEwen (R), B McKenzie
Tumu Masterton Limited	J Jang, B McEwen (R), B McKenzie
Tumu Napier Limited	J Jang, B McEwen (R), B McKenzie
Vivid Living Limited	S Evans, B McKenzie
Waipapa Pine Limited	H McBeath, B McKenzie
Water Filters Australia Pty Limited	B McKenzie, S Naish (R), G O'Reilly, J Woodcock
Wednesday Pte Limited	P Boylen, A Kumar
Winstone Wallboards Limited	H McBeath, B McKenzie, D Thomas

As at 30 June 2024, 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 Limited	50%
Ilico Apartments General Partner Limited	50%
Ilico Apartments Limited Partnership	50%
Interpipe Holdings Limited	50%
JFC Pumps Limited	50%
Kaipara Water Transport Limited	25%
NX2 Hold GP Limited	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 Limited	50%

Corporate Directory

BOARD OF DIRECTORS

Barbara Chapman (Acting Chair)
Peter Crowley
Sandra Dodds
Tony Dragicevich
Cathy Quinn

EXECUTIVE TEAM

Nick Traber
Acting Chief Executive Officer

Bevan McKenzie
Chief Financial Officer

Wendi Bains
Chief Health and Safety Officer

Phil Boylen
Chief Executive Construction

Claire Carroll
Chief People Officer

Steve Evans
Chief Executive Residential and Development

Joe Locandro
Chief Information Officer

Hamish McBeath
Chief Executive Building Products

James Peters
Chief Executive Distribution

Gareth O'Reilly
Chief Executive Australia

Thornton Williams
Acting Chief Executive Concrete

Haydn Wong
Group General Counsel and Company Secretary

REGISTERED OFFICE

New Zealand

Fletcher Building Limited
810 Great South Road, Penrose,
Auckland 1061, New Zealand

Private Bag 92114
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Locked Bag 71, Virginia BC,
QLD 4014, Australia

Phone: +61 2 8311 2588

AUDITOR

EY
PO Box 2146
Auckland 1140, New Zealand

SOLICITOR

Bell Gully
PO Box 4199
Auckland 1140, New Zealand

INVESTOR RELATIONS ENQUIRIES

Aleida White
Head of Investor Relations

Email: **investor.relations@fbu.com**
Phone: +64 21 155 8837

COMPANY NUMBERS

NZ Incorporation 1104175
NZBN 9429037065836
ARBN 096 046 936

REGISTRY

Computershare Investor Services Limited (Computershare) looks after our share register and is your first point of contact for any queries regarding your investment in Fletcher Building. You can view your investment portfolio, elect to enrol in our Dividend Reinvestment Plan, indicate your preference for electronic communications, supply your email address, change your details or update your payment instructions relating to Fletcher Building at any time by visiting the Computershare Investor Centre at **www.investorcentre.com/nz**.

New Zealand

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Web: www.computershare.com/nz

Australia

Computershare Investor Services Pty Limited, GPO Box 3329, Melbourne,
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Yarra Falls, 452 Johnston Street,
Abbotsford, VIC 3067, Australia

Phone: 1800 501 366 (within Australia)

Phone: +61 3 9415 4083 (outside Australia)

Receiving your communications electronically

We encourage shareholders to receive investor communications electronically as it is faster and better for the environment.
All you need to do is log in to **www.investorcentre.com/nz** and update your 'Communication Preference' to enable us to send all your investor correspondence electronically where possible.

Our Environmental Product Declarations are all available on the EPD Australasia website.

This Annual Report uses stock sourced from sustainably managed forests.