Interim Financial Results 2025

Fletcher Building Limited

Contents

When used in these Interim Financial Results, references to the ‘Company’ are references to Fletcher Building Limited. References to ‘Fletcher Building’ or the ‘Group’ are to Fletcher Building Limited, together with its subsidiaries and its interests in associates and joint ventures. References to $ and NZ$ are to New Zealand dollars unless otherwise stated.

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

Chair and Managing Director & CEO's Review

We are pleased to report Fletcher Building's financial results for the six months ended 31 December 2024 (HY25).

The first half of the 2025 financial year (HY25) continued to be a challenging period for our Fletcher Building businesses as very difficult trading conditions continued across all our segments. This included a broad-based slowing of demand, intense competitive forces and persistent inflationary pressures.

Our businesses navigated these obstacles by focusing on optimising operational performance and tightly managing the things within our control. We are pleased with the progress achieved to date on our key priorities which have been: resetting governance and leadership roles of the Group; the ongoing strategic review; the Group-wide cost reduction programme; cash; being prudent with capital expenditure; and progressing the resolution of outstanding legacy issues.

With an eye to the future, we also remain focused on our customers, our people, safety and sustainability.

Governance and Leadership reset

We were pleased to complete our Board renewal process with the appointment in early February 2025 of Peter Crowley as Chair and Jacqui Coombes as an independent, non-executive director. With our new Managing Director & CEO, Andrew Reding, firmly in place, the appointments of non-executive directors, Tony Dragicevich and James Miller, alongside the appointments of Peter and Jacqui, we now have a strong, diverse and refreshed Board.

New Executive Team appointments in HY25 included Will Wright as CFO, Kylie Eagle as Chief People Officer, Haydn Wong as Group General Counsel and Thornton Williams as Chief Executive, Concrete. The CIO role was disestablished from the Executive Team.

Financial Performance Overview

Overall, Group revenue from continuing operations was $3,583 million in HY25, down 7% versus $3,860 million in prior period. Market volumes continued to decline in the half, particularly in businesses more heavily exposed to the residential sector.

In the New Zealand Materials and Distribution divisions, volumes were down 5 to 10% half year on half year, but some businesses benefitted from major projects like the Auckland Airport expansion. In Australia, market activity continued to decline (down 15% half year on half year).

Performance in the Residential and Development division reflected the overall housing market in New Zealand, with 115 fewer units contracted and sold versus the prior period, with average market prices also down approximately 2% on the prior period. However, some tentative signs of improvement began to appear post the first OCR cut late in 2024, with sales up 17% between September-December 2024, as compared to July–August 2024.

Pleasingly, the Construction division performed well with revenue up 16%, with higher work volumes arising from key infrastructure projects.

Reducing costs has been a key priority. Gross cost reductions for the period were $91 million across the Group, of which $61 million was in gross overhead costs (which mitigated overhead inflation in the period of $28 million). The benefits of cost-out reductions continue to be weighted to the second half, with the Group targeting total gross cost reductions of more than $200 million in the 2025 financial year.

Earnings before interest and tax (EBIT) from continuing operations and before significant items, was $167 million, down from $263 million in the prior period. The lower market volumes for the Materials and Distribution divisions were the most significant driver of the earnings reduction, contributing $80 million lower EBIT before significant items. However, Construction EBIT before significant items was up $21 million half on half. The Group EBIT margin from continuing operations and before significant items was softer in the half at 4.7%, compared to 6.8% in the prior period.

Across the Group, significant item charges in the period totalled $251 million. Of this, $193 million was from continuing operations, including $170 million from the Industry Response to address the plumbing failures which are impacting some Western Australia homes constructed using Typlex Pro-Fit pipe which we announced in August 2024. In addition, Tradelink®, reported as a discontinued operation, reflected a $58 million loss, $53 million of which was due to the reclassification of the foreign currency translation reserve through earnings when the business was sold.

After factoring in Tradelink®, the Group recorded a net loss after tax of $134 million, compared to a net loss of $120 million in the prior period. Our return on funds employed (ROFE) before significant items was 8.4%, compared to 10.0% at 30 June 2024.

Basic earnings per share was a loss of 14.3 cents for the period, compared to a loss of 14.7 cents in the prior period.

Fletcher Building has remained focused on improving cash flows. Overall cash flows from operating activities were an outflow of $5 million, impacted by lower earnings in the current half, $134 million legacy outflows, and the normal seasonal investment in working capital during the period. Trading cash flows from continuing operations (excluding legacy and significant items) were $138 million, compared to $225 million in the prior period.

We also reviewed the implementation of our capital expenditure programme against the current market environment, delaying, cancelling or accelerating projects where it was sensible to do so. We invested $167 million during the period, of which $74 million related to the new Laminex® Taupō wood panels plant.

Chair and Managing Director & CEO's Review (Continued)

During the period, we raised $700 million equity (gross of transaction costs) comprising of a fully underwritten ~$282 million institutional placement (Placement) and ~$418 million pro rata accelerated non-renounceable entitlement offer (Entitlement Offer). A total of 291.85 million new shares were issued at an offer price of $2.40 per share as part of the capital raise, with proceeds of $679 million raised, net of transaction costs.

The new equity has bolstered the Group's financial position, reducing the Group's leverage and net debt. The Group's leverage ratio (net debt / EBITDA before significant items) at 31 December 2024 was 1.4 times, with net debt of $1.1 billion.

Given the current market conditions and in line with the dividend policy and banking covenant agreements, the Board has not declared an interim dividend.

Our People, Customers, and Communities

Beyond our financial performance, we continue to make significant progress in fulfilling our commitments to our people, customers, and communities.

The safety of our people remains our highest priority; our commitment to both personal and team safety is unwavering. Our strong workplace safety culture continues to evolve and improve, which is borne out in improved safety statistics across the business. At the half year mark, we achieved our lowest-ever Total Recordable Injury Frequency Rate (TRIFR) of 2.8, placing us near the global top quartile. This milestone reflects what we can accomplish when we work together with a shared sense of purpose.

We are dedicated to fostering an inclusive environment where everyone belongs. Over the half year period, our Women to Leadership programme supported 55 women in their leadership journeys, pairing them with male and female mentors from across the business. This initiative not only strengthens leadership pipelines but also builds meaningful connections across our organisation.

We take pride in the diverse ways we contribute to our communities. During the half year, our Concrete division commenced a partnership with the Back Country Huts Trust to restore 30 iconic huts, enhancing outdoor experiences across New Zealand. In addition, PlaceMakers® supported New Zealand's Olympic Team in their campaign for Paris, and we provided work experience opportunities for seven First Foundation scholars and two TupuToa interns.

Meanwhile, our Australian team completed the actions outlined in their Reflect Reconciliation Action Plan (RAP) and submitted their Innovate RAP to Reconciliation Australia. This marks a major milestone in their reconciliation journey and reinforces their commitment to strengthening and deepening relationships with First Nations communities.

Despite a challenging market, our commitment to customer focused service excellence has led to strong outcomes. We exceeded our Net Promoter Score (NPS) target of over 55 with a score of 57 in the half year. This customer-centric mindset is also driving positive change within our workforce, as our people experience a greater sense of achievement in meeting customer needs. As a result, overall employee engagement has improved to 39 and is approaching our global upper quartile target score of 40.

Sustainability

We continue to enhance the sustainability of our operations, reaching key milestones along the way. One standout achievement is the ongoing reduction of coal usage at our Golden Bay® cement plant in Northland, which now exceeds 55% substitution as of HY25. This has been driven by the increased use of wood waste and end-of-life tyres, alongside the disposal of unused COVID personal protective equipment and biomass based industrial sludges. As a result, we diverted 46,000 tonnes of waste from landfills during the period and reduced process CO_2 emissions by approximately 50,000 tonnes as compared to traditional coal use at Golden Bay®.

At a Group level, our greenhouse gas emissions continue to decline, with a 21% reduction since FY18, though lower volumes have contributed to this to some extent, and carbon intensity reduced by 20% over the same timeframe. We continue to explore ways to further reduce our environmental impact.

Progress on Legacy Issues

Progress continues in resolving our remaining Construction legacy projects. The New Zealand International Convention Centre (NZICC) project is now in its final stages, with major construction works substantially completed. Our focus has shifted to finishing, testing, and commissioning, and we remain committed to delivering the project, with handover scheduled by 30 June 2025.

In Australia, we reached an agreement in November 2024 with the Western Australian Government and participating builders to address the plumbing failures in Western Australia associated with the installation of Typlex Pro-Fit pipe. This agreed Industry Response plan provides affected homeowners with a clear and practical solution, demonstrating our commitment to resolving the issue responsibly and effectively.

Outlook

Macroeconomic pressures are expected to persist and economic activity to remain subdued at below mid-cycle levels for the remainder of the financial year. Despite this, we remain focused on what we can control: delivering operational excellence, tightly managing costs, prioritising safety, and providing the best possible service to our customers.

On behalf of everyone at Fletcher Building, we sincerely thank our shareholders for your continued trust and support. We look forward to sharing further details on our strategic review prior to our upcoming Investor Day in June 2025.

Peter Crowley
Chair

Andrew Reding
Managing Director & CEO

Building Products

Financial Summary

Six months ended 31 December	2024 NZ$M	2023 NZ$M
Gross revenue	663	703
External revenue	533	570
Gross margin	32.1%	33.1%
Overheads	156	159
EBIT before significant items (1)		
Light Building Products	57	67
Metals	7	14
Wood Products	-	2
Divisional costs	(2)	(5)
Total	**62**	**78**
EBIT margin before significant items (1)	9.4%	11.1%
Significant items (2)	-	(6)
Funds	1,336	1,256
Trading cash flow	66	95
Capital expenditure	85	75

(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 interim financial statements for the period ended 31 December 2024.

(2) Details of Significant items can be found in **note 2.1** of the consolidated interim financial statements.

Light Building Products

- Winstone Wallboards®
- Laminex® New Zealand
- Comfortech®
- Iplex® New Zealand

Metals

- Fletcher Steel®
- Altus® (JV)

Wood Products

- Waipapa Pine

The Building Products division generated gross revenue of $663 million, a 6% decrease compared to the previous period. EBIT before significant items was $62 million compared to $78 million reported in the prior period. Trading cash flow of $66 million was $29 million lower than the prior period.

The Building Products division delivered a resilient trading performance in the period. The decline in revenue compared to the prior period reflected the market reduction in residential activity (new builds (6%) and additions and alterations (5%)). This, along with a highly competitive pricing environment, exerted pressure on earnings. Notwithstanding the recessionary market environment, Winstone Wallboards® maintained a strong market position, while Waipapa Pine and Laminex® demonstrated good market share growth.

Despite the heightened pricing competition, overall gross margin held relatively steady at 32.1% with good pricing disciplines and delivery of cost-out initiatives across the division.

The division's initiatives aimed at mitigating the impact of the ongoing market downturn included the implementation of a leaner organisational framework and cost structure, resulting in benefits from reduced headcount, site rationalisation and freight optimisation. These cost-saving measures collectively led to a gross reduction of $14 million. However, inflationary pressures affected the costs of raw materials, particularly gypsum, paper and LPG. While electricity prices spiked in Q1, they were mitigated by lower pricing later in the half. In Steel, the continued decline in steel prices resulted in a $3 million stock devaluation and an approximate 10% reduction in selling prices. Despite gaining market share and operational efficiency improvements, Wood Products' earnings were negatively impacted by significant pressure on timber prices within a persistently soft market.

EBIT before significant items of $62 million was $16 million below the prior period.

Trading cash flow in HY25 was $66 million, $29 million lower than the prior period, driven principally by reduced earnings. Comprehensive debtor management strategies are in place across all of the divisions' businesses, with minimal impacts from any customer liquidations.

Capital expenditure was $85 million, largely comprising $74 million for the new Laminex® Taupō wood panels plant.

The division's focus on customer service and new product offerings continued. Laminex® New Zealand successfully launched its new product range Seratone Aqua Plus®, a new evolution pre-finished wet and dry area wall panel. The newly rebranded Cyclone® Buildings product range has successfully introduced a new pole shed design, expected to meet the needs of the agricultural market. At Dimond®, the formal relaunch of the advanced roofing systems 'warm roof' products, a range of solutions optimised for appearance, thermal and acoustic performance has been well-received by the market.

The division has achieved several operational milestones in the period. Winstone Wallboards®' new plasterboard plant in Tauranga has now achieved its desired performance efficiency. Dimond® has opened its structural manufacturing plant at South Auckland's Papakura, delivering improved output and efficiencies with its new purlin mill, with two new folders expected to further unlock new opportunities in the coming months.

Distribution

Financial Summary

Six months ended 31 December	2024 NZ$M	2023 NZ$M
Gross revenue	780	836
External revenue	767	817
Gross margin	24.7%	26.8%
Overheads	188	190
EBIT	4	35
EBIT margin	0.5%	4.2%
Funds	306	308
Trading cash flow	8	42
Capital expenditure	13	10

Divisional Overview

- PlaceMakers®
- Mico®
- PlaceMakers® F&T

The Distribution division reported gross revenue of $780 million, 7% lower than the prior period. EBIT before significant items was $4 million, compared to $35 million in the prior period. Trading cash flow was $8 million, compared to $42 million in the prior period.

With approximately 80% exposure to New Zealand's residential construction market, the Distribution division faced sustained challenges in HY25, as trade merchant revenues declined year-on-year – by an estimated 3% in building materials and 7% in plumbing.

Mico® achieved steady market share growth, reinforcing its leadership in the plumbing sector through strong competitive positioning.

PlaceMakers® continued to face intense price competition, particularly in frame and truss, necessitating select price concessions to defend market share. All regions experienced some level of contraction, however the pricing efforts maintained stability in Auckland and Northland. Market share gains were achieved in the Waikato, Bay of Plenty and Lower North Island regions. However, market share declined in the South Island.

Gross margin reduced by 210 basis points compared to the prior period due to the price concessions along with unfavourable shifts in product mix.

Inflationary pressures in labour, property and technology persisted throughout the half. Cost efficiency measures included revised shift patterns across branches and manufacturing facilities, careful management of employee hires and significant reductions in discretionary expenses. Despite inflation running at approximately 4%, overheads were reduced by 0.3% compared to the prior period.

The division's EBIT fell to $4 million (HY24: $35 million), with EBIT margin declining to 0.5% from the prior period's 4.2%.

Trading cash flow was $8 million reflecting lower earnings in the period. Working capital cash flow was positive, supported by improved inventory management, which reduced inventory days by 2.3 days year-on-year. Customer cash collections remained strong. While some customer defaults were experienced, credit risk was managed through proactive measures to minimise the division's overall exposure.

The division maintained disciplined capital management while prioritising key strategic investments. In this regard the capital expenditure of $13 million primarily reflected milestone payments for the relocation of PlaceMakers®' Auckland frame and truss facility. This project has temporarily been paused with future options under review.

The integration of Tumu® into PlaceMakers® was successfully completed during HY25.

Concrete

Financial Summary

Six months ended 31 December	2024 NZ$M	2023 NZ$M
Gross revenue	536	567
External revenue	381	412
Gross margin	26.7%	28.3%
Overheads	89	93
EBIT before significant items (1)	49	70
EBIT margin before significant items (1)	9.1%	12.3%
Significant items (2)	-	2
Funds	850	810
Trading cash flow	64	87
Capital expenditure	36	34
Investments	-	7

(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 interim financial statements for the period ended 31 December 2024.

(2) Details of Significant items can be found in **note 2.1** of the consolidated interim financial statements.

Heavy Materials

- Golden Bay®
- Winstone Aggregates®

Products and Solutions

- Firth® Industries
- Humes®
- Dricon®

The Concrete division reported gross revenue of $536 million, which was 5% lower than the prior period. EBIT before significant items was $49 million, compared to $70 million in the prior period. Trading cash flow of $64 million compared to $87 million in the prior period.

The division delivered a strong top-line result in the period despite challenging market conditions, particularly in the residential segment. In this environment, the division has performed well to improve market share – this has been achieved through a continued focus on a differentiated product and service offering.

The Concrete division continued to focus on the more stable commercial and infrastructure segments, as well as re-entry into the cement export market to offset the declining New Zealand market volume. This resulted in stable revenues compared to the second half of the 2024 financial year. Additionally the division continued to align its cost base to the current market environment. In Firth®, this has involved a continued reduction in production and truck resources aligning to volume reduction. In Golden Bay®, the focus has been on increasing coal substitution with alternative fuels to over 55% and right-sizing of its manufacturing labour cost base. In Humes® and Winstone Aggregates®, the focus has been on delivering benefits from recent investments in debottlenecking and operational improvements.

The division's gross margin of 26.7% was 160 basis points lower than the prior period, whilst EBIT before significant items of $49 million was $21 million lower than the prior period. This reflected the higher proportion of revenue from the commercial and infrastructure segments and continued input cost inflationary pressures. The result includes one-off costs of $12 million reflecting the outage of Golden Bay®'s cement carrier the MV Aotearoa Chief in July 2024, significantly elevated spot electricity pricing in the first quarter and restructuring costs associated with right-sizing initiatives.

Trading cash flow for the division was solid at $64 million, with the decline of $23 million compared to the prior period in line with the lower earnings. Working capital remains tightly managed, with divisional debtor days in line with June 2024.

Capital expenditure in the period of $36 million was focused on critical 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®.

The key highlight for the period was the successful commissioning of the new Firth® ready mix concrete plant at Auckland Airport. This new concrete plant allows Firth® to support the Auckland Airport which has a large programme of future capital investment that Firth® is now well positioned to deliver.

Australia

Financial Summary

Six months ended 31 December	2024 NZ$M	2023 [1] NZ$M
Gross revenue	924	1,054
External revenue	906	1,026
Gross margin	35.1%	34.3%
Overheads	274	287
EBIT before significant items [2]		
Building Products Australia	52	72
Steel Australia	(1)	9
Distribution Australia	-	-
Divisional costs	(4)	(4)
Total	**47**	**77**
EBIT margin before significant items [2]	5.1%	7.3%
Significant items [3]	(177)	(3)
Funds	1,008	1,160
Trading cash flow	9	59
Capital expenditure	15	22

(1) The comparatives have been restated to exclude discontinued operation. Further details of the change can be found in **note 2.4** of the consolidated interim 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 interim financial statements for the period ended 31 December 2024.

(3) Details of Significant items can be found in **note 2.1** of the consolidated interim financial statements.

Building Products Australia

- Laminex® Australia
- Iplex® Australia
- Fletcher Insulation®

Steel Australia

- Stramit®

Distribution Australia

- Oliveri® Solutions

The Australia division reported gross revenue from continued operations of $924 million, 12% lower than the prior period. EBIT before significant items was $47 million, compared with $77 million in the prior period. Trading cash flow was $9 million, compared to $59 million in the prior period.

The Australia division saw volume declines of circa 13% compared to the prior period. Residential and commercial markets were both softer compared to the prior period, impacting performance in all businesses. The reduced level of civil project activity continued to be a large driver of the top line decline in Iplex® Australia, and Stramit® was further impacted by slowing in the detached housing markets.

Market share remained mixed, with gains achieved in Fletcher Insulation® and Oliveri®, while share held in Laminex® Australia and Iplex® Australia, with focused commercial project selection in Stramit®.

The division continued its restructuring programme to right size the businesses through the current downturn, with benefits from these initiatives weighted to the second half. However, continued strong pricing disciplines and new products brought to market assisted the delivery of gross margin improvements of 80 basis points in the period.

EBIT before significant items of $47 million and an EBIT margin of 5.1% were both down on the prior period. At a business unit level, Oliveri®, Laminex® Australia and Fletcher Insulation® all performed well in the lower trading environment, while the Stramit® and Iplex® Australia results were more challenged. Significant items of $177 million were recognised during the period, which related to costs and provisions in relation to the Iplex® Australia pipes matter and the agreed Industry Response in Western Australia.

The division's continued commitment to the customer produced positive outcomes, with customer NPS, broadly in line with the prior period and top quartile performance in Fletcher Insulation®. This was the result of the attention to efficiency rates in DIFOT (Delivery in Full On Time), growth in digital sales and bringing new products to market. Over 50% of Laminex® Australia revenue is now from online sales, attracting more customers and delivering improved margins. Market share was also gained in higher-margin segments, which include, Laminex® Australia decorative products, Fletcher Insulation®'s extension to its Rockwool® and Pink® Batts® ranges, and further growth in the Oliveri® bathroom category.

Trading cash flow for the division was $9 million, down on the $59 million in the prior period. Lower earnings and additional costs related to the Iplex® Australia pipe matter were the main drivers of the movement. Debtor collections remained strong and the credit risk from heightened construction insolvencies continued to be well managed.

Capital expenditure in the period was $15 million, with ongoing investments in the areas of new product development and manufacturing automation.

Residential and Development

Financial Summary

Six months ended 31 December	2024 NZ$M	2023 NZ$M
Gross revenue	240	351
External revenue	228	340
Gross margin	21.1%	22.5%
Overheads	39	39
EBIT (1)		
Fletcher Residential	19	44
Clever Core®	(5)	(3)
Vivid Living®	-	-
Industrial Development	-	-
Total	**14**	**41**
EBIT margin (1)	5.8%	11.7%
Funds	901	985
Trading cash flow	(55)	(31)
Capital expenditure (2)	6	12

(1) The EBIT result includes a $2 million gain on revaluation of Vivid Living® investment property (2023: $1 million).

(2) Capex includes investment property development.

Fletcher Residential

- Fletcher Living®
- Vivid Living®
- Fletcher Apartments
- Clever Core®

Industrial Development

- Industrial Development

The Residential and Development division reported gross revenue of $240 million, a $111 million and a 32% reduction on the prior period. EBIT for the division was $14 million, compared with $41 million in the prior period. Trading cash flow was an outflow of $55 million compared to an outflow of $31 million in the prior period.

The challenging New Zealand housing market and broader economic conditions present in the second half of FY24 resulted in the division entering FY25 with significantly lower contracted volume than historical averages. This adversely impacted the volume of homes taken to profit in the first quarter of the current year by circa 130 units, compared to the prior period. The difficult market conditions persisted into the start of FY25, negatively impacting buyer sentiment and urgency, resulting in conditional contract sign-up volume for July and August 2024 being circa 30% lower than the same period in the prior year. Market outlook and buyer confidence has however started to show tentative signs of recovery, with average weekly signups increasing 17% across the period September-December 2024, compared to July-August 2024. A high proportion of these executed contracts however are settling, and expected to be taken to profit in the second half. The most active part of the Residential housing market continued to be in the lower price point, first-home buyer segment, an area of strength for Fletcher Residential. This was supported by the introduction of promotions such as a $10,000 First Home Buyer Grant, providing strong market differentiation. As a result, 304 units (including 21 apartments) were taken to profit compared to 419 units (including 47 apartments) in the prior period, with 114 contracts already executed to settle in the second half of FY25.

Average market price has decreased by circa 2% compared to the same period last year. Whilst this has been partly mitigated through cost control, gross margin in Fletcher Residential has seen a reduction of 120 basis points compared to the prior period.

Clever Core®, the division's panelisation business, has been significantly impacted by the prolonged industry downturn, delivering 51 units in the period compared to 90 in the prior period. Whilst internal demand for Clever Core® continues to be strong, external demand has slowed, reflecting broader market dynamics and a significant reduction in orders from Kāinga Ora.

Vivid Living® completed 12 settlements during the period at Red Beach, its first retirement development, with the village now ~60% occupied, and secured 5 contracts at the next village in Karaka, South Auckland, opening to first residents later this financial year.

In Industrial Development, there were no sales in the period, consistent with H1 FY24.

Trading cash flow including the settlement of $40 million of committed land purchases, was an outflow of $55 million, compared to an outflow of $31 million in the prior period. This was a strong result given the reduced number of units taken to profit compared to the prior period. An outflow in the first half of the year is normal as the division builds homes for settlement in the second half and is exacerbated by new development home building to deliver projects at The Hill in Ellerslie, Three Kings and Stonefields.

As at 31 December 2024, divisional funds employed were $901 million, an increase of $60 million compared to 30 June 2024, owing to the settlement of committed land purchases and the seasonal stock build. The division continues to actively manage its funds base in line with market activity.

Construction

Financial Summary

Six months ended 31 December	2024 NZ$M	2023 NZ$M
Gross revenue	814	699
External revenue	768	695
Gross margin	9.2%	7.2%
Overheads	54	53
EBIT before significant items (1)	20	(1)
EBIT margin before significant items (1)	2.5%	(0.1)%
Significant items (2)	(6)	(179)
Funds	216	216
Trading cash flow	(80)	(313)
Capital expenditure	5	4

(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 interim financial statements for the period ended 31 December 2024.

(2) Details of Significant items can be found in **note 2.1** of the consolidated interim financial statements.

Note: External revenue includes income from the Group's vertical buildings business (December 2024: $69 million; December 2023: $51 million), which the Group is in the process of exiting. The New Zealand International Convention Centre and Hobson Street Hotel (NZICC) projects represent the largest projects in this business. EBIT before significant items, however, excludes any earnings or losses from these projects that are reported separately as Significant Items.

Divisional Overview

- Major Projects
- Brian Perry Civil®
- Higgins®
- Buildings
- South Pacific

The Construction division reported gross revenue of $814 million, which was $115 million or 16% higher than the prior period. EBIT before significant items was a profit of $20 million, compared to a loss of $1 million in the prior period. Trading cash flow was an outflow of $80 million compared to a $313 million outflow in the prior period. Excluding legacy projects, trading cash flow resulted in an inflow of $54 million compared to a $18 million outflow in the prior period.

Revenue performance, excluding vertical buildings, was 15% higher compared to the prior period driven by higher work volumes in Brian Perry Civil® and Major Projects businesses, with work continuing on key infrastructure projects at Auckland Airport, Eastern Busway and the Ngāruawāhia and Rangiriri roading projects. Gross margin, excluding vertical buildings, was 10.0%, compared to 7.7% in the prior period as the division continues to focus on lower risk, smaller self-perform work; national and local road maintenance contracts; and alliance infrastructure projects. Project margins were also supported by strong product sales in Higgins®' asphalt and bitumen importation and supply via Napier, with Higgins®' new import terminal at Marsden Point, in conjunction with Channel Infrastructure NZ, expected to be operational in FY27.

Overheads as percentage of revenue were 6.6%, compared to 7.6% in the prior period with tight cost control measures.

Significant items for the period were a loss of $6 million in the period, primarily relating to legal fees incurred as part of its preparation and defence of claims in the vertical buildings operations currently being wound down.

Trading cash flow for the division was an outflow of $80 million. Excluding legacy cash, trading cash flow was a $54 million inflow. This was driven by strong earnings cash inflows and working capital management, including advances on new projects and the finalisation of variation claims and accounts.

Legacy outflows of $134m were principally driven by the NZICC project which is forecast to reach practical completion by end of June 2025.

The orderbook as at December 2024 was $1.5 billion, down from $1.8 billion at June 2024. The reduction was largely driven by a $0.6 billion adjustment for the division's share of the Transport Rebuild East Coast programme which has been de-scaled by NZTA.

The division completed the sale of 50% of the Higgins® Fiji business in July 2024.

Consolidated Income Statement

For the six months ended 31 December 2024

Continuing operations	Note	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023* NZ$M	Audited Year ended Jun 2024 NZ$M
Revenue		3,583	3,860	7,683
Cost of goods sold		(2,584)	(2,750)	(5,521)
Gross margin		999	1,110	2,162
Selling, general and administration expenses		(836)	(853)	(1,665)
Share of profits of associates and joint ventures		2	5	10
Revaluation gain on investment property		2	1	2
Significant items	2.1	(193)	(186)	(333)
(Losses)/earnings before interest and taxation (EBIT)		(26)	77	176
Lease interest expense		(34)	(28)	(58)
Funding costs		(63)	(62)	(142)
Losses before taxation		(123)	(13)	(24)
Taxation benefit/(expense)	6	41	2	(55)
Losses after taxation from continuing operations		(82)	(11)	(79)
Losses attributable to non-controlling interests		-	(3)	(7)
Net losses from continuing operations		**(82)**	**(14)**	**(86)**
Net losses from discontinued operation net of tax		(52)	(106)	(141)
Net losses attributable to the shareholders		**(134)**	**(120)**	**(227)**

* The comparative interim results have been represented for Tradelink® being classified as a discontinued operation in FY24. Further details of discontinued operation can be found in **note 2.4**.

	Note	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023* NZ$M	Audited Year ended Jun 2024 NZ$M
Net losses per share (cents)	2.3			
Basic		(14.3)	(14.7)	(27.7)
Diluted		(14.3)	(14.7)	(27.7)
Net losses per share from continuing operations (cents)	2.3			
Basic		(8.7)	(1.7)	(10.5)
Diluted		(8.7)	(1.7)	(10.5)
Weighted average number of shares outstanding (millions of shares)	2.3			
Basic		940	819	819
Diluted		940	819	819
Dividends declared per share (cents)		-	-	-

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

On behalf of the Board, 19 February 2025

Peter Crowley
Chair

Sandra Dodds
Director

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2024

	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023* NZ$M	Audited Year ended Jun 2024 NZ$M
Net losses attributable to shareholders	(134)	(120)	(227)
Net losses attributable to non-controlling interests	-	3	7
Net losses after tax	(134)	(117)	(220)
Other comprehensive income/(loss)			
Items that do not subsequently get reclassified to Consolidated Income Statement:			
Movement in pension reserve	(3)	-	21
	(3)	-	21
Items that may be reclassified subsequently to Consolidated Income Statement in the future:			
Movement in cash flow hedge reserve	(3)	(17)	(7)
Movement in currency translation reserve	12	(17)	(1)
Reclassification of foreign currency reserve to Consolidated Income Statement	53	-	-
	62	(34)	(8)
Other comprehensive income/(loss)	59	(34)	13
Total comprehensive loss for the period	**(75)**	**(151)**	**(207)**
Total comprehensive income/(loss) for the year arises from:			
Continuing operations	(76)	(45)	(66)
Discontinued operation	1	(106)	(141)
Total comprehensive loss for the period	**(75)**	**(151)**	**(207)**

* The comparative interim results have been represented for Tradelink® being classified as a discontinued operation in FY24. Further details of discontinued operation can be found in **note 2.4**.

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

Consolidated Statement of Movements in Equity

For the six months ended 31 December 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 2023 (audited)		**2,993**	**634**	**28**	**10**	**(78)**	**63**	**3,650**	**27**	**3,677**
Total comprehensive income/(loss) for the period		-	(120)	-	(17)	(17)	-	(154)	3	(151)
Movement in non-controlling interests		-	-	-	-	-	-	-	(7)	(7)
Dividends paid to shareholders of the parent		-	(124)	-	-	-	-	(124)	-	(124)
Movement in share-based payment reserve		-	4	2	-	-	-	6	-	6
Total equity at 31 December 2023 (unaudited)		**2,993**	**394**	**30**	**(7)**	**(95)**	**63**	**3,378**	**23**	**3,401**
Total comprehensive income/(loss) for the period		-	(107)	-	10	16	21	(60)	4	(56)
Movement in non-controlling interests		-	-	-	-	-	-	-	(16)	(16)
Movement in share-based payment reserve		2	1	(4)	-	-	-	(1)	-	(1)
Total equity at 30 June 2024 (audited)		**2,995**	**288**	**26**	**3**	**(79)**	**84**	**3,317**	**11**	**3,328**
Total comprehensive income/(loss) for the period		-	(134)	-	(3)	65	(3)	(75)	-	(75)
Movement in non-controlling interests		-	-	-	-	-	-	-	(7)	(7)
Movement in share-based payment reserve		5	4	(11)	-	-	-	(2)	-	(2)
Issue of shares	2.5	679	-	-	-	-	-	679	-	679
Total equity at 31 December 2024 (unaudited)		**3,679**	**158**	**15**	**0**	**(14)**	**81**	**3,919**	**4**	**3,923**

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

Consolidated Balance Sheet

As at 31 December 2024

Assets	Note	Unaudited Dec 2024 NZ$M	Unaudited Dec 2023 NZ$M	Audited Jun 2024 NZ$M
Current assets:				
Cash and cash equivalents		202	215	311
Current tax assets		31	11	28
Contract assets		146	178	142
Derivatives		13	7	10
Debtors		770	978	914
Inventories		1,352	1,772	1,276
Total current assets before held for sale		**2,514**	**3,161**	**2,681**
Assets classified as held for sale	2.4	5	-	507
Total current assets		**2,519**	**3,161**	**3,188**
Non-current assets:				
Property, plant and equipment		2,251	2,122	2,191
Investment property		107	71	100
Intangible assets		1,026	1,170	1,055
Right-of-use assets		1,279	1,322	1,191
Investments in associates and joint ventures		240	222	221
Inventories		601	467	594
Retirement plan assets		151	126	152
Derivatives		52	28	46
Deferred tax assets		182	236	136
Total non-current assets		**5,889**	**5,764**	**5,686**
Total assets		**8,408**	**8,925**	**8,874**

Liabilities	Note	Unaudited Dec 2024 NZ$M	Unaudited Dec 2023 NZ$M	Audited Jun 2024 NZ$M
Current liabilities:				
Creditors, accruals and other liabilities		1,122	1,166	1,147
Provisions	5	283	340	171
Lease liabilities		167	190	164
Derivatives		11	23	18
Contract liabilities		87	71	166
Borrowings	7	85	84	86
Total current liabilities before held for sale		**1,755**	**1,874**	**1,752**
Liabilities associated with assets held for sale	2.4	3	-	336
Total current liabilities		**1,758**	**1,874**	**2,088**
Non-current liabilities:				
Creditors, accruals and other liabilities		25	102	134
Provisions	5	34	39	28
Lease liabilities		1,373	1,401	1,272
Derivatives		7	8	2
Borrowings	7	1,288	2,100	2,022
Total non-current liabilities		**2,727**	**3,650**	**3,458**
Total liabilities		**4,485**	**5,524**	**5,546**

Equity	Note	Unaudited Dec 2024 NZ$M	Unaudited Dec 2023 NZ$M	Audited Jun 2024 NZ$M
Share capital		3,679	2,993	2,995
Reserves		240	385	322
Shareholders' funds		3,919	3,378	3,317
Non-controlling interests		4	23	11
Total equity		**3,923**	**3,401**	**3,328**
Total liabilities and equity		**8,408**	**8,925**	**8,874**

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

Consolidated Statement of Cash Flows

For the six months ended 31 December 2024

	Note	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
Cash flow from operating activities				
Receipts from customers		3,950	4,406	8,667
Dividends received		5	5	10
Payments to suppliers, employees and other		(3,861)	(4,427)	(8,064)
Interest paid		(97)	(89)	(200)
Income tax paid		(2)	(21)	(15)
Net cash from operating activities	9	**(5)**	**(126)**	**398**
Cash flow from investing activities				
Sale of property, plant and equipment		53	3	7
Sale of subsidiaries		182	-	-
Purchase of subsidiaries		-	(7)	(11)
Purchase of property, plant and equipment and intangible assets		(161)	(183)	(402)
Payments for investment property and investment property under development		(6)	(12)	(20)
Net cash from investing activities		**68**	**(199)**	**(426)**
Cash flow from financing activities				
Issue of capital notes		-	-	32
Repurchase of capital notes		-	-	(78)
Issue of shares	2.5	679	-	-
Drawdown of borrowings		-	700	920
Repayment of borrowings		(762)	(301)	(568)
Principal elements of lease payments		(99)	(100)	(206)
Contributions from non-controlling interests		11	11	15
Distribution to non-controlling interests		(5)	(7)	(17)
Dividends paid to shareholders of the parent		-	(124)	(124)
Net cash from financing activities		**(176)**	**179**	**(26)**
Net movement in cash held		(113)	(146)	(54)
Add: opening cash and cash equivalents		311	365	365
Effect of exchange rate changes on net cash		4	(4)	-
Closing cash and cash equivalents		**202**	**215**	**311**

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

Fletcher Building Interim Financial Statements

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 reporting period:

- The Group completed the sale of 50% of its Fiji construction business to the Fiji National Provident Fund and Fijian Holdings Limited on 31 July 2024 for NZ$21 million. Refer to **note 2.4**.
- The Group completed the sale of Tradelink®, its Australian plumbing supplies and distribution business, to Metal Manufactures Pty Limited on 30 September 2024. The sale price of A$170 million comprises a cash payment of A$160 million paid on settlement, with the remaining A$10 million cash payment based on achieving separation milestones. Transaction and separation costs are expected to total c.A$30 million over a period of up to 24 months from completion. A $53 million loss was reclassified from the foreign currency translation reserve (FCTR) on disposal of Tradelink®. Refer to **note 2.4.**
- The Group and its subsidiary, Iplex® Pipelines Australia, together with the Western Australian (WA) Government and key industry stakeholders, have finalised the Industry Response (the IR) to address the plumbing failures which are impacting some WA homes constructed using Typlex Pro-Fit pipe. As a result, the Group recorded a pre-tax provision of $170 million (A$155 million) in relation to its net obligations under the IR, classified as a Significant Item. Refer to **note 2.1** and **note 5**.
- The Group completed a $700 million equity raise, as announced on 23 September 2024, comprising a fully underwritten c.$282 million institutional placement and c.$418 million pro rata accelerated non-renounceable entitlement offer, with 291,853,776 additional ordinary shares issued. A total of $679 million of proceeds was raised, net of transaction costs. Refer to **note 2.5**.
- The Group repaid and cancelled $680 million of its outstanding borrowings on a pro-rated basis, including full repayment of the Group's Club Loan ($400 million) and partial repayment of the amounts outstanding under its syndicated facility ($111 million) and USPP notes ($169 million). A $10 million loss from the close-out of the CCRIS hedge instruments that was related to the early redemption of USPP notes has been classified as a Significant Item in **note 2.1**. The repayment of the loan, and partial repayment of syndicated facilities and USPP notes were funded using the proceeds from the equity raise during the period. Refer to **note 7**.

Notes to the Consolidated Interim Financial Statements

Statement of accounting policies

1. GENERAL INFORMATION

The consolidated condensed interim 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 interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and the requirements of the Financial Markets Conduct Act 2013. Generally Accepted Accounting Practice are the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS).

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 interim financial statements comply with NZ IAS 34 *Interim Financial Reporting* and do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2024. In complying with NZ IAS 34, these financial statements comply with International Accounting Standard 34 *Interim Financial Reporting*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The estimates and judgements that are critical to the determination of the amounts reported in the consolidated interim financial statements have been disclosed with the relevant notes in the consolidated interim financial statements and are marked with this colour.

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

NZD/AUD	Unaudited Six months Dec 2024	Unaudited Six months Dec 2023	Audited Year ended Jun 2024
Average rates	0.9111	0.9231	0.9228
Closing rates	0.9063	0.9264	0.9150

2. KEY ESTIMATES, JUDGEMENTS AND OTHER FINANCIAL INFORMATION

2.1 SIGNIFICANT ITEMS

In reporting financial information, the Group presents non-GAAP performance measures (i.e. EBIT before Significant Items), which is 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.

As at 31 December 2024, Significant Items from continuing operations totalled $193 million (31 December 2023: $186 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.

	Dec 2024			Dec 2023		
NZ$M	**EBIT**	**Significant items**	**EBIT before significant items**	**EBIT**	**Significant items**	**EBIT before significant items**
Building Products	62	-	62	72	(6)	78
Distribution	4	-	4	35	-	35
Concrete	49	-	49	72	2	70
Australia	(130)	(177)	47	74	(3)	77
Materials and Distribution divisions	(15)	(177)	162	253	(7)	260
Residential and Development	14	-	14	41	-	41
Construction	14	(6)	20	(180)	(179)	(1)
Corporate and other	(39)	(10)	(29)	(37)	-	(37)
Continuing operations	**(26)**	**(193)**	**167**	**77**	**(186)**	**263**
Discontinued operation	(52)	(58)	6	(121)	(122)	1
Group	**(78)**	**(251)**	**173**	**(44)**	**(308)**	**264**

Significant items from continuing operations include:

Iplex® Australia Western Australia pipes matter ($177 million)

Iplex® Pipelines Australia (Iplex® Australia), in collaboration with the Western Australian (WA) Government and key industry stakeholders, finalised the Industry Response (the IR) to address plumbing failures impacting some WA homes using Typlex Pro-Fit pipe. As a result, Iplex® Australia recognised a pre-tax net provision of A$155 million (NZ$170 million) during the period. The interim investigation fund was extended up to the finalisation of the IR response being agreed, at an additional cost of A$2.5 million (NZ$3 million). Both have been classified as Significant Items, refer to **note 5**.

Additionally, Iplex® Australia incurred A$4 million in legal costs associated with defending claims related to the matter during the period, which have also been classified as a Significant Item.

Capital and funding restructure ($10 million)

Fletcher Building raised net proceeds of NZ$679 million in the equity raise carried out during the period (refer to **note 2.5**), with the net proceeds subsequently being applied to repay and cancel existing debt facilities, including the partial early redemption of USPP notes that were scheduled to mature in 2026 (see **note 7**). This early redemption of USPP notes led to a $10 million loss from the partial close-out of the related CCIRS hedge instruments, which would otherwise be considered ineffective, being recognised in the income statement. The loss on close-out has been classified as a Significant Item incurred as part of the Group's capital restructuring activities.

Other ($6 million)

Other Significant Items primarily comprise $6 million of legal costs incurred by the Construction division as part of its preparation and defence of claims in the vertical building business currently being wound down.

Significant items from discontinued operation include:

Tradelink® disposal ($58 million)

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

Notes to the Consolidated Interim Financial Statements (Continued)

2.2 INTANGIBLE ASSET IMPAIRMENT TESTING

The Group performs an annual impairment test for assets with an indefinite useful life (i.e. Goodwill and Brands) in June or at the end of a reporting period when there is an indication that an asset may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 June 2024. The Group considered the cyclical nature of the construction and building industry, the current economic environment and the historic and forecast performance of businesses in a mid-cycle environment, and concluded that no indicators of impairment existed that required an impairment to be recognised as at 31 December 2024.

2.3 SUPPLEMENTARY DISCLOSURES: EARNINGS PER SHARE

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

The disclosure below 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:	**Unaudited Six months Dec 2024 NZ$M**	**Unaudited Six months Dec 2023 NZ$M**	**Audited Year ended Jun 2024 NZ$M**
Net losses after taxation from continuing operations (as per Consolidated Income Statement)	(82)	(14)	(86)
Add back: Significant Items before taxation	193	186	333
Less: tax benefit on Significant Items	(58)	(53)	(64)
Net earnings from continuing operations before Significant Items	53	119	183
Net earnings from continuing operations per share before Significant Items (cents)	5.6	14.5	22.3
Net losses per share – as reported per Consolidated Income Statement (cents)	**(8.7)**	**(1.7)**	**(10.5)**

2.4 DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

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

Tradelink® was sold on 30 September 2024 with effect from 1 October 2024.

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

The financial performance and cash flow information presented for the period ended 31 December 2024 includes the results from 1 July 2024 and up to the date of disposal of 30 September 2024.

	Unaudited Six months Dec 2024 NZ$M	**Unaudited Six months Dec 2023 NZ$M**	**Audited Year ended Jun 2024 NZ$M**
Revenue	202	388	758
Cost of goods sold	(145)	(274)	(529)
Gross Margin	**57**	**114**	**229**
Selling, general and administration expenses	(51)	(113)	(222)
Significant Items	(58)	(122)	(155)
Losses before interest and taxation (EBIT)	**(52)**	**(121)**	**(148)**
Lease interest expense	(2)	(4)	(7)
Income tax benefit	2	19	14
Net losses from discontinued operation net of tax	**(52)**	**(106)**	**(141)**

Notes to the Consolidated Interim Financial Statements (Continued)

	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
Other comprehensive income - reclassification of foreign currency translation reserve on disposal	53	-	-
Total comprehensive income/(loss) from discontinued operation	**1**	**(106)**	**(141)**
Net losses per share from discontinued operation (cents)			
Basic	(5.6)	(13.0)	(17.2)
Diluted	(5.6)	(13.0)	(17.2)
Net cash (outflow)/inflow from operating activities	(9)	(29)	20
Net cash outflow from investing activities	(2)	(5)	(10)
Net cash outflow from financing activities*	(10)	(19)	(38)
Net decrease in cash generated by the subsidiary	**(21)**	**(53)**	**(28)**

* Excludes the benefit of intercompany funding.

Details of the sale of Tradelink® business

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

The consideration payable by the acquirer is the aggregate of the completion payment ($175 million) and the milestone payment ($11 million). The milestone amounts are payable upon delivery of transitional services by the Group to the acquirer, expected to occur over a period of up to 24 months from completion. The obligation to deliver separation infrastructure has been recognised in other provisions (see **note 5**). The loss of $58 million is presented as a Significant Item from discontinued operation.

The final loss on disposal remains subject to agreement of completion statements, which are currently under review. This process is expected to be finalised before the end of the financial year 2025.

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

	30 September 2024 NZ$M
Cash	4
Property, plant and equipment	29
Intangible assets	12
Tax asset	15
Right-of-use assets	105
Debtors	110
Inventories	160
Total assets	**435**

Notes to the Consolidated Interim Financial Statements (Continued)

	30 September 2024 NZ$M
Creditors, accruals and other liabilities	126
Lease liabilities	132
Provisions	19
Total liabilities	**277**
Net assets	**158**

Other disposals

On 31 July 2024, following receipt of regulatory approvals, the Group successfully completed the transaction to divest 50% of its Fiji construction business. The transaction valued the Fiji business, comprising Fletcher Construction and Higgins® branded operations, at NZ$42 million, with NZ$21 million received for the sale of the 50% stake in the business, and 50% retained by the Group to be accounted for as an equity accounted investment going forward. The Group had recorded a non-cash impairment of NZ$17 million on the business in the FY24 Financial Statements. The Fiji construction business sold was not classified as a discontinued operation for reporting purposes.

Assets and liabilities of disposal group classified as held for sale

As at 31 December 2024, the Group continued to hold the New Zealand Ceiling and Drywall (NZCDS) business assets and liabilities as held for sale.

2.5 CAPITAL

On 23 September 2024, Fletcher Building Limited announced a NZ$700 million equity raise comprising a fully underwritten c.NZ$282 million institutional placement ("Placement") and c.NZ$418 million pro rata accelerated non-renounceable entitlement offer ("Entitlement Offer"). The Placement and Entitlement Offer were fully underwritten.

A total of 291,853,776 new shares were issued at an offer price of NZ$2.40 per share as part of the capital raise, with proceeds of $679 million raised, net of transaction costs. All new shares issued rank equally in all respects with Fletcher Building's existing ordinary shares.

	Unaudited Six months Dec 2024 NZ$M	Audited Year ended Jun 2024 NZ$M
Reported capital at the beginning of the period excluding treasury stock	**2,995**	**2,993**
Issue of shares	679	-
Vested share-based payment	5	2
Reported capital at the end of the period excluding treasury stock	**3,679**	**2,995**

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

	Unaudited Six months Dec 2024 NZ$M	Audited Year ended Jun 2024 NZ$M
Number of ordinary shares issued and fully paid		
Number of shares on issue at the beginning of the period	783,043,596	783,043,596
Issue of shares	291,853,776	-
Total number of shares on issue	**1,074,897,372**	**783,043,596**
Less shares accounted for as treasury stock	(4,741,564)	(6,322,384)
Number of shares on issue at the end of the period	**1,070,155,808**	**776,721,212**

Notes to the Consolidated Interim Financial Statements (Continued)

3. CONSTRUCTION ACCOUNTING

The Group's Construction division is engaged with a wide variety of customers to construct and maintain building and infrastructure projects across New Zealand and the South Pacific. Services provided by the division include construction contract works, engineering and maintenance services. Each project has a different risk profile based on its individual contractual and delivery characteristics. The Group's policies for accounting for such projects are outlined in the Group's Consolidated Financial Statements for the year ended 30 June 2024 and should be read in conjunction with the disclosures below, including related estimate and judgements made by management.

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 31 December 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 Units as at 31 December 2024

	Current Revenue Backlog NZ$M	Top 5 projects as a % of Revenue Backlog
Buildings	35	100%
Infrastructure	232	98%
Brian Perry Civil®	270	63%
Higgins®	916	46%
South Pacific	19	100%
	1,472	**N/A**

Legacy construction projects update

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

Status of legacy construction projects (> $200 million original contract value) as at 31 December 2024

	Business unit	Forecast completion*	Percentage of completion (% cost)
New Zealand International Convention Centre and Hobson Street Hotel (NZICC) - Fixed price contract and fire reinstatement	Buildings	**2025**	98%
Pūhoi to Warkworth - Fixed price contract (Public Private Partnership)	Infrastructure	**2024**	99%

* Calendar year

Pūhoi to Warkworth (P2W)

On the Pūhoi to Warkworth (P2W) project, there have been no material updates from the 30 June 2024 reported position.

The Construction JV continues to hold a material claim with NX2 and the NZTA for the impacts and delays arising from COVID-19 and other weather events. 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 NZTA agree otherwise, that claim will be resolved through an agreed dispute resolution process, unlikely to be earlier than 2026.

Separately, the Construction JV continues to hold 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.

As the project nears finalisation, the Construction JV expects 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 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, the expected recovery under insurance policies, and concluded that no additional provision is required to be recognised as at 31 December 2024. There remains a risk that, ultimately, the full amount of the Construction JV's claims will not be recovered.

Notes to the Consolidated Interim Financial Statements (Continued)

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

Good progress has been made on the NZICC project during the six months to 31 December 2024, with the major construction works now finished and the focus moving to finishing, testing and commissioning. The Group is focused on achieving practical completion and handing over the NZICC to SkyCity by 30 June 2025. The remaining forecast revenues to secure on the NZICC project solely relate to c.$15 million in 'BAU' client revenues (i.e. for work that was still to be completed at the time of fire), following FCC's settlement of all CWI claims with the NZICC/HSH project insurers and SkyCity in June 2024.

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 Group will continue to pursue its rights to recovery under the TPL policy, though this is not expected to be settled until calendar year 2026.

Wellington International Carpark (WIAL)

On the WIAL project, The Fletcher Construction Company Limited (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.

At 31 December 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 FCC's provision for the project. 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.

Based on FCC's assessment of the estimated remedial costs and expected recoveries, no additional provision is required to be recognised on the WIAL carpark project as at 31 December 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.

4. SEGMENTAL INFORMATION

The following tables present revenue, profit and balance sheet information for the Group's operating segments for the six months ended 31 December 2024 and 31 December 2023, and the year ended 30 June 2024. The financial results for the six months ended 31 December 2023 below have been represented to account for Tradelink® reported as a discontinued operation.

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, 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 operates in both New Zealand and 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 and residential land. Development activity includes sale of land property which 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 being the last project 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.

Notes to the Consolidated Interim Financial Statements (Continued)

Industry segments

Gross Revenue	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
Building Products	663	703	1,345
Distribution	780	836	1,615
Concrete	536	567	1,082
Australia	924	1,054	1,979
Materials and Distribution	2,903	3,160	6,021
Residential and Development	240	351	796
Construction	814	699	1,614
Corporate and other	4	6	10
Continuing operations	3,961	4,216	8,441
Discontinued operation	211	390	762
Group	4,172	4,606	9,203
Less: intercompany revenue	(387)	(358)	(762)
External revenue	**3,785**	**4,248**	**8,441**
External revenue			
Building Products	533	570	1,093
Distribution	767	817	1,578
Concrete	381	412	782
Australia	906	1,026	1,925
Materials and Distribution	2,587	2,825	5,378
Residential and Development	228	340	739
Construction	768	695	1,566
Continuing operations	3,583	3,860	7,683
Discontinued operation	202	388	758
Group	**3,785**	**4,248**	**8,441**

Note: External revenue includes income from the Group's vertical buildings business (December 2024: $69 million; December 2023: $51 million), which the Group is in the process of exiting. The New Zealand International Convention Centre and Hobson Street Hotel (NZICC) projects represent the largest projects in this business. EBIT before Significant Items, however, excludes any earnings or losses from these projects that are reported separately as Significant Items.

EBIT before Significant Items	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
Building Products	62	78	143
Distribution	4	35	49
Concrete	49	70	130
Australia	47	77	126
Materials and Distribution	162	260	448
Residential and Development	14	41	100
Construction	20	(1)	28
Corporate and other	(29)	(37)	(67)
Continuing operations	167	263	509
Discontinued operation	6	1	7
Group	**173**	**264**	**516**

Notes to the Consolidated Interim Financial Statements (Continued)

Funds*	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
Building Products	1,336	1,256	1,311
Distribution	306	308	305
Concrete	850	810	836
Australia	1,008	1,160	1,128
Materials and Distribution	3,500	3,534	3,580
Residential and Development	901	985	841
Construction	216	216	138
Corporate and other	226	160	226
Continuing operations	4,843	4,895	4,785
Discontinued operation	-	171	118
Group operating funds	4,843	5,066	4,903
Net debt	(1,171)	(1,969)	(1,797)
Deferred tax (excl. deferred tax liability on brands)	251	304	222
Group total equity	**3,923**	**3,401**	**3,328**
Depreciation, depletion and amortisation expense			
Building Products	35	32	64
Distribution	30	27	58
Concrete	38	37	75
Australia	45	40	81
Materials and Distribution	148	136	278
Residential and Development	2	2	4
Construction	22	20	42
Corporate and other	7	8	13
Continuing operations	179	166	337
Discontinued operation	-	25	36
Group	**179**	**191**	**373**
Capital expenditure+			
Building Products	85	75	178
Distribution	13	10	11
Concrete	36	34	89
Australia	15	22	53
Materials and Distribution	149	141	331
Residential and Development	6	12	20
Construction	5	4	20
Corporate and other	(5)	26	48
Continuing operations	155	183	419
Discontinued operation	2	5	10
Group	**157**	**188**	**429**

* Funds is a Non-GAAP measure and represents the external assets and liabilities of the Group and divisions and is used for internal reporting purposes.

\+ 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.

Notes to the Consolidated Interim Financial Statements (Continued)

External revenue	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
New Zealand	2,639	2,776	5,602
Australia	1,109	1,414	2,702
Other jurisdictions	37	58	137
Group	**3,785**	**4,248**	**8,441**
EBIT before Significant Items			
New Zealand	121	188	383
Australia	53	75	132
Other jurisdictions	(1)	1	1
Group	**173**	**264**	**516**
Funds*			
New Zealand	3,807	3,654	3,613
Australia	978	1,344	1,229
Other jurisdictions (including debt and taxation)	(862)	(1,597)	(1,514)
Group	**3,923**	**3,401**	**3,328**
Non-current assets+			
New Zealand	4,237	3,898	4,137
Australia	1,265	1,428	1,212
Other jurisdictions	2	48	3
Group	**5,504**	**5,374**	**5,352**

* Funds is a Non-GAAP measure and represents the external assets and liabilities of the Group and divisions and is used for internal reporting purposes.
+ Non-current assets exclude deferred tax assets, retirement plan surplus and financial instruments.

5. PROVISIONS

	Restructuring NZ$M	Warranty & environmental NZ$M	Onerous contracts NZ$M	The Industry Response NZ$M	Other NZ$M	Total NZ$M
Carrying amount as at 30 June 2024	**15**	**18**	**78**	-	**88**	**199**
Charged to earnings	3	1	-	170	1	175
Settled or utilised	(8)	(5)	(52)	(6)	(11)	(82)
Released to earnings	(3)	-	-	-	-	(3)
Recognised on balance sheet	-	-	-	-	26	26
Currency translation	-	-	-	1	1	2
Carrying amount as at 31 December 2024	**7**	**14**	**26**	**165**	**105**	**317**

Notes to the Consolidated Interim Financial Statements (Continued)

The Industry Response (the IR)

Fletcher Building Limited (the Group), through its subsidiary, Iplex® Pipelines Australia (Iplex® Australia), has been addressing claims raised in respect of the hot and cold water polybutylene pipe product Iplex® Australia previously manufactured (under the name "Pro-fit").

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 in other states of Australia but not New Zealand.

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

On 13 November 2024, the Group announced that its subsidiary, Iplex® Australia, together with the Western Australian Government and key industry stakeholders, had finalised the Industry Response (the IR) to address the plumbing failures which are impacting some WA homes constructed using Typlex Pro-Fit pipe. Among other matters, the IR provides participating builders with funding for the agreed work and remediation programme. To date 29 WA builders have joined the IR.

The IR is entered into on a no liability, no admissions basis. All participants in the IR have also agreed to a "no sue" provision as part of the agreement.

As a result, Iplex® Australia has recorded a provision of A$155 million (NZ$170 million) pre-tax for the cost it has agreed to incur under the IR, classified as a Significant Item. As of 31 December 2024, the provision had a carrying amount of A$150 million (NZ$165 million), with approximately A$5 million (NZ$6 million) spent to date primarily on the rollout of the Leak Detector Unit (LDU) programme.

The IR commits Iplex® Australia to fund 80% of the direct costs incurred by participating builders, with the WA Government contributing 20% up to a capped amount of A$30 million (NZ$33 million) to Iplex® Australia. The provision assumes approximately A$120 million (NZ$132 million) for repair costs (net of the A$30 million contribution receivable from the WA Government), A$20 million (NZ$22 million) for the installation of leak detector units, and A$15 million (NZ$16 million) for expected administrative and overhead expenses. These costs are expected to be incurred over at least five years, with higher expenditure anticipated in the initial stages to address urgent remediation work and establish necessary infrastructure (i.e. leak detectors).

The provision:

- Assumes ~5,200 WA homes will experience one or more plumbing failures over time, which translates to ~35% of relevant WA homes based on an estimate that 15,000 WA homes may have had Pro-Fit pipe installed with Typlex resin.
- Covers the direct costs of remediation and preventive measures, including pipe repairs, ceiling pipe replacements, and, for WA homes with extensive failures, a full house re-pipe plus temporary accommodation where required.
- Excludes builders' overheads or management costs or any margin or cost of expenses incurred directly by them in connection with repairing, rectifying, or remediating of any defective workmanship.
- Excludes any legal costs, including litigation defence costs.

The IR also allows for funding of affected homes built by any builders in WA to be remediated, including the Buckeridge Group of Companies (BGC). While most major builders have agreed to participate in the IR, BGC, which is responsible for constructing 50–60% of the affected homes, has not joined. The provision includes allowances for homes built by BGC, as BGC has the option to participate in the IR at any time. However, BGC has not ruled out joining in the future. To the extent that BGC remains outside the IR, the repair costs and associated cash flows for Iplex® Australia are expected to be proportionally lower. However, this could increase the liability exposure that may arise due to further disputes and claims from BGC. See **note 8** for further details.

The total costs of the Group to perform under the IR remains subject to significant risks and uncertainties. In addition to the assumption that BGC will join the IR, one of the key assumptions is the number of homes in Western Australia built with Typlex Pro-Fit pipes that will experience leaks over time. A second is that not all homes that experience one failure will go on to experience subsequent failures. A third is the cost for each plumbing failure in accordance with the agreed work programme and the timing of that expenditure. If the actual number of affected homes, the extent of failures or their repair costs exceeds these estimates, the provision may need to be increased.

The IR accounts for a range of remediation measures, including minor repairs, replacement of ceiling pipes and full home re-piping for severely affected homes. Temporary accommodation is also provided where full home re-piping is required. If the actual distribution of repairs skews towards more extensive and expensive interventions, costs could exceed the current estimates.

The provision does not account for any risk from litigation or class action (see **note 8** for further details). There are a number of claims against Iplex® Australia outside the IR relating to plumbing failures, which seek recovery of a wide range of damages and losses on behalf of all relevant homeowners and some builders, including the class action previously advised. The claims include: costs of removing, repairing, replacing and disposing of the affected pipe; repair costs and/or possessions damaged by the affected pipe; reduction in property value, vexation, distress and disappointment. If a current or future claim is successful, it may have a material adverse impact on the Group.

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

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

Provision for Interim Investigation Fund

Iplex® Australia's interim investigation fund was closed to new claims on finalisation of the IR. The total amount disbursed under the fund since its establishment in May 2023 was c.A$17.5 million (NZ$19 million). Of this, A$2.5 million (NZ$3 million) was recognised and classified in FY25 as a Significant Item, given that A$15 million (NZ$16 million) had already been recognised in FY23.

Notes to the Consolidated Interim Financial Statements (Continued)

6. TAXATION

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total earnings. The calculation of the Group's tax expense/(benefit) as well as its major components included in the consolidated interim financial statements are:

	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
Losses before taxation	**(123)**	**(13)**	**(24)**
Taxation at 28 cents per dollar	(34)	(4)	(7)
Adjusted for:			
Difference in tax rates	(3)	-	-
Non-assessable income	(6)	(2)	(5)
Non-deductible expenses	2	3	34
Utilisation of previous unrecognised tax losses	-	-	(1)
Tax in respect of prior years	-	1	34
Tax (benefit)/expense on earnings	**(41)**	**(2)**	**55**
Income tax expense/(benefit) on continuing operations is attributable to:			
Tax expense on earnings before Significant Items	17	51	119
Tax benefit on Significant Items	(58)	(53)	(64)
	(41)	**(2)**	**55**
Income tax (benefit)/expense on discontinued operation is attributable to:			
Tax expense/(benefit) on earnings before Significant Items	-	(1)	1
Tax benefit on Significant Items	(2)	(18)	(15)
	(2)	**(19)**	**(14)**
Income tax expense/(benefit) is attributable to:			
Total tax expense/(benefit) on earnings before Significant Items	**17**	50	120
Total tax benefit on Significant Items	**(60)**	(71)	(79)
	(43)	**(21)**	**41**

The net deferred tax asset balance of $182 million at 31 December 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 that there will be sufficient future earnings in New Zealand and Australia to utilise the deferred tax asset in each of these jurisdictions.

Notes to the Consolidated Interim Financial Statements (Continued)

7. BORROWINGS

	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
Private placements	334	476	489
Bank loans	737	1,344	1,302
Capital notes	298	343	297
Other loans	4	21	20
Carrying value of borrowings (as per Consolidated Balance Sheet)	**1,373**	**2,184**	**2,108**
Less: value of derivatives used to manage changes in hedged risks on debt instruments	(44)	(20)	(31)
Economic debt	**1,329**	**2,164**	**2,077**
Less: Cash and cash equivalents	(202)	(215)	(311)
Net debt	**1,127**	**1,949**	**1,766**

Carrying value of borrowings included within the Consolidated Balance Sheet as follows:			
Current borrowings	85	84	86
Non-current borrowings	1,288	2,100	2,022
Carrying value of borrowings (as per Consolidated Balance Sheet)	**1,373**	**2,184**	**2,108**

During November and December 2024, the Group repaid $680 million of its outstanding borrowings on a pro-rated basis, including full repayment and cancellation of the Group's Club Loan ($400 million) on 29th November 2024 and partial repayment and cancellation of the amounts outstanding under its USPP facility ($169 million) and syndicated bank facility ($111 million), on 10th and 11th December 2024 respectively. The repayments were funded via proceeds from the equity capital raise during the period. In conjunction with the partial repayment of USPP notes, the Group closed out corresponding interest rate swaps (notional value: NZ$200 million) and partially closed out cross currency interest rate swaps (notional value: USD94.6 million, EUR20.3 million) that were used in hedging the underlying borrowings repaid. A $10 million loss from the close-out of the CCRIS hedge instruments that was related to the early redemption of USPP facility has been classified as a Significant Item in **note 2.1**.

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

8. CONTINGENT LIABILITIES

Class action proceedings: Western Australia plumbing failures

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

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

The outcome of both these proceedings and any associated liabilities, if any, remains uncertain at the date of this report. Ultimately, if Iplex® Australia is found to bear full or part responsibility for the amounts claimed, the cost to it in meeting any damages claims could have a material impact on the Group's financial position. It is not practicable as at 31 December 2024 to provide an estimate of the financial effect, including any quantum of costs or any penalty, or the timing of their incurrence, and disclosure of any possible impact would be materially prejudicial to the Group's commercial interests.

Notes to the Consolidated Interim Financial Statements (Continued)

Commerce Commission Winstone Wallboards® proceedings

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

Winstone Wallboards® does not believe that its previous use of volume rebates, which are widespread in the industry, breached the Commerce Act and is defending the proceedings. The proceedings are at a relatively early stage and the claims made by the Commission cannot be quantified at this time. Whilst Winstone Wallboards® does not consider it has breached the Commerce Act, it notes that even if the New Zealand Commerce Commission was ultimately to be successful in the proceedings, it is not practicable as at 31 December 2024 to provide an estimate of the financial effect on Winstone Wallboards®, including any quantum of costs or any penalty, or the timing of their incurrence.

9. RECONCILIATION OF NET LOSSES TO NET CASH FROM OPERATING ACTIVITIES

	Unaudited Six months Dec 2024 NZ$M	Unaudited Six months Dec 2023 NZ$M	Audited Year ended Jun 2024 NZ$M
Net losses	(134)	(120)	(227)
Losses attributable to minority interest	-	3	7
	(134)	(117)	(220)
Add/(less) non-cash items:			
Depreciation, depletions and amortisation	179	191	373
Other non-cash items	168	282	439
Taxation	(45)	(42)	25
Net loss on disposal of businesses and property, plant and equipment	48	3	3
	350	434	840
Net working capital movements			
Residential and Development	(67)	(72)	67
Construction	(105)	(313)	(346)
Other:			
Debtors	60	150	151
Inventories	(9)	3	64
Creditors	(100)	(211)	(158)
	(221)	(443)	(222)
Net cash from operating activities	**(5)**	**(126)**	**398**

10. SUBSEQUENT EVENTS

Amendment to the conditions of Capital Notes and redemption of FBI190 capital notes

On 28 January 2025, the Group through its subsidiary Fletcher Building Industries Limited (FBI) announced that the trustee for the noteholders of each series of Capital Notes has agreed to amend the conditions of the Capital Notes. This is to allow FBI to elect to redeem all Capital Notes of a series on the applicable Election Date for that series, as an alternative to the procedure for rollover of the Capital Notes on new terms. FBI has elected to redeem all of the FBI190 Capital Notes when they are due to rollover on 17 March 2025, presented as current in the balance sheet.

Independent Auditor's Review Report

Independent Auditor's Review Report to the Shareholders of Fletcher Building Limited

Conclusion

We have reviewed the consolidated condensed interim financial statements of Fletcher Building Limited ("the Company") and its subsidiaries (together "the Group") on pages 11 to 29 which comprise the consolidated balance sheet as at 31 December 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 six months ended on that date, and explanatory notes. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements on pages 11 to 29 of the Group do not present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting (NZ IAS 34)* and International Accounting Standard 34: *Interim Financial Reporting (IAS 34)*.

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review 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 review procedures, for this report, or for the conclusion we have formed.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

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

Directors' Responsibility for the Interim Financial Statements

The directors are responsible, on behalf of the Entity, for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 and IAS 34 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

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

Ernst + Young

Chartered Accountants
Auckland
19 February 2025

Fletcher Building