

# Annual Report 2023

Fletcher Building Industries Limited



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This Annual Report is dated 16 August 2023  
and is signed on behalf of the Board by:



**Bruce Hassall**

Chair



**Robert McDonald**

Director

# Chair's Report



Bruce Hassall, Chair.

I am pleased to present the Annual Report of Fletcher Building Industries Limited (the Company) for the year ended 30 June 2023.

Fletcher Building Industries Limited is a wholly owned subsidiary of Fletcher Building Limited (the Group). The contents of this Annual Report should be read in conjunction with the Fletcher Building Limited 2023 Annual Report which can be viewed at [www.fletcherbuilding.com](http://www.fletcherbuilding.com).

## Results for the year

Net earnings for the year to 30 June 2023 were \$68 million (2022: \$86 million). Shareholders' funds increased to \$661 million from \$594 million at 30 June 2023.

## Business activities

The Company has issued capital notes and those funds have been invested in other Fletcher Building group companies. The Company owns 20% of the shares in Fletcher Building Holdings New Zealand Limited which currently holds all of the shares in the Group's New Zealand operating subsidiaries.

## Fletcher Building Group performance

Fletcher Building Limited guarantees all of the capital notes issued by Fletcher Building Industries Limited on an unsecured subordinated basis.

The financial performance of the Company should be considered in conjunction with the financial statements of the Group. The Group reported net earnings of \$235 million for the year ended 30 June 2023, compared to net earnings of \$432 million in the prior year.

The financial position of the Company is dependent on that of Fletcher Building Limited. Further information on the operations and performance of Fletcher Building Limited is available on its website, [www.fletcherbuilding.com](http://www.fletcherbuilding.com), and I recommend that you take the opportunity to review it.

A handwritten signature in black ink, appearing to read 'Bruce Hassall', written over a light blue horizontal line.

**Bruce Hassall**

Chair



# Financial Statements

## Income statement

For the year ended 30 June 2023

	Notes	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
Share of profits of associate	5	70,425	92,813
<b>Earnings before interest and taxation</b>		<b>70,425</b>	92,813
Interest expense		21,452	20,923
Interest income		(17,816)	(11,852)
<b>Funding costs</b>	3	<b>(3,636)</b>	(9,071)
<b>Earnings before taxation</b>		<b>66,789</b>	83,742
Taxation benefit	4	1,018	2,540
<b>Net earnings</b>		<b>67,807</b>	86,282

## Statement of comprehensive income

For the year ended 30 June 2023

	Notes	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
Net earnings		67,807	86,282
Share of associate's other comprehensive income	5	(334)	1,547
<b>Total comprehensive income</b>		<b>67,473</b>	87,829

## Statement of movements in equity

For the year ended 30 June 2023

	Notes	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
Total equity at the beginning of the year		594,009	506,180
Total comprehensive income		67,473	87,829
<b>Total equity</b>		<b>661,482</b>	594,009

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

# Balance sheet

As at 30 June 2023

Assets	Notes	As at June 2023 NZ\$000	As at June 2022 NZ\$000
<b>Current assets:</b>			
Amounts owed by related companies	13	468,963	384,215
Current tax asset	8	1,018	2,540
<b>Total current assets</b>		<b>469,981</b>	<b>386,755</b>
<b>Non-current assets:</b>			
Investment in associate	5	698,184	714,093
<b>Total non-current assets</b>		<b>698,184</b>	<b>714,093</b>
<b>Total assets</b>		<b>1,168,165</b>	<b>1,100,848</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accrued interest		6,765	6,321
Capital notes	9	99,918	100,518
<b>Total current liabilities</b>		<b>106,683</b>	<b>106,839</b>
<b>Non-current liabilities:</b>			
Capital notes	9	400,000	400,000
<b>Total non-current liabilities</b>		<b>400,000</b>	<b>400,000</b>
<b>Total liabilities</b>		<b>506,683</b>	<b>506,839</b>
<b>Equity</b>			
Share capital	6	346,000	346,000
Reserves	7	315,482	248,009
<b>Total equity</b>		<b>661,482</b>	<b>594,009</b>
<b>Total liabilities and equity</b>		<b>1,168,165</b>	<b>1,100,848</b>

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

On behalf of the Board, 16 August 2023.



**Bruce Hassall**

Chair



**Robert McDonald**

Director

# Statement of cash flows

For the year ended 30 June 2023

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
<b>Cash flow from operating activities:</b>		
Dividend received	86,000	130,000
Interest paid	(21,608)	(21,722)
Interest received from related parties	17,816	11,852
<b>Net cash from operating activities</b>	<b>82,208</b>	<b>120,130</b>
<b>Cash flow from financing activities:</b>		
Advances to related companies	(82,208)	(120,130)
Issue of capital notes	100,000	100,000
Redemption of capital notes	(100,000)	(100,000)
<b>Net cash from financing activities</b>	<b>(82,208)</b>	<b>(120,130)</b>
Net movement in cash held		
Add: opening cash and liquid deposits		
<b>Closing cash and liquid deposits</b>		

## Reconciliation of net earnings to net cash from operating activities

For the year ended 30 June 2023

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
Net earnings	67,807	86,282
<b>Adjust for:</b>		
Share of profits of associate	(70,425)	(92,813)
Dividend received from associate	86,000	130,000
Taxation	(1,018)	(2,540)
Accruals	444	(81)
Unwind of premium/discount	(600)	(718)
<b>Net cash from operating activities</b>	<b>82,208</b>	<b>120,130</b>

# Statement of accounting policies

## For the year ended 30 June 2023

### General information

The financial statements presented are those of Fletcher Building Industries Limited (the Company).

The Company is domiciled in New Zealand, registered under the Companies Act 1993 and is an FMC Reporting Entity under Financial Markets Conduct Act 2013. The Company is a for-profit entity.

The registered office of the Company is 810 Great South Road, Penrose, Auckland.

The Company is a wholly owned subsidiary of Fletcher Building Limited (the Group), which is also the ultimate holding company.

### Nature of operations

The Company continues to own 20 per cent of the shares in Fletcher Building Holdings New Zealand Limited (FBHNZL).

The Company accounts for this investment in its financial statements using the equity method (refer **note 5**).

FBHNZL is incorporated in New Zealand, is an unlisted corporate holding company and currently holds all of the shares in the Group's New Zealand operating subsidiaries.

The Company is therefore exposed to the trading risks of those New Zealand businesses, particularly through the building products and construction cycle. However, the capital notes have the benefits of a guarantee from the Group. Further details are provided in **note 9**.

### Basis of presentation

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

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

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

### Accounting convention

The financial statements are based on the general principles of historical cost accounting, except that certain financial assets and liabilities, as described below are stated at their fair value.

The accounting policies have been applied consistently throughout all periods presented, except as disclosed below, 'Changes in accounting policies, interpretations, and agenda decisions'.

### Estimates

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

### Valuation of assets

#### Associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method.

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the

investee in the income statement, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment when declared.

When the Company's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

### Valuation of liabilities

#### Derivative financial instruments

Company policy specifically prohibits the use of derivative financial instruments for trading or speculative purposes. Any Company's derivative financial instruments are held to hedge risk on underlying assets, liabilities, forecast and committed sales and purchases, and are measured at fair value.

#### Taxation

The provision for current tax is the estimated amount due for payment during the next 12 months by the Company. The provision for deferred tax has been calculated using the balance sheet liability method. Deferred tax is recognised on the temporary difference between the carrying amount of assets and liabilities and their taxable value. Deferred tax assets are not recognised unless recovery is considered probable.

#### Borrowings

Interest bearing borrowings are initially recognised at fair value on transaction date, less directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

#### Creditors

Trade creditors and other liabilities are stated at cost or estimated liability where accrued.

#### Provisions

A provision is recognised when the Company has a current obligation and it is probable that an economic benefit will be required to settle it.

#### Intercompany guarantees

Where the Company enters into financial guarantee contracts to guarantee the performance or indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

### Equity

#### Share capital

Ordinary shares are classified as shareholders' funds. Costs directly attributable to the issue of new shares or options are shown in shareholders' funds as a reduction from the proceeds. Dividends are recognised as a liability in the period in which they are declared.

### Income determination

#### Funding costs

Funding costs comprise interest expense, interest income, amortisation of prepaid expenses and gains/losses on certain financial instruments that are recognised in the income statement.

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

#### Group function

Cash and borrowings are managed by the Group. For tax purposes, the Company is part of a consolidated tax group on which basis, tax is settled at a Group level.

# Notes to the Financial Statements

## 1. COMPARATIVE INFORMATION

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

## 2. CHANGES IN ACCOUNTING POLICIES, INTERPRETATIONS, AND AGENDA DECISIONS

There are no new or amended standards and interpretations that became effective for the year ended 30 June 2023 that have a material impact to the Company.

No new or amended standards that are issued but not yet effective have been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact in the current or future reporting periods.

3. FUNDING COSTS	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
Capital notes interest expense	21,358	20,808
Bank fees, share registry and issue expenses	94	115
Interest income - Fletcher Building Limited advances	(17,816)	(11,852)
	3,636	9,071

4. TAXATION BENEFIT	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
Earnings before taxation	66,789	83,742
Taxation at 28 cents per dollar	(18,701)	(23,448)
Adjusted for:		
Non-assessable income	19,719	25,988
	1,018	2,540

5. INVESTMENT IN ASSOCIATE	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
<b>Carrying amount of associate – Fletcher Building Holdings New Zealand Group</b>		
Carrying amount at the beginning of the year	714,093	749,733
Share of profits of associate	70,425	92,813
Share of associate's other comprehensive income	(334)	1,547
Dividend received from associate	(86,000)	(130,000)
<b>Investment in associate</b>	<b>698,184</b>	<b>714,093</b>
<b>Associate information – Fletcher Building Holdings New Zealand Group</b>		
<b>Balance sheet information for associate – 100%</b>		
External assets	5,689,873	4,827,787
External liabilities	(2,268,604)	(2,185,026)
Intercompany advances	(1,386,054)	(539,829)
Non-controlling interest	(26,778)	(14,952)
<b>Equity</b>	<b>2,008,437</b>	<b>2,087,980</b>
Equity – Fletcher Building Industries Limited share – 20%	401,687	417,596
Goodwill acquired at cost	296,497	296,497
<b>Investment in associate</b>	<b>698,184</b>	<b>714,093</b>



## 5. INVESTMENT IN ASSOCIATE

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
<b>Equity accounted earnings for Fletcher Building Holdings New Zealand Group comprise:</b>		
<b>Summarised income statement for associate – 100%</b>		
Gross revenue	6,248,279	6,443,250
Net earnings*	352,125	464,063
<b>Net earnings – Fletcher Building Industries Limited share – 20%</b>	<b>70,425</b>	<b>92,813</b>

\* Net earnings include significant item costs of \$210 million (net of income tax) recognised in Fletcher Building Holdings New Zealand Group of which 20% is represented in FBIL's share of net earnings.

The Company performs a detailed assessment of goodwill for impairment annually and considers indicators of impairment at each reporting date. At 30 June 2023, there were no indicators of impairment identified.

## 6. CAPITAL

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
<b>Share capital:</b>		
Share capital outstanding	346,000	346,000
<b>Number of shares:</b>		
Number of shares outstanding	346,000	346,000

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

## 7. RESERVE MOVEMENTS

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
<b>Revenue reserve:</b>		
Opening balance at the beginning of the year	248,009	160,180
Net earnings	67,807	86,282
Other comprehensive income	(334)	1,547
	<b>315,482</b>	<b>248,009</b>

## 8. CURRENT TAX ASSET

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
Opening current tax asset	2,540	5,463
Taxation benefit in the income statement	1,018	2,540
Related party transfer to Fletcher Building Holdings Limited	(2,540)	(5,463)
	<b>1,018</b>	<b>2,540</b>

## 9. CAPITAL NOTES

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
<b>Listed capital notes:</b>		
Current portion	99,918	100,518
Non-current portion	400,000	400,000
	<b>499,918</b>	<b>500,518</b>

## Notes to the Financial Statements (Continued)

### Listed capital notes

Listed capital notes are fixed rate unsecured subordinated debt instruments that are traded on the NZDX. The indebtedness of the Company in respect of the capital notes is guaranteed on an unsecured subordinated basis by the Group. On each election date, the coupon rate and term to the next election date of that series of the capital notes are reset. Holders may then choose either to keep their capital notes on the new terms or to convert the principal amount and any accrued interest into shares of the Group, at approximately 98 per cent of the current market share price. Instead of issuing shares to holders who choose to convert, the Group may, at its option, purchase or redeem the capital notes for cash at the principal amount plus any accrued interest.

Under the terms of the capital notes, non-payment of interest is not an act of default although unpaid interest is accrued and is interest bearing at the same rate as the principal of the capital notes. Each of the Company and Group has covenanted not to pay dividends to its shareholders while interest that is due and payable on capital notes has not been paid.

The weighted average interest rate on the listed capital notes is 4.59% (June 2022: 4.12%).

The listed capital notes do not carry voting rights and do not participate in any change in value of the issued shares of the Group. If the principal amount of the listed capital notes held at 30 June 2023 were to be converted to shares, 94 million (June 2022: 101 million) Group shares would be issued at the share price as at 30 June 2023, of \$5.42 (June 2022: \$5.04).

At 30 June 2023, \$157 million (June 2022: \$151 million) of listed capital notes were held by the Fletcher Buildings Holdings Limited as treasury stock. Fletcher Buildings Holdings Limited is a wholly owned subsidiary of the Group.

### Fletcher Building Industries and its associate

	2023	2022
Net tangible asset backing per capital note issued as at 30 June	2.32	2.19

## 10. CREDIT RATING

The Company does not currently hold a credit rating from an accredited rating agency.

## 11. FINANCIAL RISK MANAGEMENT OVERVIEW

Exposures to credit, liquidity and funding, and interest rate risks arise in the normal course of the Company's business. The Company does not have an independent policy regarding capital structure, credit, liquidity and funding, and interest rates but is governed by the Group's principles and policy documents approved by the Board. The policy documents identify the risks and sets out the Group's objectives, policies and processes to measure, manage and report the risks. The policies are reviewed periodically to reflect changes in financial markets and the Group's businesses. Risk management is carried out by the Group's central treasury function, which ensures compliance with the risk management policies and procedures.

The Company does not enter into derivative financial instruments for trading or speculative purposes. Any derivative transactions entered into are to hedge risk on underlying exposures arising from normal business activities.

The financial position of the Company is dependent on that of the Group.

### Risks and mitigation

#### (a) Credit risk

To the extent the Company has a receivable from another party there is a credit risk in the event of non-performance by that counterparty which arises principally from receivables from customers, derivative financial instruments and short-term cash deposits. The Company only has credit risk exposure to the Group and has no external credit risk exposure.

The Company has not renegotiated the terms of any financial assets that would otherwise be past due or impaired.

## Notes to the Financial Statements (Continued)

### (b) Liquidity and funding risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial commitments as they fall due. Funding risk is the risk, that the Company under the normal circumstances, will not be able to refinance its maturing debts in an orderly manner. The Group manages the liquidity and funding risk of the Company by having a spread of maturity dates of the Group's debt facilities and significant committed headroom available. At balance date, the Group had \$2,791 million of committed funding facilities of which \$1,014 million were undrawn (June 2022: \$1,766 million; \$745 million) as well as \$305 million of cash and cash equivalents available for general use by the Group (June 2022: \$282 million).

The following maturity analysis table sets out the remaining contractual undiscounted cash flows, including estimated interest payments for non-derivative liabilities.

June 2023				
	Contractual cash flows NZ\$000	Up to 1 year NZ\$000	1 – 2 years NZ\$000	2 – 5 years NZ\$000
Capital notes	500,000	100,000	100,000	300,000
<b>Non-derivative liabilities – Principal cash flows</b>	<b>500,000</b>	<b>100,000</b>	<b>100,000</b>	<b>300,000</b>
Contractual interest cash flows	72,600	22,850	17,950	31,800
<b>Total contractual cash flows</b>	<b>572,600</b>	<b>122,850</b>	<b>117,950</b>	<b>331,800</b>

June 2022				
	Contractual cash flows NZ\$000	Up to 1 year NZ\$000	1 – 2 years NZ\$000	2 – 5 years NZ\$000
Capital notes	500,000	100,000	100,000	300,000
<b>Non-derivative liabilities – Principal cash flows</b>	<b>500,000</b>	<b>100,000</b>	<b>100,000</b>	<b>300,000</b>
Contractual interest cash flows	61,450	21,350	16,350	23,750
<b>Total contractual cash flows</b>	<b>561,450</b>	<b>121,350</b>	<b>116,350</b>	<b>323,750</b>

### (c) Interest rate risk

Interest rate risk is the risk that the value of borrowings or cash flows associated with borrowings will change due to changes in market interest. The Group manages the fixed interest rate component of its debt and capital notes obligations of the Company and aims to maintain this ratio between certain ranges over specific time periods. Cross currency interest rate swaps, interest rate swaps and forward rate agreements and options are used by the Group to manage this position and none are held by the Company.

The following tables set out the interest rate repricing profile of financial assets and liabilities:

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
Fixed up to 1 year	99,918	100,518
Fixed 1 – 2 years	100,000	100,000
Fixed 2 – 5 years	300,000	300,000
<b>Total</b>	<b>499,918</b>	<b>500,518</b>

### (d) Sensitivity analysis

Foreign currency and interest rate risks are governed and managed by the Group. At balance date, the Company does not have exposure to floating interest rates.

## Notes to the Financial Statements (Continued)

### (e) Fair values

The estimated fair values of the Company's financial assets and liabilities compared to their carrying values in the balance sheet, are as follows:

		June 2023		June 2022	
	Classifications	Carrying value NZ\$000	Fair value NZ\$000	Carrying value NZ\$000	Fair value NZ\$000
Capital notes	Amortised cost	499,918	472,783	500,518	482,649
Amounts owing by related companies	Amortised cost	468,963	468,963	384,215	384,215

### Fair value measurement

No financial instruments are measured and recognised at fair value.

### Fair value disclosures

The fair values of borrowings used for disclosure are measured under level 2, by discounting future principal and interest cash flows at the current market interest rate that are available for similar financial instruments.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) other than quoted prices included within level 1.

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The interest rates used to discount future principal and interest cash flows are between 6.74% and 7.50% (June 2022: 5.20% and 5.65%) including margins.

## 12. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments as at 30 June 2023 (June 2022: nil).

The Group borrows certain funds based on covenants and a negative pledge arrangement that is subject to certain covenants. The principal financial covenants relate to leverage and interest cover. The Group was in compliance with all financial covenants as at balance date.

The negative pledge includes a cross guarantee between a number of wholly owned subsidiaries and ensures that external senior indebtedness ranks equally in all respects, and includes the covenant that security can be given only in very limited circumstances.

At balance date, the Group had debt subject to the negative pledge arrangement and associated covenants of \$1,424 million (June 2022: \$660 million).

## 13. RELATED PARTY TRANSACTIONS

	Year ended June 2023 NZ\$000	Year ended June 2022 NZ\$000
<b>Amount owing by related companies:</b>		
Fletcher Building Limited <sup>1</sup>	468,963	384,215
	468,963	384,215

<sup>1</sup> This unsecured advance is at call and pays 4.67% interest (2022: 4.67%) per annum.  
All audit fees were paid by Fletcher Building Limited, the ultimate holding company.

# Independent Auditor's Report



## Independent auditor's report to the shareholder of Fletcher Building Industries Limited

### Opinion

We have audited the financial statements of Fletcher Building Industries Limited (the "Company") on pages 4 to 12, which comprise the balance sheet of the Company as at 30 June 2023, and the income statement, statement of comprehensive income, statement of movements in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 12 present fairly, in all material respects, the financial position of the Company as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

### Basis for opinion

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

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

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

### Key audit matters

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

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



## Investment in associate

Why significant	How our audit addressed the key audit matter
<p>The Company owns 20% of the shares in Fletcher Building Holdings New Zealand Limited ("FBHNZ") which holds all of the shares in Fletcher Building Limited's New Zealand operating subsidiaries. This investment in FBHNZ represents the vast majority of the Company's assets.</p> <p>The investment in FBHNZ is accounted for using the equity method. The carrying value of the investment is assessed for impairment when there are indicators that its value may be impaired.</p> <p>Disclosures regarding the Investment in associate are disclosed in <b>note 5</b>.</p>	<p>In obtaining sufficient appropriate audit evidence, we:</p> <ul style="list-style-type: none"><li>– evaluated the basis of accounting and its appropriateness;</li><li>– recalculated the share of the equity accounted profits and assessed the accounting entries applied;</li><li>– considered our work performed on the New Zealand operating subsidiaries of FBHNZ as part of the Fletcher Building Limited group audit and assessed the impact of any relevant findings on our audit of the Company;</li><li>– evaluated the Company's assessment of potential impairment of the carrying value for the investment by assessing the discounted cash flow models prepared by management that indicated the recoverable amount was greater than the carrying value; and</li><li>– assessed the adequacy of the disclosures in the financial statements.</li></ul>

## Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the financial statements and auditor's report.

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

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

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Directors' responsibilities for the financial statements

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

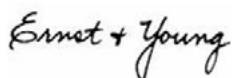
In preparing the financial statements, the directors are responsible for assessing on behalf of the entity the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend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

## Auditor's responsibilities for the audit of the financial statements

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

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

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



Chartered Accountants  
Auckland

16 August 2023

# Statutory Disclosures

Fletcher Building Industries Limited has issued 500,000,000 capital notes that are quoted on the NZX Debt Market (NZDX). These capital notes can (subject to their terms) convert to Fletcher Building Limited ordinary shares on the basis of 98% of the then current market value of the shares. Unless the capital notes convert into Fletcher Building Limited ordinary shares, they carry no voting rights in Fletcher Building Limited. Fletcher Building Holdings Limited held 150,576,251 capital notes as at 30 June 2023.

## DISTRIBUTION OF NOTEHOLDERS AND HOLDINGS AS AT 30 JUNE 2023

Detailed below is the distribution of noteholders and holdings as at 30 June 2023 in the respective cases of capital notes issued by Fletcher Building Industries Limited.

	Total holders	% of noteholders	Holding quantity	% of holding quantity
<b>4.90% Capital Notes Maturing 15 March 2024 (FBI180)</b>				
1 - 5,000	118	11.40%	587,000	0.59
5,001 - 10,000	267	25.80%	2,524,000	2.52
10,001 - 100,000	604	58.36%	19,663,500	19.66
100,001 Over	46	4.44%	77,225,500	77.23
<b>Total</b>	<b>1,035</b>	<b>100.00%</b>	<b>100,000,000</b>	<b>100.00</b>
<b>3.90% Capital Notes Maturing 15 March 2025 (FBI190)</b>				
1 - 5,000	419	37.11%	1,337,417	1.33
5,001 - 10,000	260	23.03%	2,106,500	2.11
10,001 - 100,000	417	36.94%	12,620,500	12.62
100,001 Over	33	2.92%	83,935,583	83.94
<b>Total</b>	<b>1,129</b>	<b>100.00%</b>	<b>100,000,000</b>	<b>100.00</b>
<b>2.80% Capital Notes Maturing 15 March 2026 (FBI200)</b>				
1 - 5,000	110	12.79%	545,000	0.55
5,001 - 10,000	217	25.23%	2,057,500	2.06
10,001 - 100,000	503	58.49%	15,435,500	15.43
100,001 Over	30	3.49%	81,962,000	81.96
<b>Total</b>	<b>860</b>	<b>100.00%</b>	<b>100,000,000</b>	<b>100.00</b>
<b>4.75% Capital Notes Maturing 15 March 2027 (FBI210)</b>				
1 - 5,000	140	15.94%	511,500	0.51
5,001 - 10,000	226	23.50%	2,024,000	2.02
10,001 - 100,000	536	56.83%	17,257,500	17.26
100,001 Over	39	3.73%	80,207,000	80.21
<b>Total</b>	<b>941</b>	<b>100.00%</b>	<b>100,000,000</b>	<b>100.00</b>
<b>6.50% Capital Notes Maturing 15 March 2028 (FBI220)</b>				
1 - 5,000	205	33.44%	658,416	0.66
5,001 - 10,000	153	24.96%	1,272,833	1.27
10,001 - 100,000	234	38.17%	6,213,750	6.21
100,001 Over	21	3.43%	91,855,001	91.86
<b>Total</b>	<b>613</b>	<b>100.00%</b>	<b>100,000,000</b>	<b>100.00</b>

## DIRECTORS HOLDING OF CAPITAL NOTES AS AT 30 JUNE 2023

Class of Capital Notes	Cathy Quinn <sup>(1)</sup>
4.90% Capital Notes Maturing 15 March 2024 (FBI180)	3,175,000
3.90% Capital Notes Maturing 15 March 2025 (FBI190)	9,216,000
2.80% Capital Notes Maturing 15 March 2026 (FBI200)	7,945,000
4.75% Capital Notes Maturing 15 March 2027 (FBI210)	7,598,500
6.50% Capital Notes Maturing 15 March 2028 (FBI220)	426,000
<b>Total</b>	<b>28,360,500</b>

(1) Non-beneficial interest as a director/shareholder in Pin Twenty Limited (corporate trustee of Kintyre Trust). Pin Twenty Limited traded in capital notes during the year ended 30 June 2023.

## NZX WAIVERS

There were no waivers granted by NZX or relied on by Fletcher Building Industries Limited in the 12 months preceding 30 June 2023.

## Statutory Disclosures (Continued)

### 20 LARGEST NOTEHOLDERS AS AT 30 JUNE 2023

<b>4.90% Capital Notes Maturing 15 March 2024 (FBI180)</b>	<b>Number of capital notes</b>	<b>% of FBI180 capital notes</b>
FLETCHER BUILDING HOLDINGS LIMITED	21,445,000	21.45
FORSYTH BARR CUSTODIANS LIMITED	12,852,000	12.85
FNZ CUSTODIANS LIMITED	9,675,500	9.68
JBWERE (NZ) NOMINEES LIMITED	4,836,000	4.84
CUSTODIAL SERVICES LIMITED	4,570,000	4.57
PIN TWENTY LIMITED	3,175,000	3.18
PUBLIC TRUST - NZCSD	3,000,000	3.00
FLETCHER BUILDING EDUCATIONAL FUND LIMITED	2,000,000	2.00
INVESTMENT CUSTODIAL SERVICES LIMITED	1,845,000	1.85
ADMINIS CUSTODIAL NOMINEES LIMITED	1,732,000	1.73
FORSYTH BARR CUSTODIANS LIMITED	1,586,000	1.59
JANE ELGIN SWINBURNE & ROBERT MAXWELL GOOD & ENYTH ELGIN GOOD	1,500,000	1.50
FORSYTH BARR CUSTODIANS LIMITED	755,000	0.76
JML CAPITAL LIMITED	750,000	0.75
NZPT CUSTODIANS (GROSVENOR) LIMITED - NZCSD	750,000	0.75
WIDE TRUST LIMITED	500,000	0.50
HOBSON WEALTH CUSTODIAN LIMITED	448,000	0.45
NZX WT NOMINEES LIMITED	440,000	0.44
FNZ CUSTODIANS LIMITED	428,000	0.43
JBWERE (NZ) NOMINEES LIMITED	300,000	0.30
<b>Total</b>	<b>72,587,500</b>	<b>72.59</b>
<b>3.90% Capital Notes Maturing 15 March 2025 (FBI190)</b>	<b>Number of capital notes</b>	<b>% of FBI190 capital notes</b>
FLETCHER BUILDING HOLDINGS LIMITED	19,543,333	19.54
FORSYTH BARR CUSTODIANS LIMITED	18,196,750	18.20
FNZ CUSTODIANS LIMITED	11,494,500	11.49
PIN TWENTY LIMITED	9,216,000	9.22
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD	6,267,000	6.27
CUSTODIAL SERVICES LIMITED	5,696,500	5.70
NATIONAL NOMINEES LIMITED - NZCSD	3,175,000	3.18
INVESTMENT CUSTODIAL SERVICES LIMITED	2,430,000	2.43
KPS SOCIETY LIMITED	675,000	0.68
FORSYTH BARR CUSTODIANS LIMITED	658,500	0.66
FORSYTH BARR CUSTODIANS LIMITED	595,000	0.60
DARRYL EDWARD GREGORY & EMMA STEPHANIE GREGORY & INDEPENDENT TRUST COMPANY (2020) LIMITED	500,000	0.50
FLETCHER BUILDING WELFARE FUND NOMINEES LIMITED	500,000	0.50
KIWIGOLD.CO.NZ LIMITED	500,000	0.50
INTERNATIONAL TECHNICAL SERVICES LIMITED	413,000	0.41
HOBSON WEALTH CUSTODIAN LIMITED	405,500	0.41
FNZ CUSTODIANS LIMITED	336,000	0.34
FNZ CUSTODIANS LIMITED	314,000	0.31
FENTON THOMAS KELLY*	300,000	0.30
INVERCARGILL LICENSING TRUST*	300,000	0.30
<b>Total</b>	<b>81,516,083</b>	<b>81.52</b>

\* These noteholders are ranked equally as 20th.

## Statutory Disclosures (Continued)

<b>2.80% Capital Notes Maturing 15 March 2026 (FBI200)</b>	<b>Number of capital notes</b>	<b>% of FBI200 capital notes</b>
FLETCHER BUILDING HOLDINGS LIMITED	45,071,500	45.07
FNZ CUSTODIANS LIMITED	8,944,000	8.94
PIN TWENTY LIMITED	7,945,000	7.95
FORSYTH BARR CUSTODIANS LIMITED	5,443,000	5.44
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD	4,000,000	4.00
CUSTODIAL SERVICES LIMITED	3,616,500	3.62
INVESTMENT CUSTODIAL SERVICES LIMITED	1,131,000	1.13
FORSYTH BARR CUSTODIANS LIMITED	674,000	0.67
PHILIP MAURICE CARTER	500,000	0.50
WOOLF FISHER TRUST INCORPORATED	500,000	0.50
FNZ CUSTODIANS LIMITED	471,000	0.47
MASFEN SECURITIES LIMITED	450,000	0.45
NICOLA SUSAN SLADDEN	400,000	0.40
KHIA GOOM PHUA	315,000	0.32
SIRIUS CAPITAL LIMITED	227,000	0.23
KERRIN MARGARET VAUTIER	220,000	0.22
QUASAR TREASURY LIMITED	201,000	0.20
DARRYL EDWARD GREGORY & EMMA STEPHANIE GREGORY & INDEPENDENT TRUST COMPANY (2020) LIMITED	200,000	0.20
FORSYTH BARR CUSTODIANS LIMITED	158,000	0.16
HOBSON WEALTH CUSTODIAN LIMITED	153,000	0.15
<b>Total</b>	<b>80,620,000</b>	<b>80.62</b>
<b>4.75% Capital Notes Maturing 15 March 2027 (FBI210)</b>	<b>Number of capital notes</b>	<b>% of FBI210 capital notes</b>
CUSTODIAL SERVICES LIMITED	17,506,000	17.51
FNZ CUSTODIANS LIMITED	15,492,000	15.49
FLETCHER BUILDING HOLDINGS LIMITED	10,400,500	10.40
FORSYTH BARR CUSTODIANS LIMITED	8,105,000	8.11
PIN TWENTY LIMITED	7,598,500	7.60
INVESTMENT CUSTODIAL SERVICES LIMITED	2,861,000	2.86
NORWOOD INVESTMENTS LTD	2,000,000	2.00
THE TINDALL FOUNDATION INC	2,000,000	2.00
HOBSON WEALTH CUSTODIAN LIMITED	1,906,000	1.91
UNIVERSITY OF OTAGO FOUNDATION TRUST	1,550,000	1.55
JBWERE (NZ) NOMINEES LIMITED	1,178,500	1.18
FLETCHER BUILDING EDUCATIONAL FUND LIMITED	1,000,000	1.00
WOOLF FISHER TRUST INCORPORATED	1,000,000	1.00
FNZ CUSTODIANS LIMITED	821,000	0.82
ANZ CUSTODIAL SERVICES NEW ZEALAND LIMITED - NZCSD	754,000	0.75
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	617,000	0.62
HOBSON WEALTH CUSTODIAN LIMITED	598,000	0.60
FNZ CUSTODIANS LIMITED	540,000	0.54
FLETCHER BUILDING WELFARE FUND NOMINEES LIMITED	500,000	0.50
PUBLIC TRUST RIF NOMINEES LIMITED - NZCSD	433,000	0.43
<b>Total</b>	<b>76,860,500</b>	<b>76.86</b>

## Statutory Disclosures (Continued)

6.50% Capital Notes Maturing 15 March 2028 (FBI220)	Number of capital notes	% of FBI220 capital notes
FLETCHER BUILDING HOLDINGS LIMITED	60,180,418	60.18
FORSYTH BARR CUSTODIANS LIMITED	21,555,000	21.56
INVESTMENT CUSTODIAL SERVICES LIMITED	2,499,250	2.50
FNZ CUSTODIANS LIMITED	1,483,833	1.48
CUSTODIAL SERVICES LIMITED	1,153,000	1.15
FORSYTH BARR CUSTODIANS LIMITED	896,000	0.90
ROBERT WILLIAM BENTLEY MORRISON & ANDREW JAMES STEWART & ANTHONY JAMES WILLIAM HOWARD	696,000	0.70
FORSYTH BARR CUSTODIANS LIMITED	585,000	0.59
PIN TWENTY LIMITED	426,000	0.43
JBWERE (NZ) NOMINEES LIMITED	401,500	0.40
WAYNE LESLIE STECHMAN	400,000	0.40
KPS SOCIETY LIMITED	325,000	0.33
FORSYTH BARR CUSTODIANS LIMITED	220,000	0.22
STEPHEN PAUL GREENWOOD & DIANE DENISE GREENWOOD	200,000	0.20
TREVOR LEONARD WEBB & STEPHEN ALEXANDER GREER	190,000	0.19
INTERNATIONAL TECHNICAL SERVICES LIMITED	115,000	0.12
ALAN RICHARD MILLWARD & ALISTAIR JEFFREY NICHOLSON	107,000	0.11
HOBSON WEALTH CUSTODIAN LIMITED	107,000	0.11
DON STEWART MEMORIAL TRUST	106,000	0.11
BURGESS INVESTMENTS LIMITED	105,500	0.11
<b>Total</b>	<b>91,751,501</b>	<b>91.75</b>



# Corporate Directory

## BOARD OF DIRECTORS

Bruce Hassall (Chair)

Martin Brydon

Barbara Chapman

Peter Crowley

Rob McDonald

Doug McKay

Cathy Quinn

## REGISTERED OFFICE

### New Zealand

Fletcher Building Industries Limited  
810 Great South Road, Penrose,  
Auckland 1061, New Zealand

Private Bag 92114  
Auckland 1142, New Zealand

Phone: +64 9 525 9000  
Email: fbcomms@fbu.com

## TRUSTEE

Covenant Trustee Services Limited  
Level 6, 191 Queen Street  
Auckland 1010, New Zealand

PO Box 4243, Shortland Street  
Auckland 1140, New Zealand

Phone: +64 9 909 5100

The capital notes are constituted under a Trust Deed dated 12 November 2002 as consolidated and restated dated 12 November 2015. Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of the provisions of the Trust Deed.

## REGISTRY

Computershare Investor Services Limited (Computershare) looks after our capital notes register and is your first point of contact for any queries regarding your investment in Fletcher Building Industries Limited. You can view your investment portfolio, indicate your preference for electronic communications, supply your email address, change your details or update your payment instructions relating to Fletcher Building Industries at any time by visiting the Computershare Investor Centre at [www.investorcentre.com/nz](http://www.investorcentre.com/nz).

Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142, New Zealand

Level 2, 159 Hurstmere Road,  
Takapuna, Auckland 0622, New Zealand

Phone: +64 9 488 8777  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)  
Web: [www.computershare.com/nz](http://www.computershare.com/nz)

### Direct crediting of interest payments

Fletcher Building Industries interest payments are paid semi-annually by direct credit to the noteholders nominated bank account. A detailed payment advice will be provided for each interest payment. Please ensure we have your correct payment details via [www.investorcentre.com/nz](http://www.investorcentre.com/nz).

### Receiving your communications electronically

We encourage noteholders to receive investor communications electronically as it is faster and better for the environment. All you need to do is log in to [www.investorcentre.com/nz](http://www.investorcentre.com/nz) and update your 'Communication Preference' to enable us to send all your investor correspondence electronically where possible.

