



Interim Financial Results 2026

Fletcher Building Limited

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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

Dear Shareholders

The first half of FY26 (1H FY26) has remained a challenging period for Fletcher Building. Market conditions across New Zealand and Australia continued to be subdued, with a clear contrast between a difficult first quarter and relatively more stable conditions in the second. Despite these headwinds, the Group has shown resilience and made solid progress in resetting the business. We have taken important steps to both simplify our portfolio and strengthen our financial position.

Volumes remain soft across much of the Group, particularly in New Zealand's residential and civil markets, and competition – especially in the Distribution division - continues to weigh on margins. Against this backdrop, our core manufacturing businesses performed relatively steadily, supported by disciplined cost control and stronger operational execution, helping to offset weaker conditions in Construction and Residential and Development divisions.

Revenue from continuing operations was \$2,866 million, broadly in line with 1H FY25, while EBIT from continuing operations before Significant Items of \$145 million reflected a steady underlying performance, despite difficult market conditions. Importantly, operating cash flow improved to \$156 million, materially higher than the prior corresponding period, indicating strong operating discipline and working capital management.

We continued to make good progress on several fronts during the first half:

- We announced the divestment of the Construction division, a significant milestone in our portfolio simplification strategy. The transaction with VINCI Construction is valued at \$315.6 million, with a potential increase to \$334.1 million pending the final outcome of certain key contracts. We expect to use the proceeds for debt reduction, with completion targeted for the first quarter of FY27.
- We continued embedding our decentralised operating model. Business Units are now fully accountable for their operational performance, customer relationships and environmental and social outcomes. At a Group level, we strengthened performance alignment by adopting return on invested capital (ROIC) as our central value metric, sharpening the link between decision-making and long-term value creation.
- We delivered meaningful cost reductions, achieving approximately \$45 million of year-to-date savings across Warehouse and distribution, and Selling, general and administration expenses. Additional cost-out initiatives were implemented during the first half, with the full earnings benefits expected to be realised in the second half of FY26.
- Progress was made across our core operations through a combination of growth initiatives and a focus on operational excellence. Growth initiatives included the opening of Firth®'s new Auckland batching plant, the commissioning of Fletcher Insulation®'s Sonata Acoustics facility, and the expansion of recycled aggregate capability at Winstone Aggregates®. In parallel, operational excellence initiatives delivered manufacturing and cost improvements at Laminex® Australia and Winstone Wallboards®.

- We remained focused on our climate commitments, maintaining an A- CDP rating and achieving a 23% reduction in emissions from our FY18 baseline. Initiatives across the businesses, such as solar generation, increased use of recycled materials, and alternative fuels at Golden Bay®, continue to support our long-term decarbonisation goals.
- We resolved a major legacy construction matter, with the New Zealand International Convention Centre (NZICC) reaching Practical Completion and being handed over to SkyCity ahead of its formal opening in February 2026. This represents an important milestone following several years of remediation and will deliver a truly world-class facility for Auckland, and New Zealand more broadly. Following the sale of the Construction division ongoing risks and responsibilities related to NZICC and other legacy projects will continue to be held by Fletcher Building. As previously stated, we intend to vigorously defend ourselves against SkyCity's NZICC litigation.
- Disciplined capital allocation and strong working capital management resulted in net debt below internal expectations, further improving the Group's financial position. The Group retains significant liquidity headroom and capacity against its banking covenants. As at 31 December 2025, we had approximately \$0.8 billion of available liquidity, further supported by a new \$200 million bank liquidity facility and extensions to key syndicated banking facilities.
- The Board appointed James Miller as Deputy Chair, reflecting its view that New Zealand-based governance leadership was important in supporting the Chair.

While we have made solid progress, market conditions remain challenging in New Zealand and demand across the residential and civil sectors is expected to remain relatively subdued through FY26, with a more meaningful recovery not anticipated until calendar year 2027. In Australia, early signs of stabilisation are emerging, although conditions remain uneven. Looking ahead, we expect that the benefits of actions already taken on costs, portfolio simplification and capital discipline will progressively support the Group's performance.

Given these circumstances, and in line with the Group's capital structure settings, no interim dividend has been declared for 1H FY26.

On behalf of the Board and management, we thank our people for their continued commitment, discipline and professionalism through a period of sustained change and challenging trading conditions. We also thank our shareholders for their ongoing support as we continue to reshape Fletcher Building into a simpler, more resilient and more focused building products manufacturing and distribution group.



Peter Crowley
Chair



Andrew Reding
Managing Director & CEO

Consolidated Income Statement

For the six months ended 31 December 2025

Continuing operations	Note	Unaudited Six months Dec 2025 NZ\$M	Unaudited Six months Dec 2024* NZ\$M	Audited Year ended Jun 2025* NZ\$M
Revenue		2,866	2,852	5,644
Cost of goods sold		(1,965)	(1,928)	(3,846)
Gross margin		901	924	1,798
Warehouse and distribution expenses		(312)	(301)	(588)
Selling, general and administration expenses		(451)	(478)	(894)
Other operating income/(expenses)		(1)	(7)	(7)
Operating profit		137	138	309
Share of profits of associates and joint ventures		8	3	10
Revaluation gain on investment property			2	6
Other gains/(losses)			4	7
Significant Items	2.2	(7)	(177)	(576)
Earnings/(losses) before interest and taxation (EBIT)		138	(30)	(244)
Lease interest expense		(33)	(31)	(63)
Funding costs		(40)	(70)	(105)
Earnings/(losses) before taxation		65	(131)	(412)
Taxation (expense)/benefit	4	(17)	43	71
Earnings/(losses) after taxation from continuing operations		48	(88)	(341)
Earnings attributable to non-controlling interests		(3)		(2)
Net earnings/(losses) from continuing operations attributable to the shareholders		45	(88)	(343)
Net losses from discontinued operations		(56)	(46)	(76)
Net losses attributable to the shareholders		(11)	(134)	(419)

* Comparatives have been represented, refer to **notes 2.1** and **2.4**.

Net losses per share (cents)				
Basic		(1.0)	(14.3)	(41.4)
Diluted		(1.0)	(14.3)	(41.4)
Net earnings/(losses) per share from continuing operations (cents)				
Basic		4.2	(9.4)	(33.9)
Diluted		4.2	(9.4)	(33.9)
Weighted average number of shares outstanding (millions of shares)				
Basic		1,075	940	1,013
Diluted		1,075	940	1,013
Diluted – continuing		1,090	940	1,013
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, 18 February 2026


Peter Crowley
Chair


Sandra Dodds
Director, Chair of Audit and Risk Committee

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2025

	Unaudited Six months Dec 2025 NZ\$M	Unaudited Six months Dec 2024* NZ\$M	Audited Year ended Jun 2025* NZ\$M
Net losses attributable to shareholders	(11)	(134)	(419)
Net earnings attributable to non-controlling interests	3		2
Net losses after tax	(8)	(134)	(417)
Other comprehensive income/(loss)			
<i>Items that do not subsequently get reclassified to Consolidated Income Statement:</i>			
Movement in pension reserve		(3)	(7)
		(3)	(7)
<i>Items that may be reclassified subsequently to Consolidated Income Statement in the future:</i>			
Movement in cash flow hedge reserve		(3)	(3)
Movement in currency translation reserve	74	12	(14)
Reclassification of foreign currency reserve to Consolidated Income Statement		53	53
	71	62	32
Other comprehensive income	71	59	25
Total comprehensive income/(loss) for the period	63	(75)	(392)
Total comprehensive income/(loss) for the period arises from:			
Continuing operations	119	(82)	(369)
Discontinued operations	(56)	7	(23)
Total comprehensive income/(loss) for the period	63	(75)	(392)

* Comparatives have been represented, refer to **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 2025

NZ\$M	Note	Share capital	Retained earnings	Share-based payments reserve	Cash flow hedge reserve	Currency translation reserve	Pension reserve	Total	Non-controlling interests	Total equity
Total equity at 30 June 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)
Dividends paid to shareholders of the parent	5	4	(11)					(2)		(2)
Movement in share-based payment reserve		679						679		679
Total equity at 31 December 2024 (unaudited)		3,679	158	15		(14)	81	3,919	4	3,923
Total comprehensive income/(loss) for the period		(285)		(4)	(26)	(4)	(319)	2		(317)
Movement in non-controlling interests		2						2	(1)	1
Movement in share-based payment reserve	1		(1)							
Total equity at 30 June 2025 (audited)		3,680	(125)	14	(4)	(40)	77	3,602	5	3,607
Total comprehensive income/(loss) for the period		(11)		(3)	74			60	3	63
Movement in non-controlling interests									(10)	(10)
Movement in share-based payment reserve	4	1	(4)					1		1
Total equity at 31 December 2025 (unaudited)		3,684	(135)	10	(7)	34	77	3,663	(2)	3,661

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 2025

Assets	Note	Unaudited Dec 2025 NZ\$M	Unaudited Dec 2024 NZ\$M	Audited Jun 2025 NZ\$M
Current assets:				
Cash and cash equivalents		62	202	139
Current tax assets		29	31	29
Contract assets			146	50
Derivatives		11	13	8
Debtors		700	770	849
Inventories		1,388	1,352	1,325
Total current assets before held for sale		2,190	2,514	2,400
Assets classified as held for sale	2.4	428	5	
Total current assets		2,618	2,519	2,400
Non-current assets:				
Property, plant and equipment		2,205	2,247	2,223
Investment property		121	107	126
Intangible assets		664	1,030	703
Right-of-use assets		1,004	1,279	1,246
Investments in associates and joint ventures		211	240	218
Inventories		540	601	580
Retirement plan assets		152	151	150
Derivatives		1	52	43
Deferred tax assets		232	182	209
Total non-current assets		5,130	5,889	5,498
Total assets		7,748	8,408	7,898
Liabilities				
Current liabilities:				
Creditors, accruals and other liabilities		903	1,122	1,171
Provisions	3	312	283	278
Lease liabilities		207	167	172
Derivatives		10	11	19
Contract liabilities		9	87	56
Borrowings	5	60	85	60
Total current liabilities before held for sale		1,501	1,755	1,756
Liabilities directly associated with assets held for sale	2.4	245	3	
Total current liabilities		1,746	1,758	1,756
Non-current liabilities:				
Creditors, accruals and other liabilities		26	25	31
Provisions	3	66	34	61
Lease liabilities		1,041	1,373	1,325
Derivatives		3	7	6
Borrowings	5	1,205	1,288	1,112
Total non-current liabilities		2,341	2,727	2,535
Total liabilities		4,087	4,485	4,291
Equity				
Share capital		3,684	3,679	3,680
Reserves		(21)	240	(78)
Shareholders' funds		3,663	3,919	3,602
Non-controlling interests		(2)	4	5
Total equity		3,661	3,923	3,607
Total liabilities and equity		7,748	8,408	7,898

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 2025

	Note	Unaudited Six months Dec 2025 NZ\$M	Unaudited Six months Dec 2024* NZ\$M	Audited Year ended Jun 2025 NZ\$M
Cash flow from operating activities				
Receipts from customers		3,411	3,942	7,311
Receipts from residents – residents' loans – new occupation right agreements (ORA)	4		8	27
Payments to suppliers, employees and other		(3,258)	(3,861)	(6,837)
Income tax paid		(1)	(2)	
Net cash from operating activities	7	156	87	501
Cash flow from investing activities				
Sale of subsidiaries		(2)	182	174
Sale of investments		19		
Sale of property, plant and equipment		3	53	56
Acquisition of subsidiaries				(1)
Investments in joint ventures and associates		(3)		(4)
Dividends received		3	5	16
Interest income received		3	2	6
Purchase of property, plant and equipment and intangible assets		(150)	(150)	(280)
Investment in mining, consenting and stripping		(4)	(5)	(16)
Payments for investment property and investment property under development		(4)	(6)	(12)
Net cash from investing activities		(135)	81	(61)
Cash flow from financing activities				
Funding costs paid and expensed		(48)	(73)	(116)
Funding costs paid and capitalised to property, plant and equipment and intangible assets		(7)	(6)	(13)
Lease interest paid		(36)	(36)	(72)
Principal elements of lease payments		(96)	(99)	(189)
Contributions from non-controlling interests			11	42
Distribution to non-controlling interests		(3)	(5)	(5)
Issue of shares			679	679
Net (repurchase)/issue of capital notes				(80)
Net (repayment)/drawdown of borrowings		107	(752)	(858)
Net cash from financing activities		(83)	(281)	(612)
Net movement in cash held		(62)	(113)	(172)
Add: opening cash and cash equivalents		139	311	311
Effect of exchange rate changes on net cash		17	4	
Closing cash and cash equivalents		94	202	139
Less: Cash and cash equivalents classified as held for sale	2.4	(32)		
Closing cash and cash equivalents per Consolidated Balance Sheet		62	202	139

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

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

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. The Company is listed on the New Zealand Stock Exchange (NZX), and the Australian Securities Exchange (ASX) as a Foreign Exempt Listing.

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 for the financial year ended 30 June 2025. 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 set out in the Group's annual consolidated financial statements for the financial year ended 30 June 2025, and corresponding interim reporting period, unless otherwise disclosed.

The estimates and judgements that are critical to the determination of the amounts reported in the consolidated interim financial statements have not materially changed from those applied in the Group annual consolidated financial statements for the financial year ended 30 June 2025, unless otherwise disclosed. Any material updates or developments are disclosed in the relevant notes and are indicated by this adjacent coloured line.

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

NZD/AUD	Unaudited Six months Dec 2025	Unaudited Six months Dec 2024	Audited Year ended Jun 2025
Average rates	0.8913	0.9111	0.9138
Closing rates	0.8651	0.9063	0.9260

Notes to the Consolidated Interim Financial Statements (Continued)

2. KEY ESTIMATES, JUDGEMENTS AND OTHER FINANCIAL INFORMATION

2.1 CHANGES IN ACCOUNTING POLICIES, INTERPRETATION AND AGENDA DECISIONS

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

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

This change constitutes a voluntary change in accounting policy under NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and has been applied retrospectively. Accordingly, comparative amounts for the six months ended 31 December 2024 have been restated. The change has no impact on the income statement, balance sheet or total cash flows.

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

For the six months ended 31 December 2024 (unaudited)	As previously reported NZ\$M	Adjustment NZ\$M	Restated NZ\$M
Net cash flow from operating activities	(5)	92	87
Net cash flow from investing activities	68	13	81
Net cash flow from financing activities	(176)	(105)	(281)
Net movement in cash held	(113)		(113)

Reclassification of break fees and make-whole costs on termination of US private placement (USPP) notes and related cross currency interest rate swaps (CCIRS)

During the period ended 31 December 2025, the Group reviewed the presentation and classification of break fees and make-whole costs relating to the prepayment of USPP notes and associated CCIRS incurred in the current and comparative periods. These costs were previously classified and presented as Significant Items; however, the Group determined that they are more appropriately presented within funding costs. As a result, \$10 million of costs presented as Significant Items in the comparative periods ended 31 December 2024 and 30 June 2025 have been reclassified to funding costs. The reclassification also affected the Consolidated Statement of Cash Flows, with amounts reclassified between funding costs paid and net repayment of borrowings within cash flows from financing activities. This adjustment had no effect on total profit, earnings per share, equity or net cash flows.

This change reflects a presentation refinement only and does not represent a change in accounting policy or correction of an error under NZ IAS 8.

Notes to the Consolidated Interim Financial Statements (Continued)

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

Segmental information

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

Change in Divisional Structure

Effective 1 July 2025, the Group implemented a new divisional structure following a strategic review to simplify operations, decentralise decision-making and improve performance accountability. As part of this change:

- the Building Products division was reclassified as the Light Building Products division, with Steel businesses moved into the newly established Heavy Building Materials division;
- the Australia division was disestablished, with its businesses reallocated into the Light Building Products division, with the exception of Stramit®, which was moved into the Heavy Building Materials division; and
- all Concrete division businesses were moved and consolidated into the Heavy Building Materials division.

In addition, from 31 December 2025, the Construction Division is presented as a discontinued operation, reflecting the expectation of divestment and wind-down of operations.

Comparative information disclosed throughout this note has been updated to reflect both the new divisional structure and the classification of the Construction Division as a discontinued operation. Accordingly, comparative information across all tables within this note has been updated to reflect the current period presentation.

Description of industry segments

Light Building Products	The Light Building Products division is a manufacturer, distributor and marketer of building products used in the residential, industrial and commercial markets in New Zealand and Australia. Businesses include plasterboard, laminates and panels, insulation, piping, steel and aluminium.
Heavy Building Materials	The Heavy Building Materials division includes the Group's interests in the concrete and aggregates value chain, including extraction of aggregates, cement production, ready-mix concrete and concrete products, which operate primarily in New Zealand. The division also includes the Group's Steel businesses in both Australia and New Zealand.
Distribution	The Distribution division consists of building and plumbing product distribution businesses in New Zealand.
Residential and Development	The Residential and Development division primarily operates in New Zealand, but also in Australia. In New Zealand, the division's operations include building and sale of residential homes and apartments, development and sale of commercial and residential land and management of retirement village assets. In Australia, the division's operations include development and sale of commercial land. Development activity includes sale of land property which are surplus to the Group's operating requirements.
Discontinued operations	Discontinued operations comprise the Tradelink® business, which was classified as held for sale from 1 April 2024 and disposed of on 30 September 2024, and the Construction division, which has been presented as a discontinued operation from 31 December 2025, reflecting the expectation that the majority of the division will be divested and the remaining retained liabilities wound down. Further details of the change can be found in note 2.4 .

Non-GAAP financial information policy

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

Notes to the Consolidated Interim Financial Statements (Continued)

Description of Non-GAAP Financial Information

EBIT and EBITDA before Significant Items	The Group makes certain Significant Item adjustments to the statutory profit measures in order to derive non-GAAP measures. The Group discloses certain non-operating items as Significant Items. The Group's policy is to recognise Significant Items for transactions or events outside of the Group's ongoing operations that have a significant impact on reported profit. This policy provides stakeholders with additional useful information as a mean to assess the year-on-year trading performance of the Group. On this basis, Significant Items include, but are not limited to, the following: <ul style="list-style-type: none"> - Gains and losses arising from mergers and acquisition (M&A) activity (i.e. business acquisitions and disposals) and associated costs. - Restructuring and other associated costs arising from significant strategy changes that are not considered by the Group to be part of the normal operating costs of the business. - Impacts of significant one-off events that have a material effect on the Group's financial performance and asset valuation. - Impairment charges and provisions that are considered to be significant in nature and/or value to the trading performance of the business. - Net gains and losses on the disposal of properties and businesses where a commitment to close has been demonstrated. In addition to the above, EBITDA before Significant Items excludes the depreciation and amortisation of fixed, intangible and right-of-use (RoU) assets, while net earnings before Significant Items adjust for the net of tax consequences of Significant Items recognised in the period to reflect an "underlying" net earnings for continuing operations.
Trading and Free cash before Significant Items	Trading cash (or trading cash flow) is a non-GAAP measure highlighting cash generated or used by the Group's operations. Derived from NZ IFRS net operating cash flows, it adjusts for non-trading related items. Excluding financing, tax, Significant Items, legacy cash flows, but including lease payments. Trading cash focuses on recurring cash flows from trading activities, aiding in assessing liquidity and operational efficiency. "Trading cash" is adjusted for net capital and investment expenditure invested during the period to reflect the "Free cash" generated or consumed which impacts external borrowings, funding costs and potential dividends to shareholders. "Free cash" at a Group level also includes cash tax payments. Reconciliations to the NZ IFRS cash flow statement are provided below.
Net debt	Net debt is the total of all interest-bearing borrowings (loans, USPP, capital notes, other debt), adjusted for debt hedging activities, less cash and cash equivalents. This metric is used in determining the Group's leverage and gearing ratio. It is also used by management to assess financial risk and capital structure metrics. Though Net debt is a non-GAAP measure, it is derived from NZ IFRS line items (borrowings, derivatives used in hedging of borrowings, cash) on the balance sheet. A full reconciliation of Net debt is included in note 5 .
Funds and Invested Capital	"Funds" (or funds employed) represents the external assets and liabilities of the Group and is used for internal reporting purposes. At a Group level, funds excludes net debt and deferred tax balances (with the exception of deferred tax on brands) and intercompany eliminations, while at a divisional or segment level, funds excludes net debt, intergroup advances/borrowings, current and deferred tax balances (with exception of deferred tax on brands). This non-GAAP measure reflects the capital used in operations and assets generating earnings. Funds indicates the capital intensity of the business and is used in return on capital measures. While NZ IFRS does not define "funds" as a single figure, its components are derived from the audited balance sheet including investment in working capital, fixed assets, indefinite life intangible assets and net RoU asset/liability positions. "Invested Capital" is based on the same components as "Funds", with the exception that it excludes RoU lease liability positions.

Notes to the Consolidated Interim Financial Statements (Continued)

Industry segments: Income statement

For the six months ended 31 December 2025 (unaudited) NZ\$M	Gross revenue	External revenue	Gross margin	Overheads ⁽¹⁾	Other operating income/(expenses) ⁽²⁾	Operating profit	Equity-accounted earnings	Revaluation ⁽³⁾ and other gains/(losses) ⁽⁴⁾	EBIT before Significant Items	Significant Items	EBIT	Depreciation, depletion and amortisation expense	EBITDA	EBITDA before Significant Items	
Light Building Products	1,100	1,004	408	(306)		102	6		108	(6)	102		62	164	170
Heavy Building Materials	1,045	877	259	(214)	(1)	44	2		46	(2)	44		62	106	108
Distribution	783	773	191	(195)		(4)			(4)		(4)		31	27	27
Materials and distribution	2,928	2,654	858	(715)	(1)	142	8		150	(8)	142		155	297	305
Residential and Development	211	211	43	(31)		12			12	1	13		1	14	13
Corporate	4	1	4	(21)		(17)			(17)		(17)		4	(13)	(13)
Continuing operations eliminations	(277)		(4)	4											
Continuing operations	2,866	2,866	901	(763)	(1)	137	8		145	(7)	138		160	298	305
Discontinued operations	536	519	56	(52)	2	6			6	(81)	(75)		20	(55)	26
Discontinued operations eliminations	(37)	(20)													
Group	3,365	3,365	957	(815)	1	143	8		151	(88)	63		180	243	331
For the six months ended 31 December 2024 (unaudited) NZ\$M	Gross revenue	External revenue*	Gross margin*	Overheads ⁽¹⁾	Other operating income/(expenses) ⁽²⁾	Operating profit	Equity-accounted earnings	Revaluation ⁽³⁾ and other gains/(losses) ⁽⁴⁾	EBIT before Significant Items	Significant Items†	EBIT	Depreciation, depletion and amortisation expense	EBITDA	EBITDA before Significant Items	
Light Building Products	1,070	965	411	(307)		104	1		105	(177)	(72)		60	(12)	165
Heavy Building Materials	1,053	892	269	(212)	(9)	48	2	3	53		53		58	111	111
Distribution	780	767	193	(188)	(1)	4			4		4		30	34	34
Materials and distribution	2,903	2,624	873	(707)	(10)	156	3	3	162	(177)	(15)		148	133	310
Residential and Development	240	228	51	(39)		12			2	14	14		2	16	16
Corporate	4		5	(38)	3	(30)			1	(29)	(29)		7	(22)	(22)
Continuing operations eliminations	(295)		(5)	5											
Continuing operations	2,852	2,852	924	(779)	(7)	138	3	6	147	(177)	(30)		157	127	304
Discontinued operations	1,025	970	132	(105)		27	(1)		26	(64)	(38)		22	(16)	48
Discontinued operations eliminations	(92)	(37)													
Group	3,785	3,785	1,056	(884)	(7)	165	2	6	173	(241)	(68)		179	111	352
For the year ended 30 June 2025 (unaudited) NZ\$M	Gross revenue	External revenue*	Gross margin*	Overheads ⁽¹⁾	Other operating income/(expenses) ⁽²⁾	Operating profit	Equity-accounted earnings	Revaluation ⁽³⁾ and other gains/(losses) ⁽⁴⁾	EBIT before Significant Items	Significant Items†	EBIT	Depreciation, depletion and amortisation expense	EBITDA	EBITDA before Significant Items	
Light Building Products	2,089	1,895	784	(589)		195	7	(1)	201	(324)	(123)		119	(4)	320
Heavy Building Materials	2,042	1,724	506	(406)	(9)	91	3		94	(94)			117	117	211
Distribution	1,528	1,504	381	(361)	(1)	19			19	(32)	(13)		60	47	79
Materials and distribution	5,659	5,123	1,671	(1,356)	(10)	305	10	(1)	314	(450)	(136)		296	160	610
Residential and Development	557	520	122	(71)	1	52			6	58	(10)	48	4	52	62
Corporate	10	1	10	(64)	2	(52)			8	(44)	(116)	(160)	15	(145)	(29)
Continuing operations eliminations	(582)		(5)	9		4			4		4			4	4
Continuing operations	5,644	5,644	1,798	(1,482)	(7)	309	10	13	332	(576)	(244)		315	71	647
Discontinued operations	1,721	1,635	209	(152)	1	58			58	(116)	(58)		45	(13)	103
Discontinued operations eliminations	(169)	(83)													
Group	7,196	7,196	2,007	(1,634)	(6)	367	10	13	390	(692)	(302)		360	58	750

* Comparatives have been reclassified to reflect intra-group sales between continuing operations and Construction division (discontinued operation), resulting in a gross-up of external revenue and cost of goods sold in continuing operations and corresponding eliminations within discontinued operations, with no impacts on total Group results.

† Comparatives have been represented, refer to note 2.1.

(1) Overheads reflect warehouse, distribution, selling, general and administrative expenses.

(2) Other operating income/(expenses) include restructuring and redundancy costs, and costs associated with Golden Bay®'s MVAC ship breakdown in FY25 and the six months ended 31 December 2024.

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

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

Notes to the Consolidated Interim Financial Statements (Continued)

Significant Items

During the period, the Group recognised a number of Significant Items arising from one-off restructuring activities, legacy legal matters, asset recoverability assessments and the decision to divest the Construction division and exit remaining construction activities. These items are non-recurring in nature and do not reflect the Group's underlying operating performance.

Significant Items from continuing operations in the period include:

Light Building Products

Laminex® New Zealand transition costs (\$2 million)

The Group commenced the transition to its new Taupō manufacturing plant in FY25, incurring \$2 million of one-off start-up and reorganisation costs associated with establishing new operations and commissioning production at the new facility.

Iplex® Australia Western Australia pipes legal costs (\$4 million)

Iplex® Pipelines Australia (Iplex® Australia) incurred an additional \$4 million in legal costs in managing claims and disputes related to the Tplex Pro-Fit matter. These costs have been classified as Significant Items, consistent with the treatment of costs in the prior period.

Heavy Building Materials

CSP Steel divestment (\$2 million)

Following a reassessment of asset recoverability in advance of its planned divestment, the Group recognised a \$2 million write-down of CSP Steel assets, which has been classified as a Significant Item.

Residential and Development

Release of previously recognised restructuring costs and provisions (\$1 million)

During the period, the Residential and Development division recovered a portion of previously recognised restructuring costs and provisions, classified as Significant Items, primarily through the sublease of vacated properties following the Auckland branch consolidation.

Significant Items from discontinued operations in the period include:

Construction

Retained legacy construction provisions (\$60 million)

The Group recognised an additional \$60 million of provisions, primarily relating to legacy vertical projects that are being retained by Fletcher Building following the expected divestment of the remainder of the Construction division. The provision covers projected costs associated with known and announced issues and also provides for potential claims that, while currently uncertain or unknown, could arise in the course of closing out construction defects for those projects. Refer to **note 3**.

Legacy project legal and other overhead costs (\$8 million)

The Group recognised \$8 million of legal and related overhead costs in connection with managing and responding to legal claims and disputes on legacy construction projects, consistent with the treatment in prior years.

NX2 divestment (\$3 million)

The Group completed the sale of its 13.4% interest in the NX2 Pūhoi to Warkworth Public Private Partnership during the period, resulting in a \$3 million loss on divestment, which has been classified as a Significant Item.

Papua New Guinea closure (\$1 million)

The Group recognised \$1 million of costs associated with the exit from its Papua New Guinea construction operations, primarily relating to closure and wind-down activities.

South Pacific impairment (\$9 million)

Following the classification of investments and operations in Fiji, Kiribati and Vanuatu as held for sale as at 31 December 2025, the Group recognised an impairment of \$9 million on assets to be divested.

Notes to the Consolidated Interim Financial Statements (Continued)

Industry segments: Cash flow

For the six months ended 31 December 2025 (unaudited) NZ\$M	Cash flow from operating activities	Adjust to exclude: tax payments	Adjust to include: lease payments	Trading cash	Exclude: Significant Items and legacy cash flows	Trading cash excluding Significant Items	Capital expenditure	Net proceeds from divestments	Investments in Subs, associates and JVs	Dividends received	Interest received	Adjust to include: tax payments	Free cash excluding Significant Items
Light Building Products	142		(37)	105	19	124	(114)			1			11
Heavy Building Materials	112		(42)	70	1	71	(30)		(3)	1			39
Distribution	28	1	(33)	(4)		(4)	(8)						(12)
Materials and distribution	282	1	(112)	171	20	191	(152)		(3)	2			38
Residential and Development	(129)		(1)	(130)	2	(128)	(4)						(132)
Corporate	(22)	(1)	(4)	(27)	1	(26)	(1)			3	(1)		(25)
Continuing operations	131		(117)	14	23	37	(157)		(3)	2	3	(1)	(119)
Discontinued operations	25	1	(15)	11	(11)		(1)	20		1			20
Group	156	1	(132)	25	12	37	(158)	20	(3)	3	3	(1)	(99)
For the six months ended 31 December 2024 (unaudited) NZ\$M	Cash flow from operating activities	Adjust to exclude: tax payments	Adjust to include: lease payments	Trading cash	Exclude: Significant Items and legacy cash flows	Trading cash excluding Significant Items	Capital expenditure	Net proceeds from divestments	Investments in Subs, associates and JVs	Dividends received	Interest received	Adjust to include: tax payments	Free cash excluding Significant Items
Light Building Products	113		(34)	79	18	97	(85)						12
Heavy Building Materials	95		(37)	58		58	(47)	51		2			64
Distribution	38	1	(31)	8		8	(13)						(5)
Materials and distribution	246	1	(102)	145	18	163	(145)	51		2			71
Residential and Development	(54)		(1)	(55)		(55)	(6)						(61)
Corporate	(31)	1	(5)	(35)	1	(34)	(3)	166			2	(2)	129
Continuing operations	161	2	(108)	55	19	74	(154)	217		2	2	(2)	139
Discontinued operations	(74)		(27)	(101)	140	39	(7)	18		3			53
Group	87	2	(135)	(46)	159	113	(161)	235		5	2	(2)	192
For the year ended 30 June 2025 (unaudited) NZ\$M	Cash flow from operating activities	Adjust to exclude: tax payments	Adjust to include: lease payments	Trading cash	Exclude: Significant Items and legacy cash flows	Trading cash excluding Significant Items	Capital expenditure	Net proceeds from divestments	Investments in Subs, associates and JVs	Dividends received	Interest received	Adjust to include: tax payments	Free cash excluding Significant Items
Light Building Products	263	(2)	(68)	193	32	225	(158)	3	(1)	9			78
Heavy Building Materials	202		(76)	126		126	(91)	52		3			90
Distribution	72	1	(63)	10		10	(23)						(13)
Materials and distribution	537	(1)	(207)	329	32	361	(272)	55	(1)	12			155
Residential and Development	47		(3)	44		44	(12)						32
Corporate	(54)		(9)	(63)	2	(61)	(6)	159			6		98
Continuing operations	530	(1)	(219)	310	34	344	(290)	214	(1)	12	6		285
Discontinued operations	(29)	1	(42)	(70)	120	50	(18)	16	(4)	4			48
Group	501		(261)	240	154	394	(308)	230	(5)	16	6		333

Notes to the Consolidated Interim Financial Statements (Continued)

Industry segments: Balance sheet

As at 31 December 2025 (unaudited) NZ\$M	Net working capital	Property, plant & equipment and investment property	Indefinite life intangible assets	Other intangible assets	Investments & Retirement plan assets	Right-of-use lease asset*	Deferred tax liability - brands	Derivatives for foreign currency hedging	Current tax balances	Invested Capital	Right-of- use lease liability*	Deferred tax balances (excl. deferred tax on brands)	Net debt	Funds / Group Equity	
Light Building Products	189	1,301	460	4	187	332	(47)			2,426	(395)			2,031	
Heavy Building Materials	263	814	116	13	24	319	(14)			1,535	(421)			1,114	
Distribution	164	72	57	7		315				615	(361)			254	
Materials and distribution	616	2,187	633	24	211	966	(61)			4,576	(1,177)			3,399	
Residential and Development	870	121				2				993	(2)			991	
Corporate and other	(87)	18		7	152	36		(8)	29	147	(69)	293	(1,164)	(793)	
Continuing operations	1,399	2,326	633	31	363	1,004	(61)	(8)	29	5,716	(1,248)	293	(1,164)	3,597	
Discontinued operations	(93)	119	47	11		62	(5)		(2)	139	(76)	1		64	
Group	1,306	2,445	680	42	363	1,066	(66)	(8)	27	5,855	(1,324)	294	(1,164)	3,661	
As at 31 December 2024 (unaudited) NZ\$M	Net working capital	Property, plant & equipment and investment property	Indefinite life intangible assets	Other intangible assets	Investments & Retirement plan assets	Right-of-use lease asset	Deferred tax liability - brands	Derivatives for foreign currency hedging	Current tax balances	Invested Capital	Right-of- use lease liability	Deferred tax balances (excl. deferred tax on brands)	Net debt	Funds / Group Equity	
Light Building Products	177	1,165	571	3	180	372	(47)			2,421	(431)			1,990	
Heavy Building Materials	275	816	191	13	22	363	(13)			1,667	(463)			1,204	
Distribution	158	115	71	11		329	(4)			680	(374)			306	
Materials and distribution	610	2,096	833	27	202	1,064	(64)			4,768	(1,268)			3,500	
Residential and Development	784	119				10				913	(12)			901	
Corporate and other	(85)	15		107	151	100			3	31	322	(140)	251	(1,127)	(694)
Continuing operations	1,309	2,230	833	134	353	1,174	(64)	3	31	6,003	(1,420)	251	(1,127)	3,707	
Discontinued operations	11	124	47	16	38	108	(5)			339	(123)			216	
Group	1,320	2,354	880	150	391	1,282	(69)	3	31	6,342	(1,543)	251	(1,127)	3,923	
As at 30 June 2025 (unaudited) NZ\$M	Net working capital	Property, plant & equipment and investment property	Indefinite life intangible assets	Other intangible assets	Investments & Retirement plan assets	Right-of-use lease asset	Deferred tax liability - brands	Derivatives for foreign currency hedging	Current tax balances	Invested Capital	Right-of- use lease liability	Deferred tax balances (excl. deferred tax on brands)	Net debt	Funds / Group Equity	
Light Building Products	169	1,193	440	4	175	369	(44)			2,306	(432)			1,874	
Heavy Building Materials	260	818	112	13	20	384	(14)			1,593	(479)			1,114	
Distribution	167	68	57	8		328				628	(373)			255	
Materials and distribution	596	2,079	609	25	195	1,081	(58)			4,527	(1,284)			3,243	
Residential and Development	719	129				10				858	(11)			847	
Corporate and other	(95)	15		9	150	43		(8)	29	143	(76)	272	(999)	(660)	
Continuing operations	1,220	2,223	609	34	345	1,134	(58)	(8)	29	5,528	(1,371)	272	(999)	3,430	
Discontinued operations	(13)	126	47	13	23	112	(5)			303	(126)			177	
Group	1,207	2,349	656	47	368	1,246	(63)	(8)	29	5,831	(1,497)	272	(999)	3,607	

* Following the Group's strategic reset, management reassessed lease extension options under NZ IFRS 16 on a lease-by-lease basis and removed extension periods no longer considered reasonably certain to be exercised. This resulted in lower right-of-use assets and lease liabilities in the current reporting period compared with the comparative periods.

Notes to the Consolidated Interim Financial Statements (Continued)

Geographic segments

NZ\$M	For the six months ended 31 December 2025 / As at 31 December 2025 (unaudited)				For the six months ended 31 December 2024 / As at 31 December 2024 (unaudited)				For the year ended 30 June 2025 / As at 30 June 2025 (audited)			
	External revenue	EBIT before Significant Items	Funds*	Non-current assets†	External revenue	EBIT before Significant Items‡	Funds*	Non-current assets†	External revenue	EBIT before Significant Items‡	Funds*	Non-current assets†
New Zealand	2,400	106	3,595	3,573	2,639	121	3,807	4,237	5,154	292	3,502	3,953
Australia	938	44	928	1,172	1,109	53	978	1,265	1,997	97	836	1,142
Other*	27	1	(862)		37	(1)	(862)	2	45	1	(731)	1
Group	3,365	151	3,661	4,745	3,785	173	3,923	5,504	7,196	390	3,607	5,096

* Funds "other" includes net debt and taxation.

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

‡ Comparatives have been represented, refer to **note 2.1**.

Net earnings per share before Significant Items

The below disclosure has been included to provide additional useful information by removing the impact of Significant Items in the current period and prior comparative periods, and the resulting impact on the earnings per share measure. The effect of Significant Items on earnings from continuing operations per share is as follows:

NZ\$M		Unaudited Six months Dec 2025	Unaudited Six months Dec 2024‡	Audited Year ended Jun 2025‡
	Net earnings/(losses) after taxation from continuing operations (as per Consolidated Income Statement)	45	(88)	(343)
	Add back: Significant Items before taxation‡ (note 2.2)	7	177	576
	Less: tax benefit on Significant Items‡ (note 4)	(2)	(56)	(117)
	Net earnings from continuing operations before Significant Items‡	50	33	116
	Net earnings per share from continuing operations before Significant Items‡ (cents)	4.7	3.5	11.5
	Net earnings/(losses) per share (cents) from continuing operations – as reported per Consolidated Income Statement	4.2	(9.4)	(33.9)

‡ Comparatives have been represented, refer to **note 2.1**.

Notes to the Consolidated Interim Financial Statements (Continued)

2.3 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 any new indicators 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 2025. 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 new indicators of impairment existed that required an impairment to be recognised as at 31 December 2025.

2.4 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

As at 31 December 2025, the assets and liabilities of the Construction division met the criteria to be classified as held for sale, and the results of the division have therefore been presented as a discontinued operation in the consolidated interim financial statements, with comparatives represented. The assets and liabilities of all the construction businesses to be divested have been classified and presented as held for sale as at that date.

The assets classified as held for sale include the South Pacific construction operations, which are expected to be divested separately from the businesses announced to be divested on 20 January 2026, in respect of which the Group entered into a binding agreement. Residual legacy vertical construction liabilities, including obligations associated with the New Zealand International Convention Centre (NZICC), do not form part of the assets and liabilities classified as held for sale. However, these activities have been presented within discontinued operations as the Group completes the wind-down of its vertical construction business.

Financial performance and cash flow information for discontinued operations

Construction

The financial performance and cash flow information for the Construction division presented are for the period ended 31 December 2025, the period ended 31 December 2024 and the year ended 30 June 2025.

Tradelink®

The financial performance and cash flow information for the Tradelink® presented are for the year ended 30 June 2025 and the period ended 31 December 2024, including the results from 1 July 2024 and up to the date of disposal of 30 September 2024.

Unaudited For six months ended 31 December 2025	Construction NZ\$M	Tradelink® NZ\$M	Total NZ\$M
Revenue	519		519
Cost of goods sold	(463)		(463)
Gross margin	56		56
Selling, general and administration expenses	(52)		(52)
Other operating income/(expenses)	2		2
Significant Items	(81)		(81)
Losses before interest and taxation (EBIT)	(75)		(75)
Lease interest expense	(3)		(3)
Funding costs	(3)		(3)
Income tax benefit	25		25
Net losses from discontinued operations net of tax	(56)		(56)
Other comprehensive income – reclassification of foreign currency translation reserve			
Total comprehensive loss from discontinued operations	(56)		(56)
Net losses per share from discontinued operations (cents)			
Basic	(5.2)		(5.2)
Diluted	(5.2)		(5.2)
Net cash inflow from operating activities	25		25
Net cash inflow from investing activities	20		20
Net cash outflow from financing activities*	(15)		(15)
Net increase in cash generated by the discontinued operations	30		30

* Excludes the benefit of intercompany funding.

Notes to the Consolidated Interim Financial Statements (Continued)

Financial performance and cash flow information for discontinued operations (continued)

Unaudited For six months ended 31 December 2024 [†]	Construction NZ\$M	Tradelink® NZ\$M	Total NZ\$M
Revenue	768	202	970
Cost of goods sold	(693)	(145)	(838)
Gross margin	75	57	132
Selling, general and administration expenses	(54)	(51)	(105)
Equity-accounted losses	(1)		(1)
Significant Items	(6)	(58)	(64)
Earnings/(losses) before interest and taxation (EBIT)	14	(52)	(38)
Lease interest expense	(3)	(2)	(5)
Funding costs	(3)		(3)
Income tax (expense)/benefit	(2)	2	
Net earnings/(losses) from discontinued operations net of tax	6	(52)	(46)
Other comprehensive income – reclassification of foreign currency translation reserve		53	53
Total comprehensive income from discontinued operations	6	1	7
Net earnings/(losses) per share from discontinued operation (cents)			
Basic	0.6	(5.5)	(4.9)
Diluted	0.6	(5.5)	(4.9)
Net cash outflow from operating activities	(67)	(7)	(74)
Net cash inflow/(outflow) from investing activities	16	(2)	14
Net cash outflow from financing activities*	(15)	(12)	(27)
Net decrease in cash generated by the discontinued operations	(66)	(21)	(87)
Audited For year ended 30 June 2025 [†]	Construction NZ\$M	Tradelink® NZ\$M	Total NZ\$M
Revenue	1,433	202	1,635
Cost of goods sold	(1,281)	(145)	(1,426)
Gross margin	152	57	209
Selling, general and administration expenses	(101)	(51)	(152)
Other operating income/(expenses)	1		1
Significant Items	(58)	(58)	(116)
Losses before interest and taxation (EBIT)	(6)	(52)	(58)
Lease interest expense	(7)	(2)	(9)
Funding costs	(7)		(7)
Income tax (expense)/benefit	(4)	2	(2)
Net losses from discontinued operations net of tax	(24)	(52)	(76)
Other comprehensive income – reclassification of foreign currency translation reserve		53	53
Total comprehensive (loss)/income from discontinued operations	(24)	1	(23)
Net losses per share from discontinued operations (cents)			
Basic	(2.3)	(5.2)	(7.5)
Diluted	(2.3)	(5.2)	(7.5)
Net cash outflow from operating activities	(22)	(7)	(29)
Net cash outflow from investing activities		(2)	(2)
Net cash outflow from financing activities*	(30)	(12)	(42)
Net decrease in cash generated by the discontinued operations	(52)	(21)	(73)

* Excludes the benefit of intercompany funding.

[†] Comparatives have been represented, refer to note 2.1.

Notes to the Consolidated Interim Financial Statements (Continued)

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were classified as held for sale and in relation to the discontinued operation as at 31 December 2025:

As at 31 December 2025	Construction NZ\$M
Assets classified as held for sale	
Cash and cash equivalents	32
Property, plant and equipment	119
Intangible assets	58
Contract assets	33
Right-of-use assets	62
Debtors	98
Inventories	26
Total assets of disposal group held for sale	428
Liabilities directly associated with assets classified as held for sale	
Creditors, accruals and other liabilities	117
Lease liabilities	76
Provisions	7
Contract liabilities	39
Tax liability	6
Total liabilities of disposal group held for sale	245

3. PROVISIONS

	Restructuring NZ\$M	Warranty & environmental NZ\$M	Onerous contracts NZ\$M	The Industry Response NZ\$M	Make good NZ\$M	Other NZ\$M	Total NZ\$M
Carrying amount as at 30 June 2025	10	12	37	154	49	77	339
Charged to earnings		2	60			16	78
Settled or utilised	(3)	(2)	(5)	(11)		(25)	(46)
Released to earnings					(1)	(2)	(3)
Currency translation				11	3	3	17
Reclassification to “held for sale”					(2)	(5)	(7)
Carrying amount as at 31 December 2025	7	12	92	154	49	64	378

Retained legacy construction provisions

The Group's Construction division has exposure to defects in construction projects after completion. This exposure arises from obligations under contract and at law. As at 31 December 2025, the Group was subject to a number of claims of this nature. In assessing these claims, the Group has applied significant estimates and judgements, including consideration of the merits of each claim, the estimated cost of remediation, and the likelihood of recoveries from third parties.

The Group recognised an additional provision of \$60 million as at 31 December 2025, primarily relating to legacy vertical construction projects that are expected to be retained by Fletcher Building following the divestment of the remainder of the Construction division. The provision covers projected costs associated with known and announced issues and also provides for potential claims that, while currently uncertain or not yet identified, are expected to arise as part of discharging the Group's present obligations under the specified defect liability periods as stipulated in project contracts. The provision represents management's best estimate of the costs required to close out construction defects on those projects. The recognition of the additional provision reflects a change in the Group's assessment of the risks and costs associated with managing future claims following the divestment, including the absence of an ongoing construction business.

The Group has considered its overall exposure to claims received to date and, where appropriate, has provided for them. Notwithstanding this, there remains a risk that the Group's ultimate exposure to these claims may exceed the amount currently provided.

Notes to the Consolidated Interim Financial Statements (Continued)

New Zealand International Convention Centre (NZICC)

As announced on 4 November 2025, the New Zealand International Convention Centre (NZICC) achieved practical completion and was formally handed over to SkyCity for operational commissioning in advance of its planned February 2026 opening. The assessment of the project position continues to involve significant estimates and judgements, with the final outcome subject to uncertainty, primarily relating to the close-out of final subcontractor claims, litigation liability and any recoveries under the NZICC third-party liability insurance policy.

On 6 June 2025, SkyCity commenced proceedings against Fletcher Construction and the Company in relation to alleged delays to the NZICC project. Fletcher Construction disputes SkyCity's claims for additional liquidated damages above the contractual cap and continues to defend the proceedings. The Group continues to pursue recoveries under the NZICC third-party liability insurance policy and related legal actions; however, no recovery has been recognised as at 31 December 2025 as the proceeds are not considered virtually certain in accordance with NZ IAS 37.

Silicosis

Consistent with the position disclosed in the Group's annual consolidated financial statements as at 30 June 2025, Laminex® Australia remains subject to a number of silica related personal injury claims in Australia, with A\$0.8 million of the provision utilised during the period. Based on currently available information as at 31 December 2025, no change to the provision amount is required. Notwithstanding settlements to date, significant uncertainty remains regarding the number, timing and cost of future claims and the Group's ultimate exposure may differ from the amount currently provided.

The Western Australia (WA) plumbing failures Industry Response

As a result of its entry into the Industry Response (IR), Iplex® Australia recorded a provision of A\$155 million (NZ\$170 million) pre-tax in FY25 for the expected costs it has agreed and is obligated to incur under the IR, which was classified as a Significant Item. The total provision estimate, key risks and assumptions remain unchanged from those disclosed in the annual consolidated financial statements as at 30 June 2025.

As of 31 December 2025, A\$22 million (NZ\$25 million) of the total provision amount has been utilised, including A\$9 million (NZ\$11 million) in the current period. Costs incurred to date under the IR remain in line with the provision and the underlying assumptions disclosed at 30 June 2025.

The IR was launched in November 2024 and now has 50 participating builders undertaking the agreed work and remediation programme. As at 31 December 2025, 149 homes have been fully remediated and over 4,000 homes have had leak detector units installed under the IR.

The provision continues to cover the expected direct costs of remediation and preventive measures, including leak detector units, pipe repairs, ceiling pipe replacements and, for homes with extensive failures, full house re-pipes and associated temporary accommodation. Excluded from the provision are builders' overheads or margins and any legal or litigation defence costs.

While most major builders are participating in the IR, the Buckeridge Group of Companies (BGC), which constructed approximately 55% of the potentially affected WA homes, has not joined the IR. The provision includes allowances for homes built by BGC, which retains the option to participate in the IR at any time. To the extent BGC remains outside the IR, repair costs and associated cash flows are expected to be proportionately lower; however, this may increase exposure to disputes and claims.

The total estimated cost of remediation remains subject to significant risk and uncertainty. Key assumptions include the number of homes expected to experience plumbing failures over time, the likelihood of repeat failures, the cost of remediation per failure, and the timing of expenditure. Actual outcomes may differ from estimates, which could result in the provision being increased.

The provision does not include any allowance for litigation or class action risk. Two claims, including a class action, are currently on foot in the Federal Court of Australia. Separately, a homeowner has brought a claim against both BGC and Iplex® Australia in the WA District Court. While the IR is expected to mitigate some risks, it does not extinguish the rights of homeowners or others to pursue claims. The Group will continue to monitor developments and reassess the adequacy of the provision as new and material information becomes available.

Notes to the Consolidated Interim Financial Statements (Continued)

4. TAXATION

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

	Unaudited Six months Dec 2025 NZ\$M	Unaudited Six months Dec 2024* NZ\$M	Audited Year ended Jun 2025* NZ\$M
Earnings/(losses) before taxation from continuing operations	65	(131)	(412)
Taxation at 28 cents per dollar	18	(37)	(115)
<i>Adjusted for:</i>			
Difference in tax rates	1	(3)	(3)
Non-assessable income	(4)	(5)	(8)
Non-deductible expenses	3	2	57
Tax in respect of prior years	(1)		(2)
Tax expense/(benefit) on earnings from continuing operations	17	(43)	(71)
Income tax expense/(benefit) on continuing operations is attributable to:			
Tax expense on earnings before Significant Items*	19	13	46
Tax benefit on Significant Items*	(2)	(56)	(117)
	17	(43)	(71)
Income tax expense/(benefit) on discontinued operations is attributable to:			
Tax expense on earnings before Significant Items		4	12
Tax benefit on Significant Items	(25)	(4)	(10)
	(25)		2
Income tax expense/(benefit) is attributable to:			
Total current taxation expense	2		
Total deferred taxation benefit	(10)	(43)	(69)
	(8)	(43)	(69)

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

The net deferred tax assets balance relating to the continuing operations of \$232 million at 31 December 2025 largely comprises New Zealand and Australia carried forward tax losses incurred in the current and prior periods, timing differences on the Group's provisions and net deferred tax assets on the Group's right-of-use assets/liabilities. It is expected there will be sufficient future earnings in New Zealand and Australia to utilise the deferred tax assets in each of these jurisdictions.

Notes to the Consolidated Interim Financial Statements (Continued)

5. BORROWINGS

	Unaudited Six months Dec 2025 NZ\$M	Unaudited Six months Dec 2024 NZ\$M	Audited Year ended Jun 2025 NZ\$M
Private placements		334	323
Bank loans	1,043	737	627
Capital notes	217	298	217
Other loans	5	4	5
Carrying value of borrowings (as per Consolidated Balance Sheet)	1,265	1,373	1,172
Less: value of derivatives used to manage changes in hedged risks on debt instruments	(7)	(44)	(34)
Economic debt	1,258	1,329	1,138
Less: Cash and cash equivalents	(94)	(202)	(139)
Net debt	1,164	1,127	999
Carrying value of borrowings included within the Consolidated Balance Sheet as follows:			
Current borrowings	60	85	60
Non-current borrowings	1,205	1,288	1,112
Carrying value of borrowings (as per Consolidated Balance Sheet)	1,265	1,373	1,172

In November 2025, the Group fully prepaid and cancelled all remaining US private placement (USPP) notes with a total settlement value of approximately \$298 million. The prepayment comprised principal of \$293.4 million, accrued interest including coupon step-up of \$4.3 million, and a make-whole payment of \$0.5 million. In conjunction with the repayment, the Group terminated the associated cross currency interest rate swaps (CCIRS) used to hedge the underlying USPP borrowings, resulting in a termination cost of \$8.2 million recognised within funding costs in the current period. The prepayment was funded through drawings under the Group's Australian debt facilities (syndicated revolving credit facilities (SFA) Tranches D1 and D2), totalling A\$261 million.

Reconciliation of liabilities arising from financing activities

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

	Jun 2025 NZ\$M	Drawdowns/ Cash inflows NZ\$M	Repayments/ Cash outflows NZ\$M	Currency translation NZ\$M	Other non-cash movements (incl. hedge accounting) NZ\$M	Dec 2025 NZ\$M
Private placements	323		(356)	23	10	
Bank loans	627	822	(420)	14		1,043
Capital notes	217					217
Other loans	5					5
Carrying value of borrowings (as per Consolidated Balance Sheet)	1,172	822	(776)	37	10	1,265
Less: value of derivatives used to manage changes in hedged risks on debt	(34)		61	(24)	(10)	(7)
Economic debt	1,138	822	(715)	13		1,258
Less: Cash and cash equivalents	(139)		62	(17)		(94)
Net debt	999	822	(653)	(4)		1,164

Notes to the Consolidated Interim Financial Statements (Continued)

6. CONTINGENT LIABILITIES

There have been no material updates or developments as at 31 December 2025 from the position disclosed in the Group's annual consolidated financial statements as at 30 June 2025, except for the following matter.

Class action proceedings: Western Australia (WA) plumbing failures

On 12 December 2025, Fletcher Building was joined as a respondent to the proceedings by WA home builder BGC against Iplex® Australia. An additional claim has been filed by one homeowner in the WA District Court, against both BGC and Iplex® Australia. All proceedings remain in the discovery phase, which is expected to continue through 2026 (other than the WA District Court proceeding which has not yet reached the discovery phase). The outcome of the proceedings and associated liabilities, if any, remains uncertain at the date of this report.

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

	Unaudited Six months Dec 2025 NZ\$M	Unaudited Six months Dec 2024* NZ\$M	Audited Year ended Jun 2025* NZ\$M
Net losses	(11)	(134)	(419)
Earnings attributable to minority interest	3		2
	(8)	(134)	(417)
<i>Add/(less) non-operating cash flow items:</i>			
Interest expense*	82	111	188
Interest income	(3)	(2)	(6)
<i>Add/(less) non-cash items:</i>			
Depreciation, depletions and amortisation	180	179	360
Other non-cash items*	45	151	566
Taxation	(9)	(45)	(69)
Net (gain)/loss on disposal of businesses and property, plant and equipment	(1)	48	61
	294	442	1,100
Net working capital movements			
Residential and Development	(139)	(67)	(8)
Construction	6	(105)	(95)
<i>Other:</i>			
Debtors	23	60	(7)
Inventories	(1)	(9)	18
Creditors	(19)	(100)	(90)
	(130)	(221)	(182)
Net cash from operating activities	156	87	501

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

Notes to the Consolidated Interim Financial Statements (Continued)

8. SUBSEQUENT EVENTS

Construction divestment

On 20 January 2026, subsequent to the reporting date, the Group announced that it had entered into a binding agreement to sell its Construction division to VINCI Construction for a headline enterprise value of \$315.6 million, subject to customary working capital and net debt adjustments and a potential increase of up to \$18.5 million contingent on the outcome of a small number of contracts currently under negotiation.

The transaction comprises the sale of Fletcher Construction Holdings, including the Higgins®, Brian Perry Civil® and Fletcher Construction Major Projects businesses. The Group's South Pacific construction operations and residual legacy vertical construction obligations, including the New Zealand International Convention Centre (NZICC), are excluded from this transaction.

Completion of the transaction is subject to regulatory approvals, counterparty consents under certain contracts, and the completion of the restructuring of South Pacific operations, and is expected to occur before the end of 2026.

Amendment to the conditions of Capital Notes and redemption of FBI200 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 amendment allows FBI to elect to redeem all Capital Notes of a series on the applicable Election Date for that series, as an alternative to the procedure for rollover of those Capital Notes on new terms. On 27 January 2026, FBI elected to redeem all of the FBI200 Capital Notes (presented as current in the balance sheet) when they mature on 15 March 2026.

Sale of Felix Street property

On 11 February 2026, the Group entered into an unconditional agreement to sell its surplus industrial property located at Felix Street, Onehunga, Auckland for consideration of \$53.5 million. The sale follows the Group's previously announced decision to relocate the PlaceMakers® Frame & Truss operation to the Cavendish Drive site in Wiri, Auckland. Settlement of the transaction is expected to occur in May 2026. The transaction had no impact on the Group's results as at 31 December 2025.

Independent Auditor's Review Report



**Shape the future
with confidence**

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 4 to 25 which comprise the consolidated balance sheet as at 31 December 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of movements in equity and consolidated statement of cash flows for the 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 4 to 25 of the Group do not present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, 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 Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) as applicable to audits and reviews of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standard 1.

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

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
18 February 2026

