

FNDC

Quarterly Report to Shareholder – Q3 2025/26 ***Pūrongo ā-koata mā ngā kaipupuri hea***

Issued in accordance with Section 66 of the Local Government Act 2002

May 2026

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Purpose | Te take

In accordance with Section 66 of the Local Government Act 2002 and Far North Holdings Limited Statement of Intent for the three years to June 2028, we submit the report on the activities of Far North Holdings Limited, Bay of Islands Marina Limited, Far North Housing Limited and Northern Housing Limited (the Group) for the nine months from 1 July 2025 to 31 March 2026.

The purpose of this quarterly report is for the Board to provide our shareholder with:

- an update on key achievements and activities during the quarter;
 - quarterly performance and progress against key SOI targets;
 - unaudited financial results for the quarter; and
 - Health & Safety reporting.
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Q3 Overview

Tirohanga whānui o te tau



Q3 at a Glance



SOI Operating profit

- \$2.8m YTD
- \$2.5m full year target



Cruise Ships

- 42 ships YTD (FY25: 67 ships)
- 78,724 passengers YTD
- 3 ship cancellations (FY25: 7 cancellations)
- NZ record for shore excursions booked for a single ship



FNDC Projects

- Kaikohe library – construction progressing on track and on budget
- Kaitaia Airport resilience project – works tendered, runway and apron resurfacing in April



Total Assets

- \$212.8m



Te Pae o Uta

- Goals progressing



Compliance with LGFA financial covenants



Passenger numbers

- 97,219 YTD
- BOI Airport apron safety improvements – on track



Community Housing Homes

- Switzer project in progress - 28 homes in Kaitaia



Dividends

- Ordinary – \$1.6m paid February 2026
- Special – \$3.4m planned June 2026

Q3 Overview | Tirohanga whānui o te tau

Performance overview

During the nine months to 31 March 2026, Far North Holdings Limited (FNHL) continued to deliver in line with its Statement of Intent, achieving solid financial results while progressing projects that support economic development, infrastructure resilience, and community wellbeing across the Far North. The Group recorded an operating profit of \$2.8 million year-to-date, slightly ahead of budget and tracking well against its full-year target. While fourth-quarter profitability is expected to ease due to normal seasonal factors and ongoing fuel price pressures, FNHL remains on track to meet its full-year operating profit target of \$2.5 million. An ordinary dividend of \$1.6 million was paid in February 2026, with a special dividend of \$3.4 million planned for June 2026, supporting Council's overall financial sustainability.

Key projects and delivery

Progress continues on major projects for Council and the community. The Kaikohe Library remains on time and within budget, while resilience upgrade works at Kaitaia Airport are well underway. A key milestone was achieved at Kaitaia Airport following the end of the quarter with the resurfacing of the main runway and apron. The airport works programme has been extended by three months due to specialist equipment lead times, forecast costs remain within approved budgets.

At BOI Airport, planning of work to lengthen the runway to accommodate Air New Zealand's future aircraft fleet plans (i.e. ATR 72 aircraft) is progressing. FNHL alongside peer airports and industry bodies have been preparing submissions to CAA about proposed regulatory changes out for consultation and that are expected to better enable NZ airports to lengthen their runways on a far more feasible basis. Submissions are due in the fourth quarter. During the period, Air New Zealand announced temporary reductions to its BOI Airport Kerikeri services, citing fuel cost pressures.

Housing and community outcomes

Community housing delivery continues, with 28 homes under construction in Kaitaia in partnership with community and government agencies. While recent changes to central government housing policy have slowed future development pipelines, FNHL continues to pursue opportunities to address longer-term housing needs. Community feedback on a proposed development at Whangae Road, Kawakawa has been mixed. FNHL is working with Ngati Hine Health Trust on this project, with the project supporting eligibility for Infrastructure Acceleration Fund investment in Kawakawa. FNHL is supporting further CHPs across the district in respect of a number of other applications to the FlexiFund and that support both community and affordable housing outcomes.

Outlook

The High Court has declined the Rangitane Maritime Facilities Development Resource Consent appeal. The appeal was lodged to preserve future consent options and associated funding should Council wish to progress the project. We are reviewing if there are any alternative consent pathways available.

Maintaining a strong pipeline of developments aligned with FNHL's strategy and Council priorities remains a key focus. FNHL continues to work closely with FNDC management and partners to identify and advance new opportunities that deliver positive outcomes for the Far North.

Performance Against Key SOI Targets

Te Tutuki i ngā whāinga SOI



Performance Against Key SOI Targets | Te Tutuki i ngā whāinga SOI

Objective	FY26 Target	Progress	Comment
Strategic focus: Financial – increased sustainable commercial returns			
Effective financial management to deliver profitability.	Operating profit >\$2.5 million.	●	\$2.8m operating profit YTD, ahead of budget. Q4 expected to ease due to seasonal factors and fuel costs, but on track for full-year target.
Pay dividends to FNDC in line with dividend policy.	Dividend paid of \$5 million, consisting of an ordinary dividend from operating profits and a special dividend.	●	\$1.6m ordinary dividend was paid in February 2026. We are on track to pay a special dividend in June 2026.
Comply with LGFA financial covenants.	Meet financial covenants.	●	LGFA covenants have been met during FY26 to date and we forecast compliance throughout the year.
Strategic focus: People – be a good employer			
To make safety our priority to ensure health, safety and wellbeing of all employees and contractors in the Group.	Health, safety and wellbeing policies in place and recorded evidence that all staff have received and been briefed on the documentation.	●	Policies are in place and actively shared with all staff.
Comply with our living wage policy for all permanent employees.	Achieved.	●	All permanent staff of the Group receive the living wage as a minimum.

Notes:

1. Operating profit = profit prior to revaluations.
2. Dividend policy = 50% of operating profit.
3. Targets include consolidated group results, incorporating Far North Holdings Limited and wholly owned subsidiaries, Bay of Islands Marina Limited and Far North Housing Limited.

Performance Against Key SOI Targets | Te Tutuki i ngā whāinga SOI

Objective	FY26 Target	Progress	Comment
Strategic focus: Environmental – Undertake environmentally sustainable investment and management for the benefit of future generations			
Commit to tangible action to measure climate impact and target reductions based on best practice.	Measure carbon footprint for the Ngawha Park in line with generally accepted practice.		Measurement of our carbon footprint is in progress.
Strategic focus: Community – Create economic and housing opportunities benefitting the wellbeing of the community			
Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions.	Undertake stakeholder perceptions survey.		Stakeholder perceptions survey completed.
Ngawha Park development to grow economic and employment opportunities in the Far North.	Increase the number of businesses based at the Park.		The economic climate continues to dampen demand from new tenants. Management continues to proactively engage, alongside real estate agents, with parties targeted to locate onto the Park however we are unlikely to secure new tenants before 30 June 2026.

Objective	FY26 Target	Progress	Comment
Strategic focus: Community – Create economic and housing opportunities benefitting the wellbeing of the community cont.			
Identify opportunities to deliver social housing to meet local needs in partnership with Community Housing Providers (CHPs).	Develop 50 housing units.		Changes in central Government's Housing Policy have impacted our housing pipeline. 28 homes are currently under construction in Kaitaia that are scheduled for completion in FY27. Applications have been submitted to the Government's 'flexible fund' on two sites in the Far North for a further 67 homes, one in Kawakawa and the other in Kaitaia and also for one site in Whangarei for 42 homes.
Civil Aviation Authority Certification maintained for BOI Airport.	Achieved.		This certification is held.
Shared projects			
Kaitaia Airport: - Provide project management services to deliver agreed remediation project within time and budget. - Execute a long-term management contract with FNDC prior to 30 June 2026.	Achieved. Achieved.	 	The original programme has been extended by three months to complete in Q1 FY27. This revised timeline is on target and the forecast cost remains within budget. The key milestone of resurfacing the main runway and apron was achieved in April. New document completed.
Kaikohe Library – provide project management services and achieve agreed deliverables within time and budget.	Achieved.		Progress is currently on time and budget.

Financial Performance

Tutukinga Ahumoni

Unaudited group results including Far North Holdings Limited and wholly owned subsidiaries Bay of Islands Marina Limited and Far North Housing Limited

Nine Months to 31 March 2026



Statement of Financial Performance

Group Statement of Financial Performance 31 March 2026 \$000	Year-to-date - March '26			Last YTD
	Actual	Budget	Variance	Actual
Income	17,149	16,737	412	20,181
Operating Expenses	11,681	11,346	(336)	13,407
Depreciation	960	805	(156)	681
EBIT	4,507	4,586	(79)	6,093
Interest	1,700	1,812	112	2,194
Profit before revaluations	2,807	2,774	33	3,898
Revaluations	-	-	-	10,924
Net profit before tax	2,807	2,774	33	14,823

- **Income** – Income is ahead of budget mainly due to rental on the portion of our Dargaville community housing project prior to sale to Kāhui Tū Kaha.
- **Operating expenses** – Early-year R&M and consultant costs pushed operating expenditure above YTD budget. This adverse variance is closing, with partial reversal achieved in Q3 and the gap expected to continue narrowing through to year-end.
- **Depreciation** - Depreciation is higher than budget due to additions at the end of last year not captured in the depreciation estimate, and June 25 property, plant and equipment revaluations.
- **Comparison to last year** – While FY26 revenue is tracking below last year — driven by property sale timing and the move to through-put based fuel sales — profitability is ahead of prior year on a normalised basis (excluding property sales). Revaluations are recognised on completion of development projects or at year-end.

Statement of Financial Position

QUARTERLY REPORT – FY26 Q3

Statement of Financial Position As at 31 Mar 2026 \$000		
	Mar-26 Actual	Jun-25 Actual
Equity		
Share Capital	18,000	18,000
Reserves	14,269	14,269
Retained Earnings	72,518	71,343
	104,787	103,613
Current Assets		
Cash and cash equivalents	3,461	3,356
Trade receivables & prepayments	3,458	1,252
Inventory	600	8,387
Contract assets	419	402
Properties intended for sale	944	2,334
	8,881	15,731
Non Current Assets		
Intangible assets	102	159
Property, plant & equipment	33,614	33,530
Investment properties	153,999	149,426
Investments in equity accounted associates	13,957	13,758
Other investments - term	958	958
LGFA borrowers notes	1,316	1,316
	203,946	199,147
TOTAL ASSETS	212,827	214,877
Current Liabilities		
Current Loans and bank overdraft	42,250	48,750
Payables, accruals and income in advance	7,972	8,744
	50,222	57,494
Non Current Liabilities		
Loans	26,316	26,316
Deferred tax liability	9,791	9,791
Income in advance	21,712	17,665
	57,818	53,771
TOTAL LIABILITIES	108,041	111,265
	104,787	103,613

- **Inventory** – includes costs associated with properties being developed for sale. The FY26 balance has reduced from June '25 due to completion and sale of developments.
- **Contract assets** – this relates to properties being developed for third parties.
- **Properties intended for sale** – this balance includes investment properties that are expected to be disposed within one year of the balance sheet date. The June '25 balance included several properties that were being actively marketed and/or subject to a sale and purchase agreements. Some of these sales have completed during the FY26 year.
- **LGFA borrower notes** - LGFA borrower notes are held for loans from LGFA with an initial term over one year.
- **Loans** – LGFA borrowings have been disclosed as current or non-current depending on the maturity date. The loan facility agreement has no end date, subject to certain covenants. The Group has met and forecasts to continue to meet all the covenants and therefore expects to be able to rollover borrowings as they fall due.

Health & Safety

Hauora me te Haumaru

Q3 2025/26



Health & Safety: Q3 2025/26 Report | Hauora me te Haumaru

FNHL has in place current health and safety policies and procedures to ensure the company meets its commitments to the health, safety and welfare of its employees, customers, visitors, and contractors. We strive for excellence in health and safety management, therefore, achieving operational effectiveness and business sustainability.

Ensuring a strong health and safety culture is a key part of our business strategy. The FNHL team expects open and honest involvement and commitment to achieving a safe and healthy working environment that supports the wellbeing of our employees, customers, visitors, and contractors.

FNHL has a health, safety, and wellbeing continuous improvement programme where goals and objectives are set and measured. Our 2025/26 programme continues to track within schedule. Our “Objectives” have been set to align with ISO45001 requirements.

Key programme actions/deliverables in Q3 2025/26 have been:

- A permanent HSW Manager has been recruited and joined FNHL in April 2026. This role will reduce reliance on external advisors.
- HSW Audits programmed for Q3 completed, actioned or under action.
- HSW Management and HSW Representative Committee monthly meetings held in Q3.
- iAuditor incident reporting system well used and was continuously promoted to staff.
- H&S risk registers across the business remain on a regular review and update cycle.
- Specialist external HSW resources remain available to provide necessary expertise and capacity when needed.