Free Bird Institute Limited

Annual Report

2025

28 April 2026

Dear Shareholders,

On behalf of the Board, I am pleased to present the consolidated financial report of Free Bird Institute Limited and its subsidiary for the year ended 31 December 2025.

The 2025 financial year represents a transformational period for the Group. During the year, we completed the acquisition of our parent company, South Pacific Free Bird Co. Ltd (SPFB), through a share-swap arrangement in September 2025. This marked a significant milestone in the evolution of the Company, positioning Free Bird Institute as the holding entity of the Group.

It is important to note that the timing of this acquisition coincided with a period where SPFB's operations typically experience a seasonal slowdown. As we approach the festive period, student recruitment and related sales activities in Japan naturally decline. As a result, the Group's consolidated performance for 2025 only reflects approximately three months of SPFB's contribution, and during a historically weaker trading period. This has had a direct impact on the Group's reported profitability for the year.

Despite this, the Board remains confident that this is a timing-related impact rather than a structural issue. With a full twelve-month contribution expected in the 2026 financial year, and with operations normalising across the recruitment cycle, we anticipate a stronger and more representative performance of the Group going forward.

The share-swap transaction, which followed a selective share buyback earlier in the year, was carefully structured to realign the Group's corporate structure. While I will not go into detail here, the outcome of this exercise is clear — the Company has significantly strengthened its balance sheet. Total assets have more than doubled to approximately $19.8 million, supported by the recognition of goodwill and the consolidation of SPFB's operations. More importantly, shareholders' equity has increased substantially, reflecting the long-term value of the Group and providing a stronger platform for future growth.

Another notable highlight is the Group's improved cash position. Cash and cash equivalents increased to approximately $3.9 million during the year, largely driven by the acquisition and improved cash management. In addition, the Group has recognised contract liabilities of approximately $3.1 million at year end. These represent revenue received in advance for services yet to be delivered, providing strong visibility that a significant portion of these balances will translate into revenue in the 2026 financial year.

I would also like to address the qualified audit opinion issued for the year. As shareholders are aware, SPFB operates in Japan and its financial records have historically been prepared under local accounting standards rather than International Financial Reporting Standards (IFRS). Given the timing of the acquisition and the limited time available before reporting deadlines, it was not practicable to fully transition SPFB's financial statements to IFRS and obtain the level of audit assurance required within the current reporting period.

As a result, the auditors were unable to obtain sufficient appropriate audit evidence over the SPFB component, leading to a qualified opinion. The Board acknowledges this matter and wishes to assure shareholders that this is a transitional issue. We are committed to aligning SPFB's reporting framework with IFRS and working closely with auditors to ensure that this matter is resolved in future reporting periods.

While the Group's profit for the year declined to $116,715 compared to $580,098 in the prior year, it is important to recognise that 2025 was a year of restructuring, integration, and repositioning. The consolidation of the Group has provided us, for the first time, with full visibility over the entire value chain — from student recruitment in Japan to service delivery in Fiji. This clarity is critical, as it allows us to better identify operational inefficiencies and areas requiring improvement.

Looking ahead, the Board views the 2026 financial year as a rebuilding and optimisation phase. With the new structure in place, our focus will shift towards improving operational performance, strengthening margins, and ensuring that the full benefits of the integration are realised.

In closing, I would like to thank our shareholders for their continued support and patience during this period of transition. The steps taken in 2025 were necessary to position the Group for long-term sustainability and growth. While the short-term results may not fully reflect this, the foundations have now been laid for a stronger and more resilient future.

Vinaka vakalevu.

Hiroshi Taniguchi
Executive Chairman

Free Bird Institute Limited & Subsidiary Company
Consolidated Financial Statements

For the year ended 31 December 2025

Free Bird Institute Limited & Subsidiary Company
For the year ended 31 December 2025

Contents

Free Bird Institute Limited & Subsidiary Company
Directors' Report
For the year ended 31 December 2025

In accordance with a resolution of the Board of Directors, the directors herewith submit the consolidated statement of financial position of Free Bird Institute Limited (the "Company") and its subsidiary (together referred to as the "Group") as at 31 December 2025 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and report as follows:

Directors
The directors of the Company during the year and at the date of this report are:

Hiroshi Taniguchi (Chairman)
Ken Kawamura
Sangeeta Singh

State of affairs
In the opinion of the directors, the accompanying consolidated statement of financial position gives a true and fair view of the state of affairs of the Group as at 31 December 2025 and the accompanying consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows give a true and fair view of the results for the year then ended.

Principal activities
The principal activities of the Group during the year were providing language learning programs, facilitating high school and other educational products to international students, assisting in the management of local students, provision of an in-house insurance scheme, in-house money exchange and a restaurant. There were no significant changes in the nature of these activities during the year.

Results
The recorded net profit of the Group after income tax expense of $174,293 (2024: $182,838) for the year amounted to $116,715 (2024: $580,098).

Dividends
An interim dividend of $146,526 ($0.04/share) was declared during the year. (2024: nil)

Current assets
The directors took reasonable steps before the Group's financial statements were made out to ascertain that the current assets of the Group were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the current assets in the consolidated financial statements to be misleading.

Receivables
The directors took reasonable steps before the Group's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related party transactions
All related party transactions have been adequately recorded and disclosed in the consolidated financial statements.

Free Bird Institute Limited & Subsidiary Company
Directors' Report (continued)
For the year ended 31 December 2025

Basis of Accounting - Going concern

The directors consider that the Group will continue as a going concern. The directors believe that the basis of preparation of financial statements is appropriate and the Group will be able to continue its operations for at least 12 months from the date of signing this report.

Significant events

During the 2025 financial year, Free Bird Institute undertook a series of significant restructuring and capital transactions involving its parent company, South Pacific Free Bird Co. Ltd (SPFB). Prior to the acquisition, the Company approved a selective buyback of 1,478,669 of its own shares held by SPFB at $3.00 per share, totalling $4,436,007, with the consideration offset against outstanding amounts owed by SPFB to the Company. In September 2025, the Company subsequently acquired its parent company through a share-swap arrangement, issuing new ordinary shares in exchange for 100% of the issued share capital of SPFB, resulting in SPFB becoming a wholly-owned subsidiary of the Company. In December 2025, SPFB issued a further 20,000 new shares for total consideration of $1.02 million, which were fully taken up by the Free Bird Institute and similarly settled through an offset against SPFB receivables. During the same period, the Company also sold one share in SPFB to its staff social club committee at fair value, as part of an initiative to promote staff awareness and understanding of investment activities.

Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Other circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or consolidated financial statements which would render any amounts stated in the consolidated financial statements to be misleading.

Directors' interests

Interests of directors and any additions thereto during the year and up to the date of this report in the ordinary shares of the Company are as follows:

	Beneficially		Non-beneficially	
	Additions	**Holding**	**Additions**	**Holding**
Hiroshi Taniguchi	2,398,429	2,553,429	-	

Dated at Namaka, Nadi this 27 day of April 2026.

Signed in accordance with a resolution of the Directors.

Ken Kawamura

Director **Director**

Free Bird Institute Limited & Subsidiary Company
Statement by Directors
For the year ended 31 December 2025

In the opinion of the directors of Free Bird Institute Limited & its Subsidiary Company:

(a) the accompanying consolidated statement of profit or loss and other comprehensive income of the Group is drawn up so as to give a true and fair view of the results of the Group for the year ended 31 December 2025;

(b) the accompanying consolidated statement of changes in equity of the Group is drawn up so as to give a true and fair view of the changes in equity of the Group for the year ended 31 December 2025;

(c) the accompanying consolidated statement of financial position of the Group is drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2025;

(d) the accompanying consolidated statement of cash flows of the Group is drawn up so as to give a true and fair view of the cash flows of the Group for the year ended 31 December 2025;

(e) at the date of this statement, there are reasonable grounds to believe the Group will be able to pay its debts as and when they fall due;

(f) all related party transactions have been adequately recorded in the books of the Group; and

(g) the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards and Companies Act 2015.

Dated at Namaka, Nadi this 27 day of April 2026.

Signed in accordance with a resolution of the Directors.

Director | Ken Kawamura **Director**

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FREE BIRD INSTITUTE LIMITED AND SUBSIDIARY COMPANY

Auditor's Independence Declaration

To the Directors of Free Bird Institute Limited and Subsidiary Company

As Group auditor for the financial statements audit of Free Bird Institute Limited and Subsidiary Company for the financial year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Sunil Sharma
Partner
Suva, Fiji
27 April 2026

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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Consolidated Financial Statement

We have audited the financial statements of Free Bird Institute Limited and its Subsidiary Company (the Group) which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects on the consolidated financial statements of such adjustments, if any, as might have been required in relation to the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

As disclosed in Note 39 to the consolidated financial statements, the Group has included the financial information of South Pacific Free Bird Company Limited, which is material to the consolidated financial statements for the year ended 31 December 2025. The financial statements of the subsidiary were audited by another independent auditor. We were not provided with sufficient audit documentation from that auditor, nor were we able to perform alternative procedures to obtain sufficient appropriate audit evidence regarding the financial information of the subsidiary included in the consolidated financial statements.

In particular, we were unable to satisfy ourselves as to the completeness and accuracy of the subsidiary's reported assets of $6,910,942, liabilities of $5,608,360, revenues of $1,746,958, and expenses of $2,133,698 as well as the related disclosures forming part of the consolidated financial statements. Consequently, we were unable to determine whether any adjustments might have been necessary in respect of these amounts.

This matter is considered material but not pervasive to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the 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 consolidated 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 risk of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated financial statements.

We draw your attention to the Basis of Qualified Opinion section of our report, which describes a limitation of scope relating to revenue of the Subsidiary Company (South Pacific Free Bird Company Limited), which has not been considered as part of this key audit matter.

Revenue recognition – Service Fees

<table>
<tr><th>Why significant</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The Group, (excluding the Subsidiary Company), has service agreements with agents to provide a variety of services to students studying in Fiji. The service agreements outline the service fees earned by the Group, (excluding the Subsidiary Company) for each type of service provided to students.

Service fees are recognised as revenue when the Group, (excluding the Subsidiary Company), delivers the relevant service to the student.

We identified revenue recognition related to service fees as a key audit matter for the Group, (excluding the Subsidiary Company), due to:

• the significance of the revenue amount
• the level of audit effort required to assess the various types of services provided to students, each with differing fees and attributes. We focused on assessing the nature, timing and amount of revenue recognised by the Group excluding the Subsidiary Company in accordance with the requirements of the accounting standards.

Disclosures related to service fees revenue are included in Note 3(g) to the financial statements.</td><td>Our audit procedures to assess service fee recognition included the following:
• evaluating the appropriateness of the Group's, (excluding the Subsidiary Company) revenue recognition policies against the requirements of the accounting standards.
• obtaining an understanding of the Group's, (excluding the Subsidiary Company) processes for recognition of each major type of service fees.
• performing analytical procedures on service fees by developing an expectation for each type of service using independent inputs (e.g., contracts and student arrivals) and information from the Group's, (excluding the Subsidiary Company) student registration database and comparing such expectations with recorded revenue.
• selecting a sample of students from the student registration database and:
- agreeing student details to signed application forms.
- comparing the details of the services recorded as being provided and the relevant dates to those requested in the application forms.
- performing testing to assess whether service fees were recognised in the correct reporting period by reference to the contract and evidence of service delivery.
- obtaining evidence of the student's physical presence in the country.
- inspecting underlying documentation for manual journal entries impacting recorded service fees.
- evaluating the adequacy of the disclosures in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Information

The Management and Directors are responsible for the other information. The other information consists of the information in the director's report and the annual report of the Group for the year ended 31 December 2025 but does not include the consolidated financial statements and the auditor's report thereon. The annual report is expected to be made available after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, 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.

Responsibilities of the Management and those charged with the governance of the Financial Statements

The Management and Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the Companies Act 2015, and for such internal control as the Management and Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management and Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Management and Directors either intend to liquidate the Companies in the Group or to cease operations or have no realistic alternative but to do so.

The Management and Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT (Continued)

- Conclude on the appropriateness of the Management and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with directors and Management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and;

a) We have been given all information, explanations, and assistance necessary for the conduct of the audit; and

b) The Group has kept financial records sufficient to enable the financial statements to be prepared and audited.

Sunil Sharma
Partner
Suva, Fiji
27 April 2026

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CHARTERED ACCOUNTANTS

Free Bird Institute Limited
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

	Notes	2025 $	2024 $
Revenue from contracts with customers			
Service fees	6	3,505,318	3,302,274
Restaurant	6	-	38,859
		3,505,318	3,341,133
In-house insurance			
In-house insurance revenue	7	526,864	616,137
In-house insurance service expenses	9	(230,062)	(342,662)
In-house Insurance service result		296,802	273,475
Other income	8	40,416	15,561
		3,842,536	3,630,169
Non - insurance expenses			
Direct operating expenses	11	(1,243,231)	(859,234)
Depreciation	22/23	(250,442)	(229,467)
Personnel expenses	12	(1,661,652)	(1,179,725)
Other expenses	13	(410,188)	(437,752)
Profit from operations		277,023	923,991
Finance income	14 (a)	132,614	101,873
Finance cost	14 (b)	(118,629)	(262,928)
Net finance costs		13,985	(161,055)
Profit before tax		291,008	762,936
Income tax expense	16 (a)	(174,293)	(182,838)
Profit for the year		116,715	580,098
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		116,715	580,098
Basic and diluted earnings per share	29	$ 0.03	$ 0.24

The notes on pages 13 to 50 are an integral part of these financial statements.

Free Bird Institute Limited & Subsidiary Company
Consolidated Statement of changes in equity
For the year ended 31 December 2025

	Share capital	Retained Earnings	Equity contribution reserve	Total
	$	$	$	$
At 1 January 2024	3,194,831	2,842,482	255,237	6,292,550
Total comprehensive income for the year				
Profit for the year	-	580,098	-	580,098
Total comprehensive income for the year	-	580,098	-	580,098
Transactions with owners of the Company				
Contributions and distributions				
Dividend declared and paid - refer Note 28 (d)	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 31 December 2024	**3,194,831**	**3,422,580**	**255,237**	**6,872,648**
At 1 January 2025	3,194,831	3,422,580	255,237	6,872,648
Total comprehensive income for the year				
Profit for the year	-	116,715	-	116,715
Total comprehensive income for the year	-	116,715	-	116,715
Transactions with owners of the Company				
Contributions and distributions				
Buyback of shares - refer to Note 15 (i)	(2,087,407)	(2,402,852)		(4,490,259)
Issue of share capital - refer to Note 15 (ii)	10,171,116	-	-	10,171,116
Dividend declared - refer to Note 28 (d)	-	(146,526)	-	(146,526)
Total transactions with owners of the Company	8,083,709	(2,549,378)	-	5,534,331
Balance at 31 December 2025	**11,278,540**	**989,917**	**255,237**	**12,523,694**

The notes on pages 13 to 50 are an integral part of these financial statements.

Free Bird Institute Limited & Subsidiary Company
Consolidated Statement of financial position
As at 31 December 2025

Assets	Notes	2025 $	2024 $
Current assets			
Cash and cash equivalents	17	3,918,160	628,571
Trade and other receivables	18	348,037	4,909,830
Term deposits	20	1,298,882	591,646
Inventory	36	28,230	-
Prepayments	19	1,034,647	23,186
Total current assets		6,627,956	6,153,233
Non-current assets			
Trade and other receivables	18	726,339	80,029
Term deposits	20	26,474	24,435
Equity investments	21	22,600	21,800
Right-of-use assets	22	1,238,174	1,149,166
Property, plant and equipment	23	1,632,930	1,630,559
Deferred tax asset	16 (c)	19,359	21,151
Goodwill	15 (iii)	9,494,819	-
Total non-current assets		13,160,695	2,927,140
Total assets		19,788,651	9,080,373
Liabilities			
Current liabilities			
Trade and other payables	24	557,530	243,194
Current tax liabilities	16 (d)	151,782	44,915
Contract liabilities	25	3,149,955	5,594
Payable to related parties	26	-	408,470
Interest bearing borrowings	34	346,623	-
In-house insurance contract liabilities	27	205,641	239,937
Lease liabilities	22	210,938	162,000
Employee benefits	35	15,298	12,088
Total current liabilities		4,637,767	1,116,198
Non-current liabilities			
Interest bearing borrowings	34	1,476,098	-
Lease liabilities	22	1,151,092	1,091,527
Total non-current liabilities		2,627,190	1,091,527
Total liabilities		7,264,957	2,207,725
Shareholders' equity			
Share capital	28 (b)	11,278,540	3,194,831
Retained earnings		989,917	3,422,580
Equity contribution reserve	28 (c)	255,237	255,237
Total shareholders' equity		12,523,694	6,872,648
Total shareholders' equity and liabilities		19,788,651	9,080,373

Signed on behalf of the Board

Ken Kawamura

Director **Director**

The notes on pages 13 to 50 are an integral part of these financial statements.

Free Bird Institute Limited & Subsidiary Company
Consolidated Statement of cash flows
For the year ended 31 December 2025

	Notes	2025 $	2024 $
Operating activities			
Receipts from customers		3,543,228	2,758,416
Payments to suppliers and employees		(3,075,160)	(2,440,793)
In-house insurance premiums received		526,864	314,270
In-house insurance claims paid		(40,806)	(32,387)
Interest received		54,382	2,852
Income tax paid	16 (d)	(65,635)	(151,769)
Interest paid	14 (b)	(99,639)	(91,784)
Net cash provided from operating activities		843,234	358,805
Investing activities			
Cash acquired on acquisition of subsidiary **		3,477,316	-
Acquisition of property, plant and equipment	23	(119,874)	(110,854)
Proceeds from sale of property, plant and equipment		7,000	5,665
Investment in term deposits	20	(714,355)	-
Net cash provided from/(used in) investing activities		2,650,087	(105,189)
Financing activities			
Dividends paid	28 (d)	(146,526)	-
Principal payment of lease liabilities	22	(71,983)	(70,215)
Net cash (used in) financing activities		(218,509)	(70,215)
Net increase/(decrease) in cash and cash equivalents		3,274,812	183,401
Effect of movements in exchange rates on cash held		14,777	(16,512)
Cash and cash equivalents at 1 January		628,571	461,682
Cash and cash equivalents at 31 December	17	3,918,160	628,571

*** “At the acquisition date, the subsidiary held cash of $3,477,316 which has been included in cash flows under investing activities.”*

The notes on pages 13 to 50 are an integral part of these financial statements.

Free Bird Institute Limited & Subsidiary Company
Notes to the consolidated financial statements
For the year ended 31 December 2025

1. General information

The consolidated financial statements comprise of Free Bird Institute Limited (the holding company) and South Pacific Free Bird Company Limited (the subsidiary company) together referred to as the "Group". Free Bird Institute Limited (the holding company) is a limited liability company incorporated and domiciled in Fiji whose shares are publicly traded on the South Pacific Stock Exchange.

(b) Principal activity

The principal activities of the Group during the year were providing language learning programs, facilitating high school and other educational products to international students, assisting in the management of local students, provision of an in-house insurance scheme and in-house money exchange.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting standards as issued by the International Accounting Standards Board (IASB), and in compliance with the requirements of the Fiji Companies Act 2015.

The consolidated financial statements were authorised for issue by the Board of Directors on 27 April 2026.

(b) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis unless otherwise indicated.

(d) Functional and presentation currency

The consolidated financial statements are presented in Fiji dollars rounded to the nearest dollar, which is the Group's functional currency.

(e) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actuals may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The key areas in which estimates and judgments are applied are described below:

(i) <u>Claims liabilities arising under in-house insurance contracts</u>

Provision is made for the estimated cost of claims incurred but not settled at the balance date. This provision consists of estimates of both the expected ultimate cost of claims notified to the Group as well as the expected ultimate cost of claims incurred but not reported to the Group ("IBNR"). The estimated cost of claims includes direct expenses that are expected to be incurred in settling those claims.

2. Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claims is generally available.

IBNR claims may not often be apparent to the insurer until certain months after the events giving rise to the claims has happened. In calculating the estimated cost of unpaid claims the Group calculates the loss ratio (which is the total claims incurred to date and historically divided by the earned premium) multiplied by the estimated time lag of an incident occurring and being notified to the Group. The resultant percentage is multiplied with the earned premium for the year to calculate the estimated IBNR. The standard requires the inclusion of a risk adjustment when calculating IBNR claims. However, given that the company's IBNR is relatively small—primarily due to all claims being settled within three days of the incident—the risk adjustment has not been applied, as its impact on the IBNR is immaterial.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Depreciation rates	Note 3 b (iii)
Recoverability of deferred tax assets	Note 3n(ii)
Lease term and discount rate	Note 3(o)
Impairment of non-financial assets	Note 3(f) (ii)
Impairment of financial assets	Note 3(f) (i)
In-house insurance claims	Note 3(d)(iv)
Revenue recognition	Note 3(g)

(f) Going concern

The directors consider that the Group will continue as a going concern. The directors believe that the basis of preparation of financial statements is appropriate and the Group will be able to continue its operations for at least 12 months from the date of signing this report.

3. Summary of Accounting Policies

The Group has consistently applied the following accounting policies to all years presented in these consolidated financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash at bank at balance date. Cash and cash equivalents are short-term, highly liquid investments with original maturity term of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

3. Summary of Accounting Policies (continued)

(b) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of the day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment.

The depreciation rates for the current and comparative period are as follows:

Building	2.5%
Motor vehicle	18%
Walkway and fence	2.5%
Office equipment	7 - 40%
Office furniture	12%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(c) Employee benefits

Defined contribution plan

All employers are required to make a statutory contribution to an approved superannuation fund which in this case is the Fiji National Provident Fund. These contributions are expensed as services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in profit or loss as the related service is provided.

Annual leave

The Group accrues annual leave during the year and pays out the annual leave liability at the end of the financial year. Where amounts are not paid out, a liability is recognised for the amount expected to be paid.

(d) In-house insurance contracts

The Group issues contracts that transfer insurance risk. These contracts are issued to students for the duration that they undertake Language learning courses at the Institute and to employees which covers life and medical. Insurance contracts are those contracts that transfer significant insurance risk. As a general guide, the Group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event.

(i) In-house insurance revenue

Premium comprises amounts charged to policyholders, excluding taxes and fees collected on behalf of third parties. Premiums relating to student policies are collected by the Group's subsidiary, South Pacific Free Bird Co. Ltd (SPFB), and are remitted to the Group net of commission. Premium revenue is recognised from the date of attachment of risk (generally the commencement date of the contract) over the coverage period of the related insurance contracts.

3. Summary of Accounting Policies (continued)

(d) In-house insurance contracts

(ii) Liability for Remaining Coverage

Under the Premium Allocation Approach (PAA) outlined in IFRS 17, the Liability for Remaining Coverage (LRC) represents the company's obligation related to insurance coverage that has not yet been provided. Specifically, it comprises premiums that have already been received, plus premiums receivable, associated directly with insurance contract services still to be delivered.

(iii) Insurance acquisition cash flows (IACF)

Insurance acquisition cash flows are cash flows arising from the costs of selling insurance contracts. The Group recognises commissions as its insurance acquisition cash flows (IACF). These represent costs directly attributable to obtaining and recording insurance contracts. The Group's subsidiary entity, SPFB, charges a commission for each insurance policy sold on the Group's behalf. In accordance with IFRS 17 paragraph 55(a), the Group has elected to expense insurance acquisition cash flows when incurred, as the coverage period for each group of contracts is one year or less.

(iv) Insurance service expense

In-house insurance service expense is made up of IACF (refer to 3d (iii)) and in-house insurance claims. In-house insurance claims comprises claims and related expenses paid in the year, changes in the Liability for incurred claims but not reported, claims incurred but not settled at year end together with any other adjustments to claims from previous years.

(v) Liability for incurred claims

Provision is made for the estimated cost of claims incurred but not settled at balance date. This provision consists of both the expected cost of claims notified to the Group as well as the expected cost of claims incurred but not reported to the Group (i.e. IBNR). The cost of claims includes direct costs that are expected to be incurred in settling those claims.

Refer to 3 (r) for the application of IFRS 17 on in-house insurance.

(e) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

All financial assets not classified as measured at amortised cost are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Classification and subsequent measurement (continued)

The Group had not elected to present in OCI subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

The classification of financial assets as at 31 December 2025 are as follows:	**Classification**
Cash and cash equivalents (excluding cash on hand)	Amortised
Trade and other receivables	Amortised
Term deposits	Amortised
Shares in Port Denarau Marina Ltd (PDML)	FVTPL

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) Impairment

(i) Non derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group measures loss allowances at 12-month ECLs for financial assets where credit risk has not increased significantly since initial recognition.

Trade and other receivables comprise amounts due from third-party customers. The Group applies a simplified approach in measuring expected credit losses for trade receivables, which uses a lifetime expected loss allowance based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash at bank balances and term deposits are held with reputable financial institutions with high credit ratings and are assessed as having low credit risk at the reporting date.

Immigration and other bonds comprise receivables from government agencies and other parties assessed as having low credit risk at the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers cash and cash equivalents to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Group considers this to be BB- or higher per rating agency Standards & Poor’s (S&P).

12-month ECL's are the portion of ECL's that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECL's is the maximum contractual period over which the Group is exposed to credit risk.

3. Summary of Accounting Policies (continued)

(f) Impairment (continued)

(i) Non derivative financial assets (continued)

The Group applies the expected credit loss (ECL) model to financial assets measured at amortised cost. The Group assesses whether there has been a significant increase in credit risk since initial recognition and measures loss allowances accordingly.

In assessing whether credit risk has increased significantly, the Group considers reasonable and supportable information, including:
- actual failure to pay within payment terms of the receivable;
- the related parties credit worthiness and financial position; and
- adverse changes to the overall viability of the related party operations.

Measurement of ECLs
ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL's are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

3. Summary of Accounting Policies (continued)

(f) Impairment (continued)

(ii) Non financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(g) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

Outlined below is information about the nature and timing of the satisfaction of performance obligations in contracts with customers in accordance with IFRS 15.

Service fees

The Group provides various education-related services to international students. The customers of the Group are the students.

The services provided include enrolment, tuition, visa arrangement services, accommodation services (including dormitory and homestay), examinations and provision of high school learning.

These services are assessed as separate performance obligations, except for enrolment activities which are not considered to provide a material right. The Group has determined that these performance obligations are distinct, as the customer can benefit from each service on its own or together with other readily available resources, and the promise to transfer each service is separately identifiable from other promises in the contract.

The transaction price is determined based on the fee rates agreed with customers and the level of services rendered. The transaction price includes non-refundable upfront fees such as enrolment fees, which are not considered to give rise to a significant material right.

In relation to visa arrangement services, the Group recognises revenue on a net basis as it acts as an agent in the transaction, as it does not control the approval of granting visas to students and therefore recognises only the net revenue earned.

Invoices are issued periodically and are generally payable within 30 days. Where the Group has a right to consideration that corresponds directly with its performance to date, revenue is recognised at the amount to which the Group has a right to invoice.

3. Summary of Accounting Policies (continued)

(g) Revenue (continued)

The Group recognizes revenue when it transfers control of a service to a customer. Revenue recognition for each of the major revenue is as follows:

Revenue Stream	Performance obligation	Timing of recognition
Language teaching revenue	Provision of English language teaching courses	Over time, from the commencement of the course to completion, as the services are rendered.
High school teaching revenue	Provision of high school studies	Over time, from the commencement of the course to completion, as the services are rendered.
Dormitory and homestay fees	Provision of accommodation to students.	Over time, during the period of stay.
Enrolment fees	Student registration services	Recognised at a point in time upon completion of the enrolment process.

The Group discontinued its restaurant operations during the year ended 31 December 2025 in order to focus on its core business activities.

(h) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of direct cost of issuing the equity instruments.

(i) Trade and other payables and contract liabilities

Trade and other payables are stated at amortised cost.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation taking into account the risks specific to the liability, its carrying amount is the present value of those cash flows.

(k) Finance income and finance cost

Finance income and expenses comprises interest income on term deposits and foreign exchange gains and losses. Interest income or expense is recognised using the effective interest rate method. Foreign exchange gains and losses are presented net as either finance income or finance cost.

The Group operates an in-house foreign exchange service. Revenue from foreign exchange activities represents the net margin on currencies traded arising from the Group's operations as a bureau de change. Students and staff exchange foreign currency, primarily Japanese yen, with the Group for Fiji dollars. The Group holds the foreign currency balances in bank accounts and may convert these balances into Fiji dollars when exchange rates are favourable. Gains or losses arising from foreign exchange transactions and retranslation of foreign currency balances are recognised in profit or loss as foreign exchange gains or losses and included within finance income or finance costs.

3. Summary of Accounting Policies (continued)

(l) Foreign currency transactions

Transactions in foreign currencies are translated into Fiji dollars at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Fiji dollars at the exchange rate prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.Foreign exchange gains and losses arising from translation are recognised in profit or loss.

(m) Dividend distribution

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

(n) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except for items recognised directly in equity or other comprehensive income.

(i) **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3. Summary of Accounting Policies (continued)

(n) Income tax (continued)

(ii) **Deferred tax (continued)**

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(o) Leases

The Group leases the land upon which its educational facilities have been constructed (see Note 22).

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

<u>i. As a lessee under IFRS 16</u>

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Groups' incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3. Summary of Accounting Policies (continued)

(o) Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group presents right-of-use assets and lease liabilities as separate line items in the statement of financial position (see note 22).

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office space that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(p) Comparative figures

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts. Comparative figures relate to Free Bird Institute Limited (FBL) operations only.

(q) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest method.

Borrowing costs are recognised in profit or loss using the effective interest method.

(r) IFRS 17 - Insurance Contracts

The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows (if any) and less amounts recognised in revenue for insurance services provided;
- Measurement of the liability for remaining coverage includes the premiums received or receivable at the inception of the group of insurance contracts. The liability is not adjusted for the time value of money as all contracts are less than a year.
- Subsequently, the liability for remaining coverage is reduced as insurance coverage is provided, with insurance revenue recognized in the statement of profit or loss over the coverage period.
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is measured as the fulfilment cash flows relating to incurred claims,. The liability includes the Group’s obligation to pay other incurred insurance expenses.

3. Summary of Accounting Policies (continued)

(r) IFRS 17 - Insurance Contracts (continued)

Insurance contracts accounting treatment

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder.

This means that, for determining the level of aggregation, the Group identifies a contract as the smallest unit. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

Measurement - Premium Allocation Approach

	IFRS 17 Options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	All insurance contracts issued by the Group is for less than 1 year, therefore the Group have applied PAA approach for all its insurance contracts.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is less than one year, insurance acquisition cash flows can be expensed as incurred.	The insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	There is no allowance as the premiums are received within one year of the coverage period.
Liability for Incurred Claims, (LFIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Group has not adjusted the Liability for Incurred Claims (LIC) for the time value of money because all claim-related cash flows are expected to be settled within one year or on demand from the date the claims are incurred.

3. Summary of Accounting Policies (continued)

(r) IFRS 17 - Insurance Contracts (continued)

Insurance contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues as the coverage period of each contract in the group is one year or less.

(s) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Financial details of the Goodwill is recorded in note 15.

Impairment testing of goodwill and intangibles with indefinite useful lives

Goodwill recognised on acquisition of South Pacific Free Bird Co. Ltd has an indefinite useful life and is tested annually for impairment in accordance with IAS 36 Impairment of Assets. For impairment testing purposes, goodwill is allocated to a single Cash-Generating Unit (CGU), being the combined operations of Free Bird Institute Limited and SPFB.

The Group considers these entities to represent a single CGU as SPFB is responsible for student recruitment and marketing, while FBL delivers the underlying education and related services. The operations are highly interdependent, and the cash inflows cannot be separately identified.

As at 31 December 2025, the carrying amount of goodwill allocated to the CGU was $9,494,819 (2024:Nil)

No other assets of the Group carry goodwill.

Impairment Testing Methodology

The Group determined the recoverable amount of the CGU as the higher of value in use (VIU) and fair value less costs of disposal (FVLCD), using valuation methodologies consistent with IFRS 13 *Fair Value Measurement* .

3. Summary of Accounting Policies (continued)

(s) Goodwill (continued)

Impairment Testing Methodology (continued)

Impairment testing incorporated the following approach:

1. Combined CGU – Value in Use (VIU) approach

The recoverable amount was determined using discounted cash flow projections based on financial budgets approved by management covering a period of [3–5] years. Cash flows beyond the forecast period were extrapolated using a steady growth rate.

Key assumptions used in the VIU calculation include:

* Revenue growth rates based on expected student enrolments and market conditions; and
* Operating margins reflecting historical performance and expected efficiencies.

Management believes that any reasonably possible change in key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

(t) Inventory

Inventory is measured at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes all costs incurred in bringing the inventory to its present location and condition.

Net realisable value represents the estimated amount expected to be realised from use or sale in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory primarily comprises marketing materials held in Japan used for student recruitment and promotional activities.

An allowance is recognised for obsolete and slow-moving inventory where the carrying amount exceeds its estimated net realisable value.

(u) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost using the effective interest method.

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they are directly attributable to the acquisition or construction of a qualifying asset, in which case they are capitalised in accordance with IAS 23 Borrowing Costs.

Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(v) Employee benefits - Provision for annual leave

Provision is made for the Group's liability for employee annual leave as a result of services rendered by employees up to the reporting date. The provision is calculated based on the expected future payments to be made, measured at the undiscounted amount expected to be paid when the liability is settled.

4. Standards issued and are not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2026 and have not been applied in preparing these consolidated financial statements. The Group is yet to assess the impact of these standards and intends to adopt the standards no later than the accounting period in which the standards become effective.

Title	Key Requirements	Effective Date
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	To respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments: • clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance • update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).	01-Jan-26
IFRS 18 Presentation and Disclosure in Financial Statements	This standard will introduce new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the consolidated financial statements.	01-Jan-27

5. Risk management

(a) Insurance risk

The Group principally issues the following types of insurance contracts: Life, Travel and Medical. The most significant risks arise from an outbreak of another pandemic, natural disasters, road accidents resulting in serious disability or death. The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance contracts.

The company mitigates this risk by setting aside $500,000 (2024: $500,000) for any unforeseen claims that may be made from the Group's in-house insurance scheme. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

(b) Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below.

	Change in assumptions	**Impact on profit before tax**	**Impact on equity**
		2025	
Weighted avg term to settlement	+10%		
Expected loss	+10%	4,081	4,081
Inflation rate	+1%	408	408
Weighted avg term to settlement	-10%		
Expected loss	-10%	(4,081)	(4,081)
Inflation rate	-1%	-	-
		2024	
Weighted avg term to settlement	+10%		
Expected loss	+10%	3,239	3,239
Inflation rate	+1%	-	-
Weighted avg term to settlement	-10%		
Expected loss	-10%	(3,239)	(3,239)
Inflation rate	-1%	323	323

The Group has exposure to the following risks arising from financial instruments:

(i) Credit risk;
(ii) Liquidity risk;
(iii) Market risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board requires that the management report provided to the Board every month contain a list of risks and opportunities. A risk register is maintained by the Group of all those risks identified and potential risks that the Group might be exposed to in regards to the changing business environment, legislation and all other known risks.

5. Risk management (continued)

(i) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions.

Trade and other receivables

Customer credit risk is managed in accordance with the Group's established policies, procedures and controls relating to credit risk management. Credit quality of customers is assessed based on internal credit assessments and, where appropriate, external information. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of customers with similar loss patterns, adjusted for forward-looking information.

Impairment loss on financial assets recognised in profit or loss was as follows:

	2025	**2024**
	$	**$**
Impairment loss on trade and other receivables	-	-

Movements in allowance for impairment for trade & other receivables	**2025** **$**	**2024** **$**
Balance at 1 January	-	60,000
Movement during the year	-	(60,000)
Balance at 31 December	-	-

Cash and cash equivalents and term deposits

The Group held cash and cash equivalent of $3,918,480 (2024: $628,571) and term deposits of $1,325,356 (2024: $616,081). Cash and term deposits are held with banks which are rated AA- based on Standard & Poors ratings.

Impairment on cash and cash equivalents and term deposits has been measured on the 12 month expected credit loss basis and reflects short term maturities of the exposures. The Group considers that its cash and cash equivalent and term deposits have low credit risk, except for term deposits held with locally incorporated financial institutions.

The Group did not recognise impairment allowance as at 31 December 2025.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. This risk is mitigated by ensuring that company will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

5. Risk management (continued)

(ii) Liquidity risk (continued)

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

		Contractual cash flows			
	Carrying amount	**Total**	**Up to 1 year**	**1-2 years**	**More than 2 years**
31 December 2025	**$**	**$**	**$**	**$**	**$**
Trade and other payables	557,530	557,530	557,530	-	-
Lease liabilities	1,362,030	2,708,090	210,938	132,886	2,364,266
	1,919,560	3,265,620	768,468	132,886	2,364,266
31 December 2024	**$**	**$**	**$**	**$**	**$**
Trade and other payables	243,194	243,194	243,194	-	-
Payable to related parties	408,470	408,470	408,470	-	-
Lease liabilities	1,253,527	2,740,981	162,000	138,624	2,440,357
	1,905,191	3,392,645	813,664	138,624	2,440,357

(iii) Market risk

Market risk is the risk that changes in market price such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

Interest rate risk

The Group adopts a policy of ensuring that as far as possible its interest rate risk exposure is at a fixed rate. This is achieved by entering into fixed-rate instruments.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments is as follows:

Fixed rate instruments	**2025**	**2024**
	$	**$**
Financial assets		
Term deposits	1,325,356	616,081
Cash and cash equivalents - short term deposits	34,871	325
Financial liabilities		
Lease liability	(1,362,030)	(1,253,527)

Cash at bank is non-interest bearing.

5. Risk management (continued)

(iii) Market risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss therefore a change in interest rate at the reporting date would not affect profit or loss.

Currency risk

The Group is exposed to currency risk arising from transactions and balances denominated in foreign currencies, primarily Japanese Yen. The functional currency of the Group is Fiji Dollar (FJD). Revenue and certain operating costs are denominated in Japanese Yen, resulting in exposure to fluctuations in foreign exchange rates.

The Group has a Japanese Yen bank account which it uses to receipt all revenue that are Yen based and for payments denominated in Yen. When settlements are required to be done in currencies other than the Japanese Yen, the Group enters into forward rate arrangement with recognised banks for the purpose of settlement.

Exposure to currency risk

The summary quantitative data of the Group's exposure to currency risk is as follows:

	2025	**2024**
Financial assets	**Yen**	**Yen**
Trade receivables	-	279,687,148

	2025	**2024**
Financial liabilities	**Yen**	**Yen**
Trade payable to related party	182,584,831	27,269,457

The above amounts are in Yen as at 31 December.

The following significant exchange rates have been applied:

	Year end spot rates	
	2025	**2024**
JPY	68.77	66.76

Sensitivity analysis

A 10% strengthening (weakening) of the Yen against the Fiji Dollar at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Effect in FJD	**Profit or loss**		**Equity, net of tax**	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
31 December 2025				
Financial assets	-	-	-	-
Financial liabilities	(3,861)	3,861	(3,475)	3,475

5. Risk management (continued)

(iii) Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

Effect in FJD	Profit or loss		Equity, net of tax	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
31 December 2024				
Financial assets	(418,944)	418,944	(377,050)	377,050
Financial liabilities	40,847	(40,847)	36,762	(36,762)

The amounts in brackets above are debits and therefore losses in profit or loss and decreases in equity.

(iv) Accounting classifications and fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The categorisation of financial assets measured at fair value as at 31 December 2025 are as follows:

Financial assets measured at fair value	**Category**
Shares in Port Denarau Marina Ltd (PDML)	Level 1

6. Operating segments

(a) Basis for segmentation

The Company's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Service fees	Provision of Language learning programs and facilitating high school and other educational products to international students.
In-house insurance	Writing of life, medical and travel insurance policies for international students. Employee insurance policies is limited to life and medical only.

The Company's Chief Executive Officer reviews the internal management reports of each segment at least monthly.

(b) Informational about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

6. Operating segments (continued)

	Reportable segments			
	Service fees	**In-house insurance**	**Restaurant**	**Total**
2025	**$**	**$**	**$**	**$**
External revenue	3,505,318	526,864	-	4,032,182
Other income incl foreign exchange gain	85,283	-	-	85,283
Interest income	87,747	-	-	87,747
Interest expense	(99,639)	-	-	(99,639)
Depreciation expense	(250,442)		-	(250,442)
Direct, personnel, insurance and other expense	(3,334,060)	(230,062)	-	(3,564,122)
Segment profit before tax	(5,794)	296,802	-	291,008
Segment assets	19,288,651	500,000	-	19,788,651
Segment liabilities	7,059,316	205,641	-	7,264,957
2024	**$**	**$**	**$**	**$**
External revenue	3,302,274	616,137	38,859	3,957,270
Other income	113,114	-	-	113,114
Interest income	4,320	-	-	4,320
Interest expense	(91,784)	-	-	(91,784)
Depreciation expense	(229,467)		-	(229,467)
Direct, personnel, insurance and other expense	(2,624,100)	(342,662)	(23,755)	(2,990,517)
Segment profit before tax	474,357	273,475	15,104	762,936
Segment assets	7,559,774	1,183,528	13,934	8,757,236
Segment liabilities	1,967,788	239,937	-	2,207,725

(b) The Group operates in a single business segment, being the provision of education and related services.

For management purposes, the Group is organised based on geographical location.

Geographical information	**Fiji 2025**	**Japan 2025**	**Fiji 2024**	**Japan 2024**
Revenue by location	**$**	**$**	**$**	**$**
External Revenue	2,389,569	1,687,479	3,957,270	-
Other Income	68,684	59,479	117,434	-
Total revenue	2,458,253	1,746,958	4,074,704	-
Depreciation expense	(212,263)	(38,179)	(229,467)	-
Direct, personnel, insurance and other expense	(1,491,884)	(2,171,877)	(3,082,301)	-
Total Expenses	(1,704,147)	(2,210,057)	(3,311,768)	-
Segment profit before tax	754,106	(463,098)	762,936	-

Comparative figures relate to Free Bird Institute Limited (FBL) operations only, as the Group structure arose following the acquisition of SPFB during the current year.

Free Bird Institute Limited & Subsidiary Company
Notes to the consolidated financial statements
For the year ended 31 December 2025

		Notes	2025	2024
7.	**In-house insurance revenue**		**$**	**$**
	Gross insurance received during the year		526,095	654,546
	Premiums refunded during the year		(30,527)	(16,908)
	Liability for Remaining Coverage and VAT		31,296	(21,501)
			526,864	616,137
8.	**Other income**		**$**	**$**
	Gain on disposal of property, plant and equipment		7,000	815
	Miscellaneous income		33,416	14,746
			40,416	15,561
9.	**In-house insurance expense**		**$**	**$**
	Gross in house insurance claims incurred		40,806	32,387
	In-house commission expense	**10**	189,256	310,275
			230,062	342,662
10.	**In-house insurance commission expense**		**$**	**$**
	Commission expense		189,256	310,275
11.	**Direct operating expenses**		**$**	**$**
	Accommodation cost and supplies		(7,631)	8,577
	Classroom supplies		2,493	21,268
	Electricity and water		648,513	70,239
	Home stay fees		599,856	795,395
	Restaurant expenses		-	23,755
	Reversal of Impairment Loss		-	(60,000)
			1,243,231	859,234
12.	**Personnel expenses**		**$**	**$**
	Wages and salaries		1,266,141	836,922
	Key management compensation - short term benefits		309,118	248,292
	Key management compensation- contribution to FNPF		30,912	24,829
	Contributions to Fiji National Provident Fund		44,501	60,932
	Fiji National University Levy		7,028	6,111
	Other staff costs		3,952	2,639
			1,661,652	1,179,725
13.	**Other expenses**		**$**	**$**
	Accounting fees		18,297	5,830
	Audit fees		23,000	23,000
	Advertising and marketing		5,289	1,000
	Bank charges		3,994	4,094
	Directors' fees		12,000	12,730
	Education and training		4,936	1,894
	Balance carried forward		67,516	48,548

13. Other expenses (continued)

	2025	2024
	$	$
Balance brought forward	67,516	48,548
Freight, postage and courier	5,032	4,145
Insurance	2,920	5,666
License and rates	10,337	3,202
Meals and entertainment	7,882	3,992
Motor vehicle expenses	17,947	23,635
Office expenses	39,869	64,724
Other expense	142,153	99,465
Printing and stationery	25,266	33,869
Repair and maintenance	32,964	23,722
Subscriptions	13,460	52,513
Telephone and internet	26,928	43,600
Travel and accommodation	17,914	30,671
	410,188	437,752

14. Finance income and finance cost

(a) Finance income

	$	$
Interest income	87,747	4,320
Realised foreign exchange gain - in house exchange	17,922	21,556
Realised foreign exchange gain - others	18,440	75,997
Unrealised foreign exchange gain	8,505	-
	132,614	101,873

(b) Finance cost

	$	$
Interest expense - Lease Liabilities	99,639	91,784
Interest expense - Interest bearing borrowings	22,751	-
Unrealised foreign exchange loss	(3,761)	73,226
Realised foreign exchange loss	-	97,918
	118,629	262,928

15. Business Combination – SPFB Ltd

In September 2025, the Company completed the acquisition of its parent company, SPFB, through a share-swap arrangement. Prior to the execution of the share swap, the Company approved a selective share buyback of 1,478,669 ordinary shares of the Company held by South Pacific Free Bird Co. Ltd (SPFB) at a price of $3.00 per share, amounting to a total consideration of $4,436,007. The buyback consideration was not settled in cash and was instead offset against outstanding balances owed by SPFB to the Company.

Following the selective buyback, the Company issued 2,756,400 new ordinary shares to the shareholders of SPFB in exchange for 100% of the issued share capital of SPFB. As a result of the share swap, SPFB became a wholly-owned subsidiary of the Company, and the former shareholders of SPFB became shareholders of the Company.

The consideration for the acquisition was satisfied entirely through the issue of new shares by the Company. No cash consideration was paid. The number of shares issued and the issue price were determined based on an independent valuation of SPFB at the acquisition date and the agreed share-exchange ratio approved by the Board.

15. Business Combination – SPFB Ltd

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company, including voting rights and entitlement to dividends.

The acquisition has been accounted for in accordance with IFRS 3 – Business Combinations. The identifiable assets acquired and liabilities assumed of SPFB have been recognised at their fair values at the acquisition date. Any resulting goodwill or gain on bargain purchase has been recognised in accordance with the applicable accounting standards.

At the acquisition date, the fair value of the identifiable net assets of South Pacific Free Bird Co. Ltd ("SPFB") was $676,296. The excess of the consideration transferred over the fair value of the net identifiable assets acquired has been recognised as goodwill amounting to $9,494,819.

The results of SPFB have been included in the consolidated financial statements from 10/09/2025.

In December 2025, South Pacific Free Bird Co. Ltd (SPFB) issued an additional 20,000 new shares for total consideration of $1,017,886. The newly issued shares were fully taken up by the Company, with the consideration settled through an offset against amounts receivable from SPFB. No cash consideration was paid as part of this transaction.

During the same period, the Company disposed of one (1) ordinary share in SPFB to its staff social club committee. The transaction was undertaken at fair value and was intended to provide staff with a practical opportunity to gain exposure to, and understanding of, investment activities.

(i) Share Buy-back

The reconciliation below presents the details of the selective share buyback undertaken during the year:

	2025	2024
Selective Share Buyback		-
Number of shares bought back	1,478,669	-
Price per share	$ 3.00	-
Total cost of share-buyback	$ 4,436,007	-

The shares were originally issued at $1.00 per share and subsequently at $3.09 per share. Any difference between the original issue price of the shares and the consideration paid for the buyback, together with directly attributable transaction costs, is recognised in retained earnings in accordance with IAS 32 Financial Instruments: Presentation. This is reflected in the reconciliation below:

	2025	2024
	$	$
Total cost of the share-buyback	4,490,259	-
Share Capital	2,087,407	-
Retained Earnings	2,402,852	-
	4,490,259	-
Reconciliation of Retained Earnings movement in Statement of equity		
Reduction of Retained Earnings from share buyback	2,348,601	-
Transaction cost of share-buyback	54,251	-
Total reduction in Retained Earnings	2,402,852	-

Transaction costs directly attributable to the share buyback have been recognised as a deduction from equity in accordance with IAS 32 Financial Instruments: Presentation.

15. Business Combination – SPFB Ltd (continued)

(ii) Issue of new shares

The reconciliation below presents the determination of the number of shares issued as consideration for the acquisition of SPFB Ltd:

	2025	2024
Total valuation of SPFB	$10,171,116	-
FBL price per share	$ 3.69	-
Total number of shares to issue out	2,756,400	-

(iii) Goodwill

The reconciliation below presents the calculation of goodwill	2025 $	2024 $
Acquisition cost of SPFB	10,171,116	-
Assets acquired from SPFB		
Cash and cash equivalent	1,743,937	-
Trade and other receivables	5,261,632	-
Inventory	28,711	-
Prepayments	905,134	-
Investment	7,236	-
Property plant and equipment	5,739	-
Total assets transferred from SPFB	7,952,389	-
Less Liabilities		
Trade and other payables	(3,239,442)	-
Contract liabilities	(2,187,012)	-
Interest bearing borrowings	(1,849,638)	-
Total liabilities transferred from SPFB	(7,276,092)	-
Net assets transferred	676,297	-
Goodwill	9,494,819	-

16. Income tax

The Group's income tax expense primarily relates to the operations in Fiji. The impact of taxation arising from the subsidiary is not material to the Group's financial statements for the year. Accordingly, the disclosures below largely reflect the tax position of the Company.

	2025 $	2024 $
(a) Income tax expense recognised in the income statement		
Current tax expense		
Current year - Fiji	169,437	169,050
Deferred tax expense		
Origination and reversal of temporary differences	4,856	27,532
Change in tax rate *	-	(19,473)
Other	-	5,729
Income tax expense	174,293	182,838

16. Income tax (continued)

	2025 $	2024 $
(b) Reconciliation of effective tax rate		
Operating profit before income tax - Fiji *	677,746	762,936
Prima facie income tax expense on profit before tax at 25%	169,437	190,734
Change in tax rate	-	(19,473)
Tax effect of non deductible expenses	4,856	5,848
Others	-	5,729
Income tax expense	174,293	182,838
(c) Recognised deferred tax asset		
Employee benefits	3,021	3,021
Unrealised foreign exchange loss/(gain)	1,204	(693)
Right-of-use assets	(264,708)	(287,294)
Lease liability	295,386	313,321
Property plant and equipment	(15,544)	(7,204)
	19,359	21,151

Movement in temporary differences during the year

	1 January 2025 $	Recognised in income statement $	31 December 2025 $
Employee benefits	3,021	-	3,021
Trade receivables	-	-	-
Unrealised Foreign exchange (gain)/loss	(693)	1,897	1,204
Right-of-use assets	(287,294)	22,586	(264,708)
Lease liability	313,321	(17,935)	295,386
Property plant and equipment	(7,204)	(8,340)	(15,544)
	21,151	(1,792)	19,359

	1 January 2024 $	Recognised in income statement $	31 December 2024 $
Employee benefits	1,999	1,022	3,021
Trade receivables	9,000	(9,000)	-
Unrealised Foreign exchange (gain)/loss	11,770	(12,463)	(693)
Right-of-use assets	(185,925)	(101,369)	(287,294)
Lease liability	198,561	114,760	313,321
Property plant and equipment	(6,196)	(1,008)	(7,204)
	29,209	(8,058)	21,151

* In accordance with IFRS, the Group presents consolidated financial statements; however, income tax is assessed at the level of individual entities. The profit utilised for income tax purposes is attributable to the parent entity, and the related current and deferred income tax is recognized and payable by the parent entity in accordance with Fiji tax legislation.

16. Income tax (continued)

	2025	2024
(d) Current tax liability	**$**	**$**
Opening balance	(44,915)	(22,405)
Current tax expense	(172,502)	(169,050)
Resident interest withholding tax	-	500
Payments made during the year	65,635	151,768
Under provision in prior year	-	(5,728)
Closing balance	(151,782)	(44,915)

17. Cash and cash equivalents

	$	$
Cash on hand	2,182	2,921
Cash at bank	3,915,978	625,650
Cash and cash equivalents in the Statement of Cash flows	3,918,160	628,571

18. Trade and other receivables

	2025	2024
	$	$
Receivable from South Pacific Free Bird Company Limited - service fee	-	3,505,914
Receivable from South Pacific Free Bird Company Limited - in-house insurance premium	-	654,546
Immigration and other bonds	348,037	322,002
Other receivables - South Pacific Free Bird Company	-	28,982
Other receivables - Ba Provincial Free Bird Institute High School	328,214	273,788
Bonds and other receivables	398,125	204,627
Gross Trade and other receivable	1,074,376	4,989,859
Less allowance for impairment of trade and other receivables	-	-
	1,074,376	4,989,859
Classified in the financial statements as follows:		
Current	348,037	4,909,830
Non Current	726,339	80,029
	1,074,376	4,989,859

Immigration bonds are on revolving basis, hence, disclosed as current.

19. Prepayments

	$	$
Other prepayments	1,034,647	23,186
	1,034,647	23,186

20. Term deposits

	$	$
Current	1,298,882	591,646
Non current	26,474	24,435
	1,325,356	616,081

Term deposits will mature on 17 August 2027, 27 October 2026, 29 April 2026 and 24 December 2026, with interest rate between 0.15% to 2.25% (2024:17 August 2025, 31 August 2025 and 25th October 2025 with interest rates between 0.25% to 2.25% per annum).

	2025	2024
21. Equity instruments	**$**	**$**
Shares in Port Denarau Marina Ltd (PDML)	22,600	21,800

Shares in PDML are valued at market price and any gains/losses are recorded in the statement of profit or loss.

22. Leases

The Company leases office space and land. The leases run for a period of 5-50 years, with an option to renew the lease after that date. Lease payments are renegotiated on renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The leases for the office space and land for Namaka and Lautoka are $4,500 per month.

	2025	2024
Rights-of-use assets	**$**	**$**
Balance at 1 January - Free Bird Institute (Fiji)	1,149,166	1,239,497
Balance at 1 January - South Pacific Free Bird Institute (Japan)	214,938	-
Depreciation charge for the year	(125,930)	(90,331)
Balance at 31 December	1,238,174	1,149,166
Lease Liabilities		
Maturity analysis – contractual undiscounted cash flows	**$**	**$**
Less than one year	210,938	162,000
One to five years	467,048	440,877
More than five years	2,030,104	2,138,104
Total undiscounted lease liabilities at 31 December	2,708,090	2,740,981
Lease liabilities included in the statement of financial position at 31 December:		
	$	**$**
Current	210,938	162,000
Non-current	1,151,092	1,091,527
	1,362,030	1,253,527

	2025	2024
Amounts recognised in profit or loss	**$**	**$**
Depreciation on ROU Assets	125,930	90,331
Interest on lease liabilities	90,017	91,784
Expenses relating to short-term leases	9,731	9,400
	225,678	191,515
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	71,983	70,215

Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at the lease commencement date whether it is reasonably certain to exercise the extension options.

23. Property, plant and equipment

	Buildings $	Motor vehicles $	Walkway and fence $	Office equipment & furniture $	Total $
Cost					
Balance at 1 January 2024	2,033,695	185,718	244,949	496,282	2,960,644
Additions	16,652	67,826	-	26,376	110,854
Disposal	-	(29,679)	-	-	(29,679)
Balance at 31 December 2024	2,050,347	223,865	244,949	522,658	3,041,819
Balance at 1 January 2025	2,050,347	223,865	244,949	522,658	3,041,819
Balance at 1 January 2025 - SPFB	-	-	-	5,695	5,695
Additions	-	102,251	-	17,623	119,874
Disposal	-	(19,541)	-	-	(19,541)
Balance at 31 December 2025	2,050,347	306,575	244,949	545,976	3,147,847
Depreciation					
Balance at 1 January 2024	720,842	124,031	86,866	365,213	1,296,952
Depreciation charge for the year	50,982	30,039	6,407	51,709	139,137
Disposals	-	(24,829)	-	-	(24,829)
Balance at 31 December 2024	771,824	129,241	93,273	416,922	1,411,260
Balance at 1 January 2025	771,824	129,241	93,273	416,922	1,411,260
Depreciation charge for the year	50,842	29,245	6,540	36,571	123,198
Disposals	-	(19,541)	-	-	(19,541)
Balance at 31 December 2025	822,666	138,945	99,813	453,493	1,514,917
Carrying amount					
Balance at 1 January 2024	1,312,853	61,687	158,083	131,069	1,663,692
Balance at 31 December 2024	1,278,523	94,624	151,676	105,736	1,630,559
Balance at 31 December 2025	1,227,681	167,630	145,136	92,483	1,632,930

		2025	2024
24.	**Trade and other payables**	**$**	**$**
	Trade payables	457,766	3,863
	Accruals	37,262	119,667
	Withholding tax payable	37,385	1,757
	Other payables	25,117	117,907
		557,530	243,194

25.	**Contract liabilities**	**$**	**$**
	Contract liabilities	3,149,955	5,594

Contract liabilities represent consideration received from customers in advance of the Group satisfying its performance obligations. These primarily relate to fees received from students for services to be provided in future periods.

Movement includes acquisition of SPFB and advance receipts from students.

		2025	2024
26.	**Payable to related parties**	**$**	**$**
	Payable to South Pacific Free Bird Company Limited	-	408,470

27.	**In-house insurance contract liabilities**		**$**	**$**
	Liability for Incurred Claims			
	Claims incurred but not reported	(i)	1,827	1,827
	Liability for Incurred Claims	(ii)	140,408	140,408
	Liability for Remaining Coverage		63,406	97,702
			205,641	239,937

Due to the short term nature of the insurance contracts all in-house insurance liabilities have been classified as current.

(i) This represents a provision for claims incurred but not reported. This has been calculated as follows:

$$\frac{\text{Number of days taken to notify claims}}{\text{365 days}} \times \text{loss ratio} \times \text{earned premium for the year.}$$

This assessment of IBNR was done by an external Actuarist based in Auckland, New Zealand. The calculated IBNR for 2025 was not materially different compared to 2024. Management therefore, has not made any adjustments to this amount in the current financial year.

(ii) The claims incurred but not yet paid of $140,408 pertain to compensation in relation to the death of a student and injury sustained by her daughter in 2017. The designated beneficiary has requested that the disbursement of these funds be temporarily suspended and instead allocated towards efforts aimed at securing justice for the deceased.

Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. The Company has reviewed all the contracts issued to its students (policyholders) and concluded that they all meet the definition of insurance contracts.

The Company offers five different plans to its students based on the number of days a student would take the insurance cover for. All plans include four types of covers being travel domestic, travel international, medical and life.

27. In-house insurance contract liabilities (continued)

(iii) *Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims*

	2025				
	Liabilities for remaining Coverage		**Liabilities for incurred Claims**		**Total**
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	
Insurance contract liabilities as at 01/01	97,702	-	142,235	-	239,937
Insurance contract assets as at 01/01	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	**97,702**	**-**	**142,235**	**-**	**239,937**
Insurance revenue	(526,864)	-	-	-	(526,864)
Insurance service expenses	-	-	-	-	-
Incurred claims and other expenses	-	-	230,062	-	230,062
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	-	-
Investment components	-	-	-	-	-
Insurance service result	(526,864)	-	230,062	-	(296,802)
Total changes in the statement of comprehensive income	**(526,864)**	**-**	**230,062**	**-**	**(296,802)**
Cash flows		-	-	-	-
Premiums received/receivable	526,095	-	-	-	526,095
Claims and other expenses paid	-	-	(230,062)	-	(230,062)
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	**526,095**	**-**	**(230,062)**	**-**	**296,033**
Other movements	(33,527)	-	-	-	**(33,527)**
Net insurance contract (assets)/liabilities as at 31/12	**63,406**	**-**	**142,235**	**-**	**205,641**
Insurance contract liabilities as at 31/12	**63,406**	**-**	**142,235**	**-**	**205,641**
Insurance contract assets as at 31/12	-	-	-	-	-
Net insurance contract liabilities as at 31/12	**63,406**	**-**	**142,235**	**-**	**205,641**

27. In-house insurance contract liabilities (continued)

(iii) *Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims*

	2024				
	Liabilities for remaining Coverage		**Liabilities for incurred Claims**		**Total**
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	
Insurance contract liabilities as at 01/01	80,614	-	142,235	-	**222,849**
Insurance contract assets as at 01/01	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	**80,614**	-	**142,235**		**222,849**
Insurance revenue	(616,137)	-	-	-	(616,137)
Insurance service expenses	-	-	-	-	-
Incurred claims and other expenses	-	-	342,662	-	342,662
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	-	-
Investment components	-	-	-	-	-
Insurance service result	(616,137)	-	342,662	-	(273,475)
Total changes in the statement of comprehensive income	**(616,137)**	-	**342,662**	-	**(273,475)**
Cash flows					
Premiums received/receivable from SPFB	654,546	-	-	-	654,546
Claims and other expenses paid	-	-	(342,662)	-	(342,662)
Insurance acquisition cash flows	-	-	-	-	
Total cash flows	**654,546**	-	**(342,662)**	-	311,884
Other movements	(21,321)	-	-	-	(21,321)
Net insurance contract (assets)/liabilities as at 31/12	**97,702**	-	**142,235**	-	**239,937**
Insurance contract liabilities as at 31/12	**97,702**		**142,235**	-	**239,937**
Insurance contract assets as at 31/12	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	**97,702**		**142,235**	-	**239,937**

Free Bird Institute Limited & Subsidiary Company
Notes to the financial statements
For the year ended 31 December 2025

		2025	2024
28.	**Share capital**		
(a)	**Authorised capital**		
	Ordinary shares	3,663,144	2,385,413
(b)	**Issued capital**	**$**	**$**
	3,663,144 (2024:2,385,413)	11,278,540	3,194,831

Shares of the Company do not have a par value.

Shareholders at 31 December:		
Hiroshi Taniguchi	2,553,429	155,000
FHL Trustees Ltd	250,806	250,806
Masayasu Muramatsu	156,948	122,753
Michikatsu Ochi	110,256	-
IBC Ltd (Japan)	80,354	80,354
Platinum Insurance Limited (Vanuatu)	65,192	65,192
Yoshinobu Higashi	50,976	29,604
Toshikazu Torimoto	46,284	46,284
South Pacific Free Bird Lrd	-	1,478,669
Others	348,899	156,751
	3,663,144	2,385,413

		2025	2024
(c)	**Equity contribution reserve**	**$**	**$**
	Equity contribution reserve	255,237	255,237

The equity contribution reserve represents the difference between the nominal value of the amounts payable to related parties and their fair value. As the financing was provided by shareholders acting in their capacity as shareholders, the difference was treated as an equity contribution reserve.

(d)	**Dividends**	**$**	**$**
	An interim dividend of $0.04 per ordinary share was declared for the year ended 2025 - (2024: Nil)	146,526	-
	Total dividend paid	146,526	-

29. Earnings per share

The calculation of earnings per share at 31 December 2024 was based on profit attributable to ordinary shareholders of $105,869 (2024: $580,098) and a weighted average number of ordinary shares outstanding of 3,663,144 (2034: 2,385,413) calculated as follows:

	2025	2024
	$	**$**
Profit after income tax for the year	116,715	580,098
Number of shares outstanding	3,663,144	2,385,413
Basic and diluted earnings per share	$ 0.03	$ 0.24

30. Related parties

(a) Directors

The directors in office during the year were:

Hiroshi Taniguchi (Chairman)
Sangeeta Singh
Ken Kawamura

Directors fees are disclosed in Note 13.

(b) Subsidiary Company

South Pacific Free Bird Company Limited (SPFB), a private company incorporated in Japan, was the immediate parent of Free Bird Institute Limited until September 2025. In September 2025, the Company obtained control of SPFB through a selective share buyback and a share-for-share exchange transaction. As a result, SPFB became a subsidiary of the Company. Refer to Note 15.

(c) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise of that entity).

During the year the following persons were the executives of the Company identified as key management personnel with the greatest authority and responsibility for planning, directing and controlling the activities of the Company:

Name	**Title**
Hiroshi Taniguchi	Chief Executive Officer (Chairman)
Roqiqi Korodrau	Chief Financial Officer
Ragram Reddy	Chief Operations Officer (appointed: 30/08/2025)

Key management compensation is disclosed under Note 12.

(d) Parent and ultimate controlling party

As at 31 December 2025, Free Bird Institute Limited does not have an immediate parent company. The Company is ultimately controlled by its majority shareholder, Hiroshi Taniguchi. The ultimate controlling party does not prepare consolidated financial statements available for public use.

31. Commitments

Capital commitments not otherwise provided for in the financial statements amounted to $Nil (2024: $Nil).

32. Contingent liabilities

Contingent liabilities amount to $Nil (2024; Nil)

33. Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and be in compliance with statutory requirements. In order to maintain or adjust the capital structure, the Group's may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is calculated as equity as shown in the statement of financial position plus net debt. The gearing ratio of the Group at balance date is as follows:

33. Capital risk management (continued)

	Note	2025 $	2024 $
Lease liability	21	1,362,030	1,253,527
Less: Cash and Cash Equivalents	16	(3,918,160)	(628,571)
Net Debt		(2,556,130)	624,956
Total Capital		12,523,694	6,872,648
Gearing Ratio		-20%	9%

34. Interest-bearing borrowings

Interest-bearing borrowings comprise loans obtained from financial institutions in Japan. Details of the borrowings are as follows:

	2025	2024
Lender	$	$
Sumitomo Mitsui Banking Corporation	1,447,859	-
Japan Finance Corporation	374,862	-
	1,822,721	-
Movement in borrowings		
Balance at 01 January	1,918,638	-
Net of repayments and interest charged	(95,917)	-
Balance as at 31 December	1,822,721	-
This is classifed as		
Current liabilities	346,623	-
Non-current liabilities	1,476,098	-
	1,822,721	-

The Group has entered into loan agreements with financial institutions in Japan. These loans are denominated in Japanese Yen and bear interest at fixed rates of approximately 1.7% per annum.

The loans are repayable in monthly instalments of principal and interest, with maturity dates extending to 2031.

As at the reporting date, the carrying amount of the borrowings approximates their fair value.

The Group is exposed to foreign currency risk arising from these borrowings due to the mismatch between the loan currency (Japanese Yen) and the Group's functional currency.

	2025	2024
35. Employee benefits	$	$
Opening Balance	12,088	17,050
Add/(less) movements during the year	3,210	(4,962)
Balance as at 31 December	15,298	12,088

36 Inventory

Advertising materials	28,230	-

37. Significant events

During the 2025 financial year, Free Bird Institute undertook a series of significant restructuring and capital transactions involving its parent company, South Pacific Free Bird Co. Ltd (SPFB). Prior to the acquisition, the Company approved a selective buyback of 1,478,669 of its own shares held by SPFB at $3.00 per share, totalling $4,436,007, with the consideration offset against outstanding amounts owed by SPFB to the Company. In September 2025, the Company subsequently acquired its parent company through a share-swap arrangement, issuing new ordinary shares in exchange for 100% of the issued share capital of SPFB, resulting in SPFB becoming a wholly-owned subsidiary of the Company. In December 2025, SPFB issued a further 20,000 new shares for total consideration of $1.02 million, which were fully taken up by the Free Bird Institute and similarly settled through an offset against SPFB receivables. During the same period, the Company also sold one share in SPFB to its staff social club committee at fair value, as part of an initiative to promote staff awareness and understanding of investment activities.

38. Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

39. Subsidiary financial information (unaudited)

South Pacific Free Bird Co. Ltd ("SPFB") prepares its financial statements under Japanese GAAP. The financial information of SPFB included in the consolidated financial statements has been adjusted by management to comply with IFRS; however, these balances have not been audited in accordance with International Standards on Auditing.

Accordingly, the Group's auditors were unable to obtain sufficient appropriate audit evidence over the financial information of SPFB included in the consolidated financial statements.

SPFB balances included in consolidation	**At acquisition (10 Sep 2025)**	**At 31 Dec 2025**
Cash and cash equivalents	1,743,937	3,477,316
Trade and other receivables	5,261,632	2,243,910
Inventory	28,711	28,216
Prepayments	905,134	969,228
Investment	7,236	7,236
Property, plant and equipment	5,739	5,695
Right of use assets	-	179,341
Total assets	7,952,389	6,910,942
Trade and other payables	(1,294,679)	(455,198)
Interst bearing borrowings	(1,849,638)	(1,822,721)
Contract Liabilities	(2,187,012)	(3,149,955)
Lease liabilities	-	(180,486)
Other payables	(1,944,763)	-
Total liabilities	(7,276,092)	(5,608,360)
Net assets	676,297	1,302,582
Revenue		1,746,958
Expenses		(2,133,698)
(Loss)		(386,740)

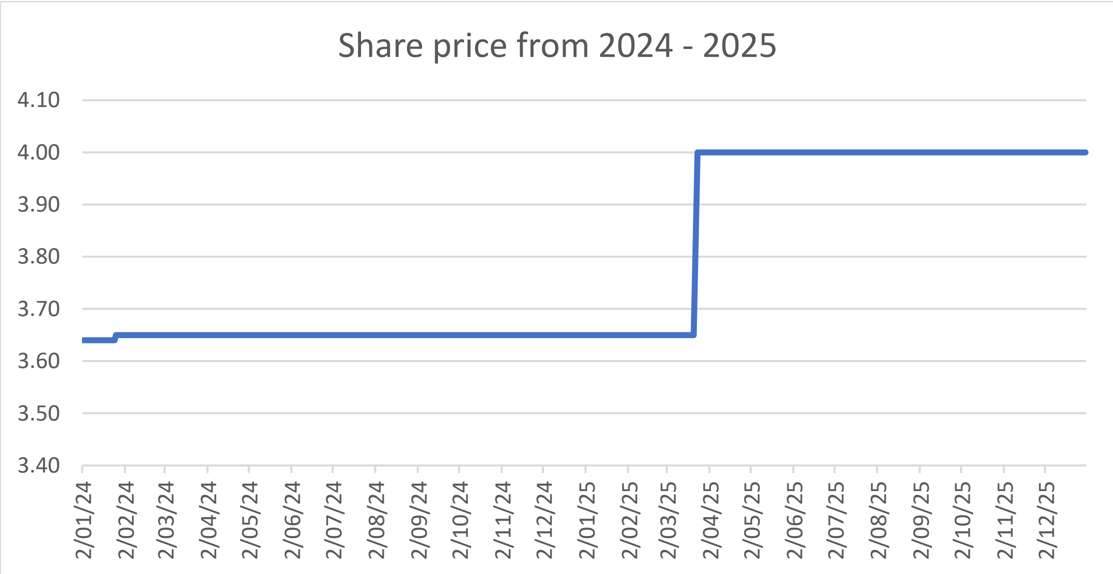
Additional information – SPX Listing Requirements

Further to the Consolidated Financial Statements lodged with the South Pacific Stock Exchange, the Company hereby provides the following additional disclosures to comply with the requirements of the SPX Listing Rules in respect of its Annual Report.

The information contained herein is unaudited and does not form part of the audited financial statements.

Due to time constraints arising from the recent acquisition and consolidation of South Pacific Free Bird Co. Ltd, the Company has prioritised the timely release of its audited financial results. A comprehensive Annual Report, incorporating expanded narrative sections and additional shareholder information, may be issued at a later date.

Key Highlights



Lowest share price in 2025: $3.65
Highest share price in 2025: $4.00
Market share price in 31/12/2025: $4.00

Total Revenue: $ 4,205,212
Net assets: $ 12,523,693
Net profit before taxes: $ 291,008

5 Year Historical Information

	2025	2024	2023	2022	2021
Total revenue (including finance income)	4,205,212	4,074,704	4,343,023	3,938,771	3,635,211
Net profit before tax	291,008	762,936	818,102	553,739	452,952
Net profiit before tax % margin	7%	19%	19%	14%	12%
Cash and cash equivalent as a % of total assets	20%	7%	5%	19%	37%
Cash and cash equivalent as a % of total liabilities	54%	28%	21%	79%	162%
Working capital ratio	1.43	5.51	5.89	6.67	6.85
Net asset per share	3.42	2.88	2.64	2.46	2.37
Debt to equity ratio	0.58	0.32	0.35	0.32	0.30
Earnings per share (cents)	0.03	24.32	29.49	21.19	17.27
Closing share price as at 31 December	4.00	3.65	3.64	3.49	4.02
Current assets	6,627,956	6,153,233	5,408,712	4,720,124	4,267,271
Non current assets	13,160,695	2,927,140	3,058,262	3,025,295	3,033,758
Total assets	19,788,651	9,080,373	8,466,974	7,745,419	7,301,029
Current liabilities	4,637,767	1,116,198	917,736	707,601	622,795
Non-current liabilities	2,627,190	1,091,527	1,256,688	1,162,581	1,058,665
Total liabilities	7,264,957	2,207,725	2,174,424	1,870,182	1,681,460
Shareholders' equity	12,523,694	6,872,648	6,292,550	5,875,237	5,619,569

Board of Directors:

Hiroshi Taniguchi
Executive Chairman
Hiroshi, the founder of both FBL and its parent company, SPFB in Japan, currently serves as the Chief Executive Officer and Executive Chairman of both organizations. With a diverse background across various business sectors in Asia, he made the strategic decision to invest in Fiji and relocated there in 2006. His extensive industry experience has provided him with valuable insights and expertise, playing a key role in the Company's success.

Ken Kawamura
Non Executive Director
Ken Kawamura brings extensive expertise in marketing strategies, consulting, drawing experience in Japan. As the Chief Marketing Officer (CMO) of a law firm and a Marketing Consultant at Promo Co., Ltd., he specializes in serving as an external CMO, driving transformative "moments of change" for businesses.

Ken provides comprehensive support in developing marketing strategies, managing budgets and performance, and participating in executive management committees.

Sangeeta Singh
Non Executive Director
Sangeeta Singh has amassed a wealth of experience over the past 20 years, holding significant roles in various sectors including education, insurance, and financial services. She has been instrumental in her role as the Chief Executive Officer at the Fiji Teachers Registration Authority since 2019, following a series of progressive positions at the University of the South Pacific and notable private and public enterprises.

Ms. Singh's academic background is equally impressive, featuring a Master of Arts in Governance and a Masters of Business Administration from USP, which underscores her commitment to continuous professional development.

Corporate Governance Statement

Principle	Requirement	Compliance Status
1. Establish clear responsibilities for board oversight	**Separation of duties:** Clear separation of duties between Board and Senior Management.	The Board is the focal point of corporate governance in the Company, responsible for setting and reviewing the strategic plan and direction of the Company and provides an oversight role with Management to ensure that such plans are being implemented. Such strategic plans also include the management of risks associated with the Company and ensure that proper safeguards are put in place to minimise or mitigate such risks. The Board shall assume ultimate accountability and responsibility for the performance and affairs of the Company and shall in doing so, effectively represent and promote the legitimate interests of the Company, its shareholders and other relevant stakeholders. The Board delegates and oversees management responsibilities.
	Board Charter: Adopt a Board charter detailing functions and responsibilities of the Board.	The Board has a Charter which sets out the roles, functions, obligations, rights, responsibilities and powers of the Board. It also highlights the policies and practices of the Board in respect of its duties, functions and responsibilities to ensure that the creation, protection and enhancement of shareholder value.
2. Constitute an effective Board	**Board Composition:** Balanced Board Composition with Executive and Non-Executive directors of which 1/3rd of total number of directors to be independent directors.	The Board composition is structured to add value to the business and promote the best interest of the Company, its shareholders and the relevant stakeholders at large. Thus, the composition must have an appropriate balance of skills, knowledge, experience, independence and diversity to enable the Board to carry out its duties and responsibilities collectively and with a broader perspective. The Board continues to ensure that majority of its members remain non-Executive and remain committed to ensuring that one-third of its members are Independent Non-Executives. The Board promotes that all Directors, whether independent or not, are required to bring independent judgment to bear on Board decisions to ensure an objective decision is exercised so that the Company interests and shareholder interests are placed ahead of all other interests. FBL currently has 1/3 of its directors who are independent. Each board member also possesses the necessary skill and expertise that it believes is best suited for the business in which it operates.
	Gender Diversity: Do you have a policy for promoting gender diversity at Board level and have you achieved your policy goals?	The gender diversity recommendation is inclusive in the Board's charter where the Board must take into consideration an adequate gender mix in its composition where preferably not less than one third of the Board shall be female. Currently, 1/3 of the current Board are women.
	Nomination Committee: Selection, approval, renewal, and succession of Directors to be conducted by Nomination Committee in accordance with Articles of Association of the Company and Fit and Proper Policy of Reserve Bank.	While FBL does not have a Nomination Committee, all appointments and election of directors are confirmed at the Annual General Meeting done each year.
	Board Evaluation: Process of evaluation of performance of the Board, its Committees and individual directors. Evaluation to be linked to key performance indicators of the listed entity.	Whilst the Board charter includes a brief guide into the evaluation of its members including the Company Secretary, the Board is looking to implement a more detailed policy to provide specific guidelines to the evaluation of the Board and its members. The Board looks at implementing this policy in the near future.

Principle	Requirement	Compliance Status
2. Constitute an effective Board (cont'd)	**Directors Training:** Directors' training and induction procedure to be in place to allow new directors to participate fully and effectively.	Inclusive in its Board Charter, new Board members shall participate in an induction program that is tailored to effectively orient the member of the Company's business, strategy, objective, policies, procedures, operations, senior management, and the business The Company supports on-going training for its Directors and as such invites Directors to the various trainings provided externally where necessary. The Company also ensure that the Directors have the suitable mix of skills, experience, and expertise to carry out its roles and responsibilities.
	Board Sub-committees: Board must have sub-committees which must at a minimum include - ✓ Audit Committee; ✓ Risk Management Committee; and ✓ Normination/Recruitment Committee	Given the current composition of FBL's Board of Directors, which consists of only three members, all decisions related to audit, risk, nomination, and recruitment matters are made by the Board as a whole. However, FBL has plans in place to establish sub-committees in the near future to ensure more effective oversight and governance of these critical functions.
3. Appointment of Chief Executive Officer/Managing Director	**CEO**: To appoint a suitably qualified and competent Chief Executive Officer/ Managing Director	The CEO is appointed by the Board and the remuneration of the CEO is decided and approved by the Board. The CEO is responsible for the day-to-day management of the Company with all powers, discretions and delegations authorised, from time to time, by the Board.
4. Appointment of a Board and Company Secretary	**Company Secretary:** Board to appoint a suitably qualified and competent Company Secretary, who is accountable to the Board, through Chair, for all compliance and governance issues.	The Company secretary is the administrative link between the Board and Management and is responsible for ensuring compliance to company activities and is accountable directly to the Board through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary also monitors statutory and administrative requirements for the Board to ensure the accuracy and timeliness of reporting under these requirements. The Board has appointed a qualified and suitable candidate to the role of Company Secretary.
5. Timely and balanced disclosure	**Annual Reports:** Timely and accurate disclosures are made in Annual reports as per Rule 51 of Listing Rules.	Material information is publicly disclosed immediately via market announcements by the Company. The Company also ensures timely and accurate disclosures are made in the Annual Reports as per Rule 51 of Listing Rules.
	Payment to Directors and Senior management: Sufficient information to be provided to shareholders on remuneration paid to Directors and Senior management.	All transactions with all related parties are disclosed in the notes to the financial statements each year.
	Continuous Disclosure: General disclosures or company announcements to be made in a timely manner. The disclosures should be factual without omitting material information and to be expressed in a clear and objective manner to shareholders.	FBL is committed to ensuring that transparent and consistent communication with all its members and relevant stakeholders are made on a timely and orderly manner to guarantee a more informed market when trading its shares. This includes any financial and non-financial information that the Company deems material and the Board is devoted to ensure that it complies with all the continuous listing requirements at all times. FBL proactively communicates such information through the SPX and its website so that all stakeholders are able to get access to this information. In addition to this, the company releases on an annual basis its audited accounts at the end of the financial year as well as its Annual Report. The company's compliance officer also ensures that all statutory filings are made on a timely basis.

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Principle	Requirement	Compliance Status
6. Promote ethical and responsible decision-making	**Code of Conduct:** To establish a minimum Code of Conduct of the listed entity applicable to directors, senior management and employees and conduct regular trainings on the same.	FBL promotes and believes that all its directors and employees must uphold high standards, integrity and fairness in all aspects of their employment and association with the Company. This is made possible through the internal Fit & Proper Policy which ensures that Board Directors and officers holding key positions are those that have been assessed as having and have clearly demonstrated ethical decision-making abilities. Included in the internal Fit & Proper Policy is a Whistle Blowing provision which gives employees and Directors the freedom to confidentially report certain instances of unethical or irresponsible behaviours to the Reserve Bank of Fiji at any time. The Board has also adopted an Insider Trading Policy designed to take an active role in the prevention of insider trading violations by the Board, its officers, employees and other related individuals. This imposes restrictions on trading in securities while in possession of material non-public information. As such, all covered personnel under this policy are required to obtain a pre-clearance of trades from the Compliance Officer.
7. Register of Interests	**Conflicts of Interest:** Transactions with related parties resulting in conflict of interest are disclosed and a register is maintained for this purpose.	The Company maintains a register of interest for Directors which records declarations of any business or personal interest which may conflict with their ability to objectively deliver their responsibilities as members of the Board of FBL. This declaration is made on an annual basis. FBL Board of Directors are not to use any information gained in the course of their duties to promote their private interests or for personal, direct or indirect gain or lay Directors open to suspicion of doing so.
8. Respect the rights of shareholders	**Communication with shareholders:** To design communication strategy to promote effective communication with shareholders and encourage their participation. Examples: Communication through Annual Reports, Annual General Meetings, or any other means of electronic communication.	In implementing this Principle, FBL ensures that all shareholders are given appropriate notice in-lieu for Annual General Meetings inclusive with the Annual Report which contains relevant information including audited financial statements. This allows for effective dialogue between shareholders, the Board and Management. Additionally, the external auditor is required to attend the AGM and is available to answer shareholder questions in relation to the audit. The Company has an Open-Door policy for all its shareholders should they wish to raise questions or complaints directly with the Company, so long as such matters are related to their shareholding of the Company. The Board has also subsequently developed a Grievance Redressal Mechanism policy designed to provide efficient services to investors and to effectively address and redress the grievances in a timely manner. FBL has transferred its Shareholders Register to Central Share Registry Pte Limited (CSRL) which shall be responsible for receiving and addressing all shareholder queries and concerns. Shareholders can access information directly through the CSR platform and are able to communicate with the Registry in terms of shareholding queries.
	Website: To create and maintain a Website of the listed entity to communicate effectively with shareholders and other stakeholders. All matters of importance to be updated regularly on the Website.	The Company has a website which contains all market announcements released through the SPX website. This information is updated as and when the announcements are released by SPX to ensure that all shareholders have access to this information on a timely manner. All this information can be accessed by visiting our website on www.fbi.ac.fj
	Grievance Redressal Mechanism: To establish a Grievance Redressal Mechanism for Shareholders to address shareholders complaints and grievances.	The Company has a Grievance Redressal Mechanism policy and is formulated to provide efficient services to the investors of FBL and effectively address and redress the grievances of these investors in a timely manner.

Principle	Requirement	Compliance Status
8. Respect the rights of shareholders (cont'd)	**Shareholders' Complaints:** To provide the number of shareholders' complaints received and attended to during the year. Provide reasons if any complaint is unresolved or unattended.	There were no complaints received from Shareholders during the year.
	Corporate Sustainability: To adopt a business approach that creates long-term shareholder value by embracing opportunities, managing risks, maximising profits and minimising negative social, economic, and environmental impacts.	The Board ensures that its business strategies and Risk Management Frameworks are put in place to ensure the enhancement of the shareholder's value in the long-term. Such strategies ensure that profits are maximized with the most minimal impact to the society, economy and environment in which we operate in.
9. Accountability and audit	**Internal Audit:** To appoint an internal auditor or an alternative mechanism to achieve the objectives of risk management, control and governance.	The Board and Management have put in place controls to ensure that risks are minimal. In doing so, the Board also expects Management to provide timely and relevant financial reports monthly which allows the Board to independently verify and identify any indication of risks in its reports. This also allows for effective decisions to be made on a timely manner.
	External Audit: To appoint an external auditor who reports directly to the Board Audit Committee.	FBL is audited annually by an external auditor who report directly to the members and board of FBL. The Auditors are appointed by the shareholders at an AGM. The external auditors are required to be independent and must make a declaration as such in accordance with Section 395 of the Fiji Companies Act 2015. This declaration forms part of the Audited Financial Reports issued by FBL.
	Rotation of External Auditor: To appoint the external auditor for a fixed term requiring senior partner of the audit firm to rotate once in every three or less financial years.	The Board supports the notion to rotate the Senior partner of the audit periodically. FBL relies on the independent procedures and declarations by the external auditors to ensure that they remain independent throughout the course of the engagement.
	Audit Committee: To establish an Audit Committee comprising of at least 3 members of which majority are independent and Chair is not Chair of the Board.	The Board is intending to form an Audit & Risk Committee in the near future which will be Chaired by a Non-Executive Director as recommended by the Board Charter. At present, the external auditors present their report to the Board and highlight any material issues that needs to be addressed, All decisions are made by the Board in relation to the recommendations by the auditors and this is delegated to Management to ensuring that these recommendations are implemented.
10. Risk Management	**Risk Management Policy:** To establish a Risk Management Policy to address risk oversight, risk management and internal control. The Policy to clearly define the roles and responsibilities of the Board, Audit committee, management and internal audit function.	The Board is currently drafting a Risk Management Framework Policy that will provide guidance and oversight to the identification, management, and mitigation of such risks. This will be drafted by the proposed Audit & Risk Committee and hopes to have this implemented in 2026. As a result of the pandemic, the Risk Management Policy will now have to factor in the challenges and lessons learnt from the pandemic in order to minimise risk.
	Whistle Blower Policy: As part of risk management strategy, establish a Whistle Blower Policy by creating a mechanism of reporting concerns of unethical behavior, actual or suspected fraud or violation of the listed entity's code of conduct or ethics policy, SPX Rules or Companies Act.	The Company has a Whistle Blower Policy in place as it prides itself on having a strong values culture that encourages openness, integrity, and accountability. The Board is committed to fostering a culture that allows whistle-blowers to freely and without the fear of detriment, raise concerns regarding situations that they observe that concerns them.

Other Information:

Listing Requirements of the South Pacific Stock Exchange (SPX)

The information contained herein is unaudited and not included anywhere else in this Annual Report. This information is required to be disclosed under the SPX Listing Rules.

1. Related Party Shareholding

Shareholder	Number of Shares	Percentage
Hiroshi Taniguchi	2,553,429	69.71%

2. Shareholder Listing

Shareholder	Shares	Percentage
Hiroshi Taniguchi	2,553,429	69.71%
FHL Trustees Ltd ATF Fijian Holding Unit Trust	250,806	6.85%
Masayasu Muramatsu	156,948	4.28%
Michikatsu Ochi	110,256	3.01%
IBC Co. Ltd	80,354	2.19%
Platinum Insurance Limited	65,192	1.78%
Yoshinobu Higashi	50,976	1.39%
Toshikazu Torimoto	46,284	1.26%
NEXYZ. GROUP CORPORATION	42,744	1.17%
Noriyuki Kikuchi	35,282	0.96%
Kenichi Shugyo	35,282	0.96%
Jimaima T & Roland F. Schultz	25,970	0.71%
Tomoko Tanaka	20,828	0.57%
Masahiro Onishi	17,641	0.48%
Hitoshi Higashikawa	17,641	0.48%
Totatsu Kawa	17,097	0.47%
Tomoyuki Nishio	13,231	0.36%
Pravin Patel	10,284	0.28%
Shakuntla Prasad	10,284	0.28%
Suresh Prasad	10,284	0.28%

3. Share Distribution Schedule

Number of Shareholders	Shareholding Range	Total % Holding
72	0 – 500 shares	0.29%
28	501 – 5,000 shares	1%
6	5,001 – 10,000 shares	1.22%
13	10,001 – 50,000 shares	8.27%
3	50,001 – 100,000 shares	5.36%
4	100,001 and above	83.85%

4. Meetings of the Board

Director	23/03/2025	28/06/2025	25/10/2025	15/12/2025
Hiroshi Taniguchi	Present	Present	Present	Present
Sangeeta Singh	Present	Present	Present	Present
Ken Kawamura	Present	Present	Present	Present

Corporate Directory

Registered Office:	Office 1, Level 1, Lot 13 Commercial Street Concave Subdivision, Namaka, Nadi
	Telephone: +679 6720 379 Postal Address: P.O Box 11065, Waimalika, Nadi, Fiji
Campus locations:	Namaka Campus Lot 3, Nasilivata Road, Namaka, Nadi Lautoka Campus 20 Mission, Place, Simla, Lautoka
External Auditors:	PKF Aliz Pacific Level 3, Aliz Centre, 231 Queens Road, Martintar, Nadi
Share Registry:	Central Share Registry Pte Limited Shop 1 and 11 Sabrina Building, Victoria Parade, Suva
Telephone:	+679 3304 130
Compiled by:	Roqiqi Korodrau (CFO)
Company Secretary:	Roqiqi Korodrau