

KONTIKI FINANCE LIMITED and its Subsidiaries
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

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KONTIKI FINANCE LIMITED and its Subsidiaries
DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2025

DIRECTORS REPORT

In accordance with a resolution of the Board, the Directors present their report on the entities consisting of Kontiki Finance Limited ("the Company") and its Subsidiaries (collectively "the Group") as at 30 June 2025.

The historical financial information included in this Directors Report has been extracted from the audited Financial Statements accompanying this Directors Report.

Information in this Directors Report is provided to enable shareholders to make an informed assessment of the operations, financial position, performance and other aspects of the Company and the Group, and whether the Company and the Group are trading as a going concern.

Principal Activities

The principal activities of the Company during the year were that of receiving deposits and extending of credit and related services. There was no significant change in the nature of these activities during the financial year.

The Company has four subsidiaries as follows:

Platinum Insurance Limited, a company incorporated in Vanuatu. The principal activity of this Subsidiary is to act as a captive insurer underwriting loan protection insurance for the Fiji and Kontiki Finance Limited (Samoa), based in the Republic of Fiji and Samoa.

Insurance Holdings (Pacific) Pte Limited, a company incorporated in Fiji. The principal activity of this subsidiary in the course of the financial year was insurance broking.

Kontiki Finance Limited (Samoa), a company incorporated in Samoa. The principal activity of this subsidiary is receiving deposits and extending of credit and related services.

Veritas Pte Limited, a company incorporated in Fiji. The company did not trade during the year.

The Company was listed on the South Pacific Stock Exchange on 4 July 2018.

Review and Results of Operations

The operating Group net profit for the year was \$12,225,318 (2024: \$8,486,981) after allowing for group income tax benefit of \$1,115,531 (2024 income tax expense: \$656,352). The operating net profit of the Company for the year was \$8,856,124 (2024: \$4,959,339) after taking into account an income tax benefit of \$1,233,541 (2024 Income tax expense: \$553,860).

Our Purpose

Enabling people to achieve their goals and aspirations.

Our Vision 2030

To stand out as the leading financial services group providing diverse finance, investment, and insurance solutions.

Our Impact

- Improved accessibility to financial services
- Maximising investor returns, fostering prosperity through strategic growth
- Cultivating an environment where our team can thrive, innovating from within
- Enabling the availability of health outreach to disadvantaged communities

How We Do It

- Good governance
- Innovative spirit
- Maintaining efficient frontier market position(s)
- Diversity of Income

KONTIKI FINANCE LIMITED and its Subsidiaries
DIRECTORS REPORT continued
FOR THE YEAR ENDED 30 JUNE 2025

Key Statistics

Key statistics as at 30 June 2025	Group	Company
Total number of employees	231	203
Total assets	\$330,328,080	\$294,688,876
Total operating revenue	\$60,974,762	\$52,768,549
Net profit after tax	\$12,041,649	\$8,761,784
Total comprehensive income for the year, net of tax	\$12,225,318	\$8,856,124
Earnings per share	\$0.12	

Bad and Doubtful Debts

Prior to the completion of the Group's and the Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of provision for expected credit losses. In the opinion of Directors, adequate provision has been made for expected credit losses.

As at the date of this report, the Group and the Company are not aware of any circumstances which would render the amount written off for bad debts or the provision for expected credit losses in the Group and the Company, inadequate to any substantial extent.

Non-Current Assets

Prior to the completion of the financial statements of the Group and the Company, the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances which would render the values attributed to non-current assets in the Group's and the Company's financial statements misleading.

Significant events

Kontiki Finance Limited commenced operations in Samoa through its wholly-owned subsidiary, Kontiki Finance Limited (Samoa). KFL Samoa was granted a credit institution licence by the Central Bank of Samoa on 24th March 2023, with operations officially starting following its formal opening on 6 June 2025.

In June 2023, the Government of Fiji announced in its 2023-2024 National Budget a revision to the corporate tax rates. The new tax rate was 15% for companies listed on the South Pacific Stock Exchange (SPX) until the end of the 7th year from the date of listing. The end of the 7th year from the date of listing of the company was 30th June 2025. The income tax rate was raised from 15% to 25% which affected deferred tax balances recorded in the current year as well as the financial results, tax payable and deferred balances in the subsequent financial year.

During the year, the Unit Trust of Fiji (UTOF) acquired a 16.15% shareholding in the Company, making it the second-largest shareholder.

KONTIKI FINANCE LIMITED and its Subsidiaries
DIRECTORS REPORT continued
FOR THE YEAR ENDED 30 JUNE 2025

Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the Group and the Company has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Group and the Company could become liable; and
- (iii) no contingent liabilities or other liabilities of the Group and the Company has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Company to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Group and the Company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities misleading or inappropriate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements) by reason of a contract made by the Group and the Company with the Director or with a firm of which he or she is a Director, or with a company in which he or she has a substantial financial interest.

Basis of Accounting

The Directors believe that the basis of the preparation of the financial statements is appropriate and the Group and the Company will be able to continue its operation for at least twelve months from the date of this report. Accordingly the Directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

All related party transactions have been adequately recorded in the books of the Group and the Company.

Dividends

A final dividend of 3.5 cents per share, totaling to \$3,277,124 was declared from profits for the 2024 financial year and paid in the 2025 financial year. In addition, interim dividends of 3.0 cents per share, totaling to \$3,052,936 was declared and paid during the 2025 financial year.

Events occurring after the end of the financial year

No matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group and the Company, the results of those operations, or the state of affairs of the Group and the Company in future financial years.

Details of Directors and Executives

The Directors of the Company during the financial period and up to the date of this report were:

Barry Trevor Whiteside (concluded Chair term on 30/10/24)
Chirk Hoy Yam (assumed Chair role on 31/10/24)
Glen Wilfred Craig (resigned on 20/2/25)
Griffon Ian Emose
Peter Andrew Dixon
Desmond Eric Kearse
Mark Morris Halabe (appointed 30th October 2024)

KONTIKI FINANCE LIMITED and its Subsidiaries
DIRECTORS REPORT continued
FOR THE YEAR ENDED 30 JUNE 2025

Details of Directors and Executives continued

Details of Directors' direct and indirect shareholdings in the Company as at 30 June 2025 are shown in the table below:

Name	Position	Group	Company
Barry Trevor Whiteside	Director	310,875	310,875
Griffon Ian Emose	Director	1,829,688	1,829,688
Desmond Eric Kearse	Director	1,827,885	1,827,885
Mark Morris Halabe (Appointed on 30th October 2024)	Director	148,083	148,083

Board and Committee meeting attendance

Details of the number of meetings held by the Board and its Audit Committee and its Remuneration and Nominations Committee during the period ended 30 June 2025, and attendance by Board members, are set out below:

Director	Position	Board		Audit Committee		Remuneration and Nominations Committee	
		A	B	A	B	A	B
Barry Trevor Whiteside(concluded Chair term on 30/10/24)	Chairman/Member	9	9	-	-	3	3
Chirk Hoy Yam(assumed Chair role on 31/10/24)	Member/Chairman	9	9	5	5	-	-
Glen Wilfred Craig(resigned on 20/2/25)	Member	6	6	3	3	-	-
Griffon Ian Emose	Member	9	9	-	-	3	3
Peter Andrew Dixon	Member	9	9	5	5	-	-
Desmond Eric Kearse	Member	9	9	-	-	3	3
Mark Morris Halabe (appointed 30th October 2024)	Member	6	6	4	4	-	-

Column A: number of meetings held while a member
Column B: number of meetings attended

KONTIKI FINANCE LIMITED and its Subsidiaries
DIRECTORS REPORT continued
FOR THE YEAR ENDED 30 JUNE 2025

Auditor Independence

The Directors have obtained an independence declaration from the Group's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the *Auditor's Independence Declaration to the Directors of Kontiki Finance Limited* on page 8.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

Dated this 3rd day of September 2025.

CHARK YAM

Name:

Chui Y

Chairman

KONTIKI FINANCE LIMITED and its Subsidiaries
DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2025

DIRECTORS DECLARATION

This Directors Declaration is required by the Companies Act 2015.

The Directors of Kontiki Finance Limited ("the Company") and its Subsidiaries (collectively "the Group") have made a resolution that declared:

- a) in the Directors opinion, the financial statements and notes of the Company and the Group for the financial year ended 30 June 2025;
 - i) give a true and fair view of the financial position of the Company and the Group as at 30 June 2025 and the performance of the Company and the Group for the year ended 30 June 2025;
 - ii) have been made out in accordance with the Companies Act 2015;
- b) they have received declarations as required by Section 395 of the Companies Act 2015; and
- c) at the date of this declaration, in the Directors opinion, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

Dated this 3rd day of September 2025.

CHIRK YAM

Name:

Chirk Yam

Chairman

Auditor's Independence Declaration to the Directors of Kontiki Finance Limited

As lead auditor for the audit of Kontiki Finance Limited ("the Holding Company") and its subsidiaries (collectively "the Group") for the financial year ended 30 June 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.

This declaration is in respect of Kontiki Finance Limited and the entities it controlled during the financial year.



Ernst & Young
Ernst & Young
Suva, Fiji



Minay Prasad
Partner
Level 7, Pacific House
1 Butt Street
Suva, Fiji

03 September 2025

Independent Audit Report

To the members of Kontiki Finance Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Kontiki Finance Limited (“the Company”) and its subsidiaries (collectively “the Group”), which comprise the statement of financial position of the Company and the Group as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 30 June 2025 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards.

Basis for Opinion

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 Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the *International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matters

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

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

Key Audit Matters *continued*

Provision for credit loss (Key Audit Matter for the Company and Group)

Why significant	How our audit addressed the key audit matter
<p>As described in Note 2.3 (d) Impairment of financial assets, Note 7 Receivable from customers and Note 25 Financial risk management, the provisions for expected credit losses ("ECL") are determined under application of IFRS 9 <i>Financial Instruments</i>.</p> <p>This was considered a key audit matter as significant judgement was involved to determine the expected credit losses.</p> <p>Key areas of judgement included:</p> <ul style="list-style-type: none"> - the interpretation of the requirements to determine impairment under application of IFRS 9, which are reflected in the Company and the Group's expected credit loss model; - the identification of exposures with a significant deterioration in credit quality; - assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. forecast gross domestic product growth) as disclosed in Note 25 Financial risk management and Note 2.3 (d) Impairment of financial assets; and - the need to apply additional overlays to reflect current or future external factors that are not otherwise appropriately captured by the expected credit loss model. 	<p>In obtaining sufficient appropriate audit evidence we:</p> <ul style="list-style-type: none"> ▶ Assessed the modelling techniques and methodology used against the requirements of IFRS 9 <i>Financial Instruments</i>. ▶ Performed testing over the: <ul style="list-style-type: none"> – data used to determine the provision for credit loss, including transactional data captured at loan origination, ongoing internal credit quality assessments, storage of data in data warehouses and interfaces to the expected credit loss model; and – expected credit loss model, including model build and approval, ongoing monitoring/validation, model governance and mathematical accuracy. ▶ Assessed key modelling assumptions with a focus on the: <ul style="list-style-type: none"> – financial condition of the counterparties and expected future cashflows; and – sensitivity of the collective provisions to changes in modelling assumptions. ▶ Examined a sample of exposures and performed procedures to evaluate the: <ul style="list-style-type: none"> – timely identification of exposures with a significant deterioration in credit quality; and – expected loss calculation for collective provisioning. ▶ Used industry knowledge and information published by regulators and other bodies, for example recently published gross domestic product growth data, to assess the impact of market and regulatory changes on the ECL model's assumptions. ▶ Assessed whether the financial statement disclosures appropriately reflect the Company and the Group's exposure to credit risk.

Key Audit Matters *continued*

Estimation of insurance contract liabilities (Key Audit Matter for the Group only)

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2025, the subsidiary company has recorded insurance contract liabilities, including Liability for Remaining Coverage (LRC) and Liability for Incurred Claims (LIC) of \$13,883,295.</p> <p>As explained in note 2.2 (h), the Group's Independent Appointed Actuary calculated the insurance contract liabilities by considering relevant models, inputs and assumptions applicable to the Group and taking account of the requirements of IFRS 17 <i>Insurance Contracts</i>.</p> <p>LRC reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided and involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component.</p> <p>LIC comprises cash flows related to past services provided under groups of insurance contracts which have not yet been paid, including claims that have been incurred but not yet reported. The LIC balance is also inclusive of a risk adjustment and discounting.</p> <p>Due to the magnitude of the balances and the estimation uncertainty and subjectivity involved in the assessment of these reserves, in particular the ultimate total settlement amount of the insurance contract liabilities, we consider this to be a key audit matter.</p> <p>The Group's disclosures regarding insurance contract liabilities are included in Note 16 to the financial statements.</p>	<p>In obtaining sufficient appropriate audit evidence we:</p> <ul style="list-style-type: none"> ▶ Tested controls over the initiation, review, approval and settlement of claims across the different lines of business. ▶ Evaluated the insurance contract liabilities reported by considering the loss reports, internal policies and the assumptions made by management. ▶ Evaluated the competence, objectivity and capabilities of the Actuary appointed by management. ▶ Considered the data provided by the Group to the external Actuary on which the actuarial valuation was based and assessed the completeness and accuracy of this data. ▶ Involved our internal actuarial specialists to assess the insurance contract liabilities report prepared by the Independent Appointed Actuary and to evaluate the methodology and assumptions used in the valuation against the requirements of IFRS 17. ▶ Assessed the adequacy and completeness of the disclosures in relation to insurance contract liabilities, including disclosures required by IFRS 17, within the Notes to the Financial Statements.

Key Audit Matters *continued*

Valuation of goodwill (Key Audit Matter for the Group only)

Why significant	How our audit addressed the key audit matter
<p>As detailed in note 14, the consolidated Financial Statements include \$894,311 of goodwill as at 30 June 2025.</p> <p>In accordance with the requirements of IAS 36 <i>Impairment of Assets</i>, the Group performs an annual impairment assessment of goodwill to determine whether the carrying amount exceeds its recoverable amount. The recoverable amount of goodwill was estimated by calculating the value in use of the Cash Generating Unit (CGU) to which the goodwill is allocated. A value in use model requires input of several key assumptions and judgements, including estimates of future cash flow forecasts, terminal growth rates and discount rates. There is uncertainty in estimating the recoverable amount of goodwill as changes in certain assumptions can lead to significant changes in the assessment of the recoverable amount.</p> <p>We considered valuation of goodwill as a key audit matter due to the combination of the significance of the goodwill balance and the level of judgement, estimation and key assumptions involved in the impairment assessment process.</p>	<p>In obtaining sufficient appropriate audit evidence we:</p> <ul style="list-style-type: none"> ▶ Assessed the appropriateness of the Group's accounting policies for measurement of goodwill. ▶ Assessed the key assumptions used in the value in use calculation, including those in respect of estimated future cash flows, terminal growth rates and discount rates. ▶ Compared forecasts to historical experience and considered them in light of our understanding of the prospects of the business from internal and external sources. ▶ Performed a sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the CGU. ▶ Assessed the accuracy and completeness of the information produced by management, such as forecasted cashflows, which was used as the basis of the impairment assessment ▶ Checked the mathematical accuracy of the models used by management. ▶ Considered the adequacy of the Group's related disclosures considering the requirements of relevant accounting standards.

Other Information

The Directors and management are responsible for other information. The other information comprises the information in the Company and the Group's Annual Report for the year ended 30 June 2025 but does not include the financial statements and the Auditor's Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work 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 Directors and management for the Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as the Directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors and management are responsible for assessing the Company's and 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 Directors and management either intend to liquidate the Company and the Group to cease operations, or have no realistic alternative but to do so.

The Directors and management are responsible for overseeing the Company's and 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 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. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements *continued*

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

- ▶ Identify and assess the risks of material misstatement of the 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 controls.
- ▶ Obtain an understanding of internal controls 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 Company's and the Group's internal controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors and management.
- ▶ Conclude on the appropriateness of the Directors' and management's 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 Company's and the Group's ability to continue as a going concern. If we conclude that a 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 Company and the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors and 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 are also required to 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 the Directors and management, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 Banking Act 1995 and the Companies Act 2015 in all material respects, and:

- i) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
- ii) the Company and the Group has kept financial records sufficient to enable the financial statements to be prepared and audited.



Ernst & Young
Ernst & Young
Suva, Fiji



Minay Prasad
Partner
Level 7, Pacific House
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03 September 2025

KONTIKI FINANCE LIMITED and its Subsidiaries
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Group 2025 \$	Group 2024 \$	Company 2025 \$	Company 2024 \$
Revenue					
Interest revenue calculated using the effective interest method	3.1	45,211,740	38,316,982	44,954,767	38,179,867
Other interest and similar income	3.2	-	-	114,520	138,970
Interest expense calculated using the effective interest method	4.1	(6,431,290)	(6,329,017)	(6,420,210)	(6,329,017)
Other interest and similar expense	4.2	(1,080,636)	(1,490,269)	(1,010,294)	(1,424,798)
Net interest income		37,699,814	30,497,696	37,638,783	30,565,022
Fee income	3.3	3,415,401	3,519,228	640,936	1,062,625
Insurance revenue	16	2,722,039	2,424,147	-	-
Non-trading income	3.4	9,625,582	8,567,113	7,058,326	6,696,852
Net trading revenue		<u>53,462,836</u>	<u>45,008,184</u>	<u>45,338,045</u>	<u>38,324,499</u>
Less: Expenses					
Movements in expected credit loss	7	(15,823,887)	(14,632,587)	(15,727,981)	(14,632,587)
Personnel expenses	4.3	(13,698,805)	(11,490,791)	(11,928,386)	(10,216,854)
Depreciation of plant and equipment and right-of-use assets	13 & 18	(1,581,517)	(1,739,122)	(1,318,383)	(1,554,166)
Amortisation of intangible assets	14	(793,462)	(287,167)	(755,846)	(287,167)
Investment in subsidiary derecognised	11	-	-	-	(386,592)
Impairment of goodwill	14	-	(441,021)	-	-
Insurance service expenses	16(b)	(1,693,285)	(1,071,971)	-	-
Allocation of reinsurance premiums	16(b)	(54,545)	(62,792)	-	-
Other operating expenses	4.4	(8,891,217)	(6,302,298)	(8,079,206)	(5,644,500)
Total operating expenses		<u>(42,536,718)</u>	<u>(36,027,749)</u>	<u>(37,809,802)</u>	<u>(32,721,866)</u>
Operating profit before tax from continuing operations		10,926,118	8,980,435	7,528,243	5,602,633
Discontinued operations					
Profit after tax for the year from discontinued operations		-	265,550	-	-
Income tax benefit/(expense)	5	1,115,531	(656,352)	1,233,541	(553,860)
Net profit after tax		<u>12,041,649</u>	<u>8,589,633</u>	<u>8,761,784</u>	<u>5,048,773</u>
Other comprehensive income					
Net gain/(losses) on debt instruments at fair value through other comprehensive income		111,909	(102,652)	94,340	(89,434)
Exchange differences on translating foreign operation		71,760	-	-	-
Total comprehensive income for the year, net of tax		<u>12,225,318</u>	<u>8,486,981</u>	<u>8,856,124</u>	<u>4,959,339</u>
Basic and Diluted earnings per share	22	<u>\$0.12</u>	<u>\$0.09</u>		

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.

KONTIKI FINANCE LIMITED and its Subsidiaries
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Group		Company	
		2025	2024	2025	2024
		\$	\$	\$	\$
Issued capital					
Balance at the beginning of the year		15,551,538	15,060,578	15,551,538	15,060,578
Issue of share capital	21	12,573,402	490,960	12,573,402	490,960
Balance at the end of the year		<u>28,124,940</u>	<u>15,551,538</u>	<u>28,124,940</u>	<u>15,551,538</u>
Retained earnings					
Balance at the beginning of the year		29,269,754	25,812,047	20,383,729	20,466,882
Net profit after tax		12,041,649	8,589,633	8,761,784	5,048,773
Dividends	21	(6,330,060)	(5,131,926)	(6,330,060)	(5,131,926)
Balance at the end of the year		<u>34,981,343</u>	<u>29,269,754</u>	<u>22,815,453</u>	<u>20,383,729</u>
Fair value reserve					
Balance at the beginning of the year		(15,139)	87,513	(23,929)	65,505
Net change in fair value of debt instrument at FVOCI		111,909	(102,652)	94,340	(89,434)
Balance at the end of the year		<u>96,770</u>	<u>(15,139)</u>	<u>70,411</u>	<u>(23,929)</u>
Foreign currency translation reserve					
		71,760	-	-	-
Total equity		<u><u>63,274,813</u></u>	<u><u>44,806,153</u></u>	<u><u>51,010,804</u></u>	<u><u>35,911,338</u></u>

The accompanying notes form an integral part of this Statement of Changes in Equity.

KONTIKI FINANCE LIMITED and its Subsidiaries
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	Group 2025 \$	Group 2024 \$	Company 2025 \$	Company 2024 \$
ASSETS					
Cash and cash equivalents	6	23,855,142	37,930,369	15,737,979	34,974,308
Financial assets at fair value through profit or loss	9	16,638,470	12,227,083	-	-
Debt financial assets at amortised cost	8	68,450,968	44,928,736	59,600,000	38,900,000
Financial assets held for trading	20	6,046,770	5,934,861	5,070,411	4,976,071
Receivable from customers	7	184,888,945	171,916,408	173,594,006	161,279,610
Prepayments and other assets	10	1,957,089	3,499,944	6,890,851	5,613,370
Investment in subsidiaries	11	-	-	9,795,756	876,694
Property, plant and equipment	13	10,549,203	9,590,025	9,305,512	8,761,588
Right-of-use assets	18	1,155,943	1,974,055	493,672	1,090,242
Intangible assets and goodwill	14	11,825,128	9,494,897	9,308,624	8,600,586
Reinsurance contracts held asset	16(a)	27,272	27,272	-	-
Deferred tax asset	5	4,933,150	2,141,707	4,892,065	2,099,143
Total assets		330,328,080	299,665,357	294,688,876	267,171,612
EQUITY AND LIABILITIES					
Due to customers	12	229,547,035	210,972,396	226,896,934	210,972,396
Trade and other payables	15	9,828,662	13,196,023	3,822,643	2,679,887
Employee benefit liability	17	462,751	273,682	406,962	245,255
Current tax liability		335,112	445,836	371,572	496,198
Insurance contract Liabilities	16(a)	13,883,295	12,059,566	-	-
Lease liabilities	18	1,406,412	2,321,701	589,961	1,276,538
Debt issued and other borrowed funds	19	11,590,000	15,590,000	11,590,000	15,590,000
Total liabilities		267,053,267	254,859,204	243,678,072	231,260,274
SHAREHOLDERS EQUITY					
Issued capital	21	28,124,940	15,551,538	28,124,940	15,551,538
Retained earnings		34,981,343	29,269,754	22,815,453	20,383,729
Fair value reserve		96,770	(15,139)	70,411	(23,929)
Foreign currency translation reserve		71,760	-	-	-
Total equity		63,274,813	44,806,153	51,010,804	35,911,338
TOTAL EQUITY AND LIABILITIES		330,328,080	299,665,357	294,688,876	267,171,612

The accompanying notes form an integral part of this Statement of Financial Position.

KONTIKI FINANCE LIMITED and its Subsidiaries
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Group		Company	
		2025	2024	2025	2024
		Inflows/ (Outflows) \$	Inflows/ (Outflows) \$	Inflows/ (Outflows) \$	Inflows/ (Outflows) \$
Operating activities cash flows from continued operations					
Interest income received		43,361,013	35,916,281	43,137,220	35,918,136
Interest expense paid		(7,485,708)	(7,673,534)	(7,371,188)	(7,558,325)
Interest paid on lease liabilities	18	(129,241)	(284,722)	(59,315)	(195,491)
Bad debts recovered and Other fees and chagers		8,473,726	8,215,475	5,699,262	5,759,477
Premium income received		3,942,450	4,892,462	-	-
Payments to suppliers and employees		(20,808,916)	(13,177,654)	(26,779,032)	(13,666,432)
Payments for claims		(984,967)	(986,431)	-	-
Payment of claims handling		(105,000)	(96,250)	-	-
Payment of reinsurance		(54,545)	(54,545)	-	-
Net customer loans repayments including granted		(20,780,515)	(22,924,064)	(17,639,553)	(22,924,064)
Net term deposits redeemed/(received)		18,574,640	(1,334,982)	15,924,539	(1,334,982)
Income taxes paid		(1,789,065)	(1,010,150)	(1,686,436)	(791,872)
Net cash flows from/(used in) operating activities from continued operations		22,213,872	1,481,886	11,225,497	(4,793,553)
Net cash flows from operating activities from discontinued operations		-	358,937	-	-
Net cash flows from/(used in) Operating Activities		22,213,872	1,840,823	11,225,497	(4,793,553)
Investing activities					
Acquisition of property, plant and equipment	13	(2,344,592)	(2,003,087)	(1,266,397)	(1,877,651)
Proceeds from sale of plant and equipment		74,304	34,641	85,808	400
Acquisition of intangible asset	14	(3,124,601)	(15,417,808)	(3,124,601)	(15,025,330)
Placement of term deposits/disposals of debt financial instruments		(23,634,141)	(7,199,232)	(20,794,340)	(4,410,566)
Acquisition of/(net proceeds from sale of) financial asset through profit or loss		5,516	6,617	-	-
Dividends received	3.4	150,351	147,375	2,000,000	2,000,000
Payments for corporate bond		(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Investment in subsidiary		(8,919,062)	-	(8,919,062)	-
Net cash flows (used in) investing activities from continued operations		(41,792,225)	(28,131,494)	(36,018,591)	(23,313,147)
Net cash flows from investing activities from discontinued operations		-	16,719	-	-
Net cash flows (used in) Investing Activities		(41,792,225)	(28,414,775)	(36,018,591)	(23,313,147)
Financing activities					
Capital contribution from shareholders	21	12,573,402	490,960	12,573,402	490,960
Dividends paid	21	(6,330,060)	(5,131,926)	(6,330,060)	(5,131,926)
Principal lease payments	18	(740,217)	(958,442)	(686,577)	(837,854)
Net cash flows from/(used in) financing activities from continued operations		5,503,126	(5,599,408)	5,556,765	(5,478,820)
Net cash flows used in financing activities from discontinued operations		-	(365,118)	-	-
Net cash from/(used in) Financing Activities		5,503,126	(5,964,526)	5,556,765	(5,478,820)
Net (decrease) in cash and cash equivalents		(14,075,227)	(32,538,478)	(19,236,329)	(33,585,520)
Cash and cash equivalents at 1 July		37,930,369	70,468,847	34,974,308	68,559,828
Cash and cash equivalents at 30 June	6	23,855,142	37,930,369	15,737,979	34,974,308

The accompanying notes form an integral part of this Statement of Cash Flows.

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

1. CORPORATE INFORMATION

The Financial Statements of Kontiki Finance Limited ("the Company") and its Subsidiaries (collectively "the Group") for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the Directors on 3rd September 2025. The entity owners have the power to amend the financials after issue, if applicable.

Kontiki Finance Limited is a limited liability company incorporated and domiciled in the Republic of Fiji. The principal activities of the Company are described in Note 28.

The Subsidiary, Insurance Holdings (Pacific) Pte Limited is a limited liability company incorporated and domiciled in the Republic of Fiji. The principal activities of the Company are described in Note 28.

The Subsidiary, Platinum Insurance Limited is a limited liability company incorporated and domiciled in the Republic of Vanuatu. The principal activities of the Company are described in Note 28.

The Subsidiary, Kontiki Finance Limited (Samoa) is a limited liability company incorporated and domiciled in Samoa. The principal activities of the Company are described in Note 28.

The Company was listed on the South Pacific Stock Exchange on 4 July 2018.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities designated at fair value through profit or loss (FVPL) which have been measured at fair value. The financial statements are presented in Fijian dollars (FJD) and all values are rounded to the nearest dollar.

Statement of compliance

The financial statements of the Group and the Company have been drawn up in accordance with the provisions of the Banking Act 1995, Fiji Companies Act 2015 and International Financial Reporting Standards ("IFRS") accounting standards as issued by the International Accounting Standards Board.

Separate financial statements

A separate set of accounts have been prepared for the parent entity and are presented under the columns marked "Company" in the financial statements. In these separate set of accounts, the company's investment in its subsidiaries is recorded at cost (less impairment, if any). Dividends from the subsidiaries are recognized in the profit or loss in the financial statements when the company's right to receive the dividend is established.

Presentation of financial statements

The Group presents its statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 7, Note 12 and Note 25.

Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS accounting standards netting criteria are met.

Basis of consolidation

The Financial Statements comprise the financial statements of Kontiki Finance Limited ('the Company') and its Subsidiaries as at 30 June 2025.

The Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Financial Statements of the Subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS continued

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group and the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.1. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company and the Group's financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, assessment of significant increase in credit risk, measurement of lifetime expected credit losses and forward-looking assumptions. These estimates are driven by a number of factors, changes which can result in different levels of allowances.

The Group's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk (SICR), in which case allowances for financial assets should be measured on a lifetime expected credit loss (LTECL) basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of economic inputs, such as GDP, and their effect on probability of default (PD), exposure at default (EAD) and loss given default (LGD); and
- Management overlay on provision for expected credit loss.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Insurance and reinsurance contracts

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose life insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the Company is managed.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

2.2. CHANGE IN ACCOUNTING POLICY

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

New standards, interpretations and amendments effective during the year

New and amended standards that have been adopted in the annual financial statements for the year ended 30 June 2025, but have not had a material effect on the Group are:

- Amendments to IAS 1: Classification of Liabilities as Current or Non Current.
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements.

New standards, interpretations and amendments issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent feature
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

The amendments are not expected to have a material impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRS Accounting Standards — Volume 11 as part of its regular maintenance of the Standards. These amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The improvements include clarifications, simplifications, and corrections to enhance consistency and resolve minor unintended consequences or conflicts within the Standards. The amendments affect the following IFRS Accounting Standards:

- IFRS 1 – Clarification on hedge accounting by first-time adopters, aligning with IFRS 9 requirements.
- IFRS 7 – Enhanced disclosures on derecognition, differences between fair value and transaction price, and credit risk.
- IFRS 9 – Clarifications on derecognition of lease liabilities and transaction price.
- IFRS 10 – Guidance on determining a 'de facto agent' in consolidation assessments.
- IAS 7 – Terminology update, replacing "cost method" with "at cost" for consistency

The amendments are not expected to have a material impact on the Group's financial statements.

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

2.2. CHANGE IN ACCOUNTING POLICY continued

NEW AND AMENDED STANDARDS AND INTERPRETATIONS continued

New standards, interpretations and amendments issued but not yet effective continued

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2.3. SUMMARY OF ACCOUNTING POLICIES

a) Foreign currencies

The financial statements are presented in Fiji dollars (FJD), which is the Company and the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance date.

All differences are taken to the statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates when the fair value is determined.

b) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated on a straight line basis over the useful life of the Group's asset as follows:

	<u>Rate</u>
Office equipment	20%-50%
Furniture & fittings	7%-20%
Motor vehicles	18%-24%
Building	2.5%
Leasehold land	Term of lease

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Building on leasehold land is depreciated using the straight-line method over their estimated useful lives or the remaining period of the lease whichever is shorter. Freehold land is not depreciated.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

c) Financial instruments

Recognition and initial measurement

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

The Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Group measures Cash and cash equivalents, Due to customers of financial assets, Receivables from customers and Non-listed financial assets and liabilities at amortised cost.

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

c) Financial instruments *continued*

Classification and subsequent measurement of financial assets

The financial asset is subsequently measured by one of the following methods:

- amortised cost,
- fair value through other comprehensive income (FVOCI) - debt investments,
- fair value through other comprehensive income (FVOCI) - equity investments, or
- fair value through profit or loss (FVPL).

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 fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows (business model assessment); and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI test) on the principal amount outstanding.

Financial assets measured at amortised cost are subsequently measured 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.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

c) Financial instruments *continued*

Business model assessment

Business model assessment involves determining how financial assets are managed in order to generate cash flows. The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model. The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement.

The SPPI test

Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortization of premium/discount. Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs, and a profit margin. If the Group identifies any contractual features that could significantly modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Deposits are accounted for at amortised cost. Interest on deposits, calculated using the effective interest rate method, is recognised as interest expense. Interest on borrowings is recognised using the effective interest rate method as interest expense.

Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

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.

Modifications of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Debt issued/dues to customers and other borrowed funds

Issued financial instruments or their components, which are not designated at fair value through profit or loss, are classified as liabilities under 'debt issued and other borrowed funds' or 'dues to customers', where the substance of the contractual arrangement results in the Company and Group having an obligation either to deliver cash or another financial asset for a fixed number of own equity shares.

After initial recognition, debt issued and other borrowings are subsequently measured at amortised cost using the effective interest rate method.

2.3. **SUMMARY OF ACCOUNTING POLICIES continued**

c) **Financial instruments continued**

Financial liabilities

Classification and subsequent measurement of financial liabilities

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the effective interest rate (EIR). A compound financial instrument which contains both a liability and an equity component is separated at the issue date. The Group classifies all financial liabilities as subsequently measured at amortised cost.

Deposits are accounted for at amortised cost. Interest on deposits, calculated using the effective interest rate method, is recognised as interest expense. Interest on borrowings is recognised using the effective interest rate method as interest expense.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated as at fair value in profit or loss in the statement of profit or loss and other comprehensive income.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised on the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. If an existing financial liability is replaced by another from the same counter-party on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amount of the existing liability and the new liability is recognised as a gain/loss in the statement of profit or loss and other comprehensive income.

d) **Impairment of financial assets**

Measurement of Expected Credit Loss (ECL)

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments in accordance with IFRS 9. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in this note.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are probable within the 12 months after the reporting date.

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

d) *Impairment of financial assets continued*

Measurement of Expected Credit Loss (ECL) continued

LTECLs and 12mECLs are calculated on a collective basis for both the secured and unsecured portfolios. The Group's policy for grouping financial assets measured on a collective basis is explained in this note.

The Group uses an expected credit loss approach as required under IFRS 9 to measure allowance for credit losses.

This impairment model measures credit loss allowances for financial assets using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – 12 month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. Stage 1 financial assets also include financial assets where the credit risk has improved, and the asset has been reclassified from Stage 2. The ECL is computed using a 12 month probability of default (PD) and the estimated loss given default (LGD).
- Stage 2 – When a financial asset experiences a SICR subsequent to origination, but is not credit impaired, it is considered to be in Stage 2. This Stage also includes assets where the credit risk has improved, and the financial instrument has been reclassified from Stage 3. The ECL is computed using the lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset, and the estimated LGD.
- Stage 3 – Financial assets considered credit impaired are included in this stage. Similar to Stage 2, the credit loss allowance continues to be based on the LTECL. The ECL is computed using a 100% PD and the estimated LGD.

Calculation of expected credit loss

The ECL is calculated by measuring expected cash shortfalls, discounted by the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL calculation are outlined below:

- **PD** – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD** – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw-downs on committed facilities, and accrued interest from missed payments.
- **LGD** – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanics of the ECL method are summarised below:

- Stage 1 – The 12mECL is calculated as the portion of LTECL that represents the ECL that results from default events on a financial asset that are possible within the 12 months after the reporting date. The 12mECL allowance is calculated based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the original EIR.
- Stage 2 – When a financial asset has shown a significant increase in credit risk since origination the credit loss allowance is calculated using the LTECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3 – For financial assets considered credit-impaired, the lifetime expected credit losses is used for these loans. The method is similar to that for Stage 2 assets with the PD set at 100%.

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

d) Impairment of financial assets *continued*

Calculation of expected credit loss *continued*

Forward-looking information

The Group includes prospective information (such as GDP growth) in determining its expected credit loss. This information is sourced from publicly-available economic data and forecasts. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgment.

Assessment of significant increase in credit risk (SICR)

The Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life of the loan. The assessment considers quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

The common assessments for SICR include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward-looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on factors such as the type of product and the characteristics of the financial instruments. With regards to delinquency and monitoring, there is a rebuttable presumption that the credit risk of the loan has increased since initial recognition when contractual payments are more than 30 days overdue. In addition, an account is considered to have experienced a SICR when it has been extended by more than 3 months. The account is then reclassified from Stage 1 to Stage 2.

Expected life

When measuring expected credit loss, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options. For revolving credit facilities, the expected life is estimated based on the period over which the Group is exposed to credit risk and how the credit losses are mitigated by management actions.

Effective 30 June 2025, the Group revised its expected credit loss (ECL) provisioning methodology for certain loan accounts. Under the updated approach, loan accounts that exhibit specific risk characteristics—such as significant exposure levels or clear indicators of credit deterioration—are now assessed individually for impairment, rather than collectively under a portfolio-based model.

This change was implemented to improve the alignment of ECL estimates with the underlying credit risk profile of the loan portfolio and to enhance the accuracy of provisioning for accounts where an individual assessment provides a more reliable measure of expected losses.

The revised methodology has been applied prospectively and is consistent with the requirements of IFRS 9.

As a result of this change in methodology, the Group recognised an increase in impairment provisions of \$2.66m during the financial year ended 30 June 2025.

Kontiki Finance Limited (Samoa) commenced operations in Samoa during the financial year ended 30 June 2025. As at 30 June 2025, the gross loan portfolio in Samoa amounted to \$3.14m.

KFL Samoa applies the same expected credit loss (ECL) provisioning methodology in accordance with IFRS 9 as KFL Fiji. Given the relatively recent commencement of operations and the absence of sufficient historical loss data specific to the Samoa portfolio, the Group has used historical data from its Fiji loan book as a proxy input for the Samoa ECL model. This approach is considered reasonable and consistent with the principles of IFRS 9, particularly during the early phase of operations where entity-specific historical credit loss data is not yet available.

As at 30 June 2025, the total ECL provision for KFL Fiji was \$19.56m (which includes a management overlay of \$1.4m). The total ECL provision for KFL Samoa was \$0.10m as at the same reporting date.

Presentation of allowance for credit losses in the statement of financial position:

Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the financial assets.

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

d) Impairment of financial assets *continued*

Calculation of expected credit loss *continued*

Definition of default

The Group considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- significant financial difficulty of the borrower;
- default or delinquency in interest or principal payments;
- high probability of the borrower entering a phase of bankruptcy or a financial reorganisation; and
- measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan.

The Group considers that default has occurred and classifies the financial asset as impaired when it is more than 90 days past due.

The Group holds collateral for secured loans and can sell the collateral only in the event of default by the loan account holder. For the purposes of ECL calculations, the Group has taken the fair value of these collaterals to be \$nil and not included the fair value of the collaterals held in the calculation of ECL.

The main type of collateral held as security are in form of motor vehicles. The total quantity of assets that serve as security for financial loans given to an account holder largely depends of the value and the type of loan and underpins the volume of collateral held. The Company's interest in the securities held as collateral is registered at the inception of the loan. The securities are assigned fair value by an internal team in charge of reviewing the customer portfolio and these are reviewed against the loan value to determine potential surplus/shortfall. The key counterparties to collateral held are the Company, customer and the insurance provider for the security held.

Write-off policy

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. In subsequent periods, any recoveries of amounts previously written off are disclosed as non-trading income in the statement of profit or loss and other comprehensive income.

e) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash in banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

f) Prepayments and other assets

Prepayments and other assets include interest receivable on loans and investments, advance payments and deposits.

In the consolidation process, related party receivables from the Subsidiaries such as insurance commission and dividends recorded in the Company's book of account are eliminated against corresponding payables recorded in the Subsidiary Company's general ledger.

g) Employee entitlements

Provision is made for annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Measurement of the liability for incurred claims

Outstanding claims are assessed by reviewing individual claims and making allowance for claims incurred but not reported, foreseeable events, past experience and industry trends. They are stated in the balance sheet net of any reinsurance or other recoveries.

Provision is also made for claims liability for incurred claims based on foreseeable events, past experience and industry trends. In the current year this allowance was calculated by reviewing the total Subsidiary exposure on all policies written by the Subsidiary, by the Subsidiary's Actuary. The liability for incurred claims is determined independently by the Subsidiary's Actuary Peter Davies B.Bus.Sc., FIA, FNZSA.

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
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2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

i) Insurance revenue

Insurance revenue comprises amounts charged to policyholders and excludes taxes collected on behalf of statutory parties. The earned portion of premium received and receivable is recognised as revenue. Insurance revenue is recognised as earned from the date of attachment of risk, over the period related to the insurance contract in accordance with the pattern of the risk expected under the contract. The unearned portion or premiums not earned at the reporting date is recognised in the statement of financial position as insurance contract liabilities. The provision for unearned premium is verified by the Subsidiary's Actuary Peter Davies B.Bus.Sc., FIA, FNZSA.

j) Deferred acquisition cost and commissions income

The Company earned commission for bringing in insurance business for the Subsidiary Company up until 30 June 2018. The commission earned by the Company was recognised as income in its book of accounts. However, the related brokerage costs (costs associated with obtaining and recording insurance business) incurred by the Subsidiary are capitalised and amortised, consistent with the earning pattern of the related insurance premium for that business. In the consolidation process, the commission income recorded in the Company's books were eliminated against the related asset recorded in the Subsidiary Company's books.

k) Income tax

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in Note 5.

In June 2023, the Government of Fiji announced in its 2023-2024 National Budget a revision to the corporate tax rates. The new tax rate was 15% for companies listed on the South Pacific Stock Exchange (SPX) until the end of the 7th year from the date of listing. The end of the 7th year from the date of listing of the company was 30th June 2025. The income tax rate was raised from 15% to 25% which affected deferred tax balances recorded in the current year as well as the financial results, tax payable and deferred balances in the subsequent financial year.

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of any unexpired tax assets and unexpired tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unexpired tax assets and unexpired tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income tax for the Subsidiary Companies

In the Republic of Vanuatu, no income taxes of any kind are payable. Insurance Holdings (Pacific) Pte Limited income tax rate is calculated at 25% and Kontiki Finance Limited (Samoa) at 27%.

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss and other comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets for the Group are assessed to be finite which is systematically amortised over its useful life of 15 years from the time that it is available for use until it is derecognised.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss and other comprehensive income in the expense category consistent with the function of the intangible assets.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss and other comprehensive income when the asset is derecognised.

m) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial period.

n) Revenue recognition

Interest income and expense

Net interest income comprises interest income and interest expense calculated using the effective interest method. Refer to Note 3.1 and Note 4.1.

In its interest income/expense calculated using the effective interest method, the Group only includes interest on those financial instruments that are set out in Note 7, Note 8, Note 12 and Note 19.

Other interest income/expense includes all financial assets/liabilities measured at FVPL, other than those held for trading, using the contractual interest rate.

Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in Non trading income.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

For all financial instruments measured at amortised cost, interest income and expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instruments and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Company revised its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

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2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

n) Revenue recognition *continued*

Fee income

The Group and Company earns fee and commission income from a range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group and Company expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

Insurance administrative fee

Insurance administrative fee is brought to account on an earned basis.

Underwriting activities

Revenue from underwriting activities includes revenue derived from premiums and commissions received. Revenue from underwriting activities is recognised on completion of each month's activities.

o) Impairment of non-financial assets

The Group assesses at each reporting date, or more frequently if events or changes and circumstances indicate that the carrying value of a non financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount.

For assets an assignment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The impairment loss recognized on goodwill is not subject to reversal in subsequent periods.

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 (CGU) 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.

p) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.

q) Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares, by the number of ordinary shares outstanding at the end of the financial year, adjusted for bonus elements in ordinary shares issued during the year. Refer to Note 22.

r) Dividends

Dividends are recognised as a liability and deducted from equity in the Group's financial statements when they are approved by the directors. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Group.

s) Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment.

The Chief Financial Officer is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) and income taxes are managed on geographical basis and are allocated to operating segments accordingly.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

s) Segment information *continued*

(a) Geographical segment

The Company operates predominantly in Fiji and Subsidiaries operating in Vanuatu and Samoa, therefore three geographical areas for reporting purposes. Refer to Note 30(a).

(b) Business segment

The Company and the Group operates predominantly in the financial and insurance services industry. Refer to Note 30(b).

t) Determination of fair values

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- Level 3 financial instruments – Those that include one or more unobservable inputs that is significant to the measurement as a whole.

Level 1 hierarchy of valuation is most applicable to the Group. Refer to Note 9 for details of hierarchy for valuation of financial assets at fair value through profit or loss.

u) IFRS 16 - Leases

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

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group has lease contracts for office spaces used in its operations. Leases of office spaces have terms of between 1 and 8 years. The Groups obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), discounted using the incremental borrowing rate at the commencement date.

Refer to Note 18 for the right-of-use assets and lease liabilities breakdown.

KONTIKI FINANCE LIMITED and its Subsidiaries
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2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

v) Financial assets or financial liabilities held for trading

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value with fair value gains or losses recognised in statement of profit or loss.

w) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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 reassessment 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.

KONTIKI FINANCE LIMITED and its Subsidiaries
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FOR THE YEAR ENDED 30 JUNE 2025

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

x) Insurance and reinsurance contracts

The Group issued insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

Insurance contracts can also transfer financial risk. The Group issues loan protection insurance.

Level of aggregation

IFRS 17 requires a Group to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined first by dividing the business written into portfolios. Portfolios comprise of groups of contracts with similar risks which are managed together, acknowledging that for the accounting year ended 30 June 2025, the Group only issued one type of insurance contract. 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

The Group determines that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulation

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there's no due date

The Group recognises groups of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts; and
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract in the group of reinsurance contracts at or before that date.

Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or

Both of the following criteria are satisfied:

- The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risk are reassessed does not take into account the risks that relate to period after the reassessment date
- A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Measurement - Premium Allocation 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.

The Group used the simplified PAA for the insurance contracts based on the following criteria

- Each contract has a coverage period of one year or less.
- Reinsurance contract held within the group has a coverage period of one year or less.

The Group does not make adjustments for the time value of money. As the Group has adopted the (PAA in IFRS 17, the Group recognizes insurance acquisition cash flows as expenses when incurred, rather than capitalizing them as an asset, as the if the coverage period of each insurance contract within the Group is one year or less.

Where the coverage period for loan protection insurance and reinsurance is one year or less it qualifies automatically for PAA. For insurance with the coverage period greater than one year if it is assessed there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, then these qualify for PAA.

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 any adjustment for accreditation of interest on the LFRC.

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

x) Insurance and reinsurance contracts *continued*

Liability for Incurred Claims (LFIC), adjusted for time value of money

For incurred claims that are expected to be paid out in less than one year, no adjustment is made for the time value of money. For all claims greater than one year, the LFIC is adjusted for the time value for money.

Insurance contracts - initial measurement

The Group applied the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period for each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general mode. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and type of its lines of business.

For a group of contracts that is not onerous at initial recognition the Group measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

Reinsurance contracts held - initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Insurance contracts - subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment of cash flows related to incurred claims. The fulfilment of cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimate from the perspective of the Group, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Reinsurance contracts held - subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Group recognised insurance acquisition cash flows for insurance contracts issued on or before 30 June 2024. A separate asset for insurance acquisition cash flow has been recognised for this.

At the end of each reporting period, the Group revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect the expense on the basis of passage of time.

Presentation

Insurance Revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time, but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

2.3. SUMMARY OF ACCOUNTING POLICIES *continued*

x) Insurance and reinsurance contracts *continued*

Net income or expense from reinsurance contracts held

The Group presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

y) Share buyback

A share buyback is a corporate action where a company buys back its own shares from the existing shareholders, either through a tender offer or through the open market. The company may do this to reduce the number of shares outstanding, increase earnings per share, return excess cash to shareholders, or support the share price. The shares that are bought back are either cancelled or held in the company's treasury.

z) Foreign currency translation

On consolidation, the assets and liabilities in foreign operations are translated into FJD at the spot rate of exchange prevailing at the reporting date, while its revenues and expenses are translated at the average monthly exchange rate of buying and selling prevailing rate during the year. The exchange differences arising on translation for consolidation are recognised in OCI.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations, and are translated at the closing rate of exchange.

a(i) Goodwill recorded on consolidation of subsidiary company

Goodwill acquired through a business combination with indefinite life has been allocated to the subsidiary acquired, Insurance Holdings Limited. Insurance Holdings Limited make up a single CGU and the reportable segment, for impairment testing as follows:

Refer to Note 14.

Goodwill amounting to \$894,311 less subsequent impairment allowance of \$nil has been recorded by the Group in respect to acquisition of subsidiary, Insurance Holdings Limited.

The Group performs an annual impairment assessment of goodwill to determine whether the carrying amount exceeds its recoverable amount. The recoverable amount of goodwill was assessed internally by the Group to estimate the fair value less cost to sell of the Cash Generating Unit (CGU) to which the goodwill is allocated being the Insurance Holdings Limited making up a single CGU reportable segment.

The recoverable amount of the CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing operations of the subsidiary company. The carrying amount of the CGU amounting to approximately \$1.8m was determined to be lower than its recoverable amount of \$5.9m, indicating that goodwill was not impaired at year end.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessments of future performance of the subsidiary and have been based on historical data from both external and internal sources.

In percent

Discount rate (WACC) – 15%

Terminal value growth rate – 3%

Budgeted growth rate (average of next five years) – 9%

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal Gross Domestic Product (GDP) rate for Fiji in which the CGU operates and the long-term compound annual EBITDA growth rates estimated by management.

Budgeted EBITDA was based on expectations of future outcomes taking into account the past five financial years experience, adjusted for anticipated revenue growth.

The significant unobservable inputs used in the fair value measurement categorised within Level3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2025 are shown below:

Significant unobservable inputs	Range	Sensitivity of the input to fair value
Discount rate (WACC)	14% - 16%	A 1% increase in the WACC would resulting a decrease in fair value by \$460k. 1% decrease in the WACC would result in an increase in fair value by \$550k.
Terminal value growth rate	2% - 4%	A 1% increase in the terminal growth rate would result in an increase in the fair value by \$350k. 1% decrease in the terminal value growth rate would resulting a decrease in fair value of \$300k.

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
3. REVENUE				
3.1 <u>Interest revenue calculated using the effective interest method</u>				
Debt financial assets at amortised cost	1,453,073	1,349,964	1,267,110	1,212,848
Receivables from customers	43,758,667	36,967,018	43,687,657	36,967,019
	<u>45,211,740</u>	<u>38,316,982</u>	<u>44,954,767</u>	<u>38,179,867</u>
3.2 <u>Other interest and similar income</u>				
Interest income shareholder advance	-	-	114,520	138,970
	<u>-</u>	<u>-</u>	<u>114,520</u>	<u>138,970</u>
3.3 <u>Fees Income</u>				
Brokerage income	2,859,278	2,568,665	-	-
Other fees and charges	556,123	950,563	640,936	1,062,625
	<u>3,415,401</u>	<u>3,519,228</u>	<u>640,936</u>	<u>1,062,625</u>
3.4 <u>Non-Trading Income</u>				
Unrealised gains on financial assets held at fair value through profit or loss	4,416,905	3,723,491	-	-
Dividend income	150,351	147,375	2,000,000	2,000,000
Bad debts recovered	4,978,926	4,691,034	4,978,926	4,691,034
Gain on disposal of fixed assets	79,400	-	79,400	-
Insurance commission	-	5,213	-	5,818
	<u>9,625,582</u>	<u>8,567,113</u>	<u>7,058,326</u>	<u>6,696,852</u>
4. EXPENSES				
Included in expenses are:				
4.1 <u>Interest expense calculated using the effective interest method</u>				
Due to customers	6,431,290	6,329,017	6,420,210	6,329,017
	<u>6,431,290</u>	<u>6,329,017</u>	<u>6,420,210</u>	<u>6,329,017</u>
4.2 <u>Other interest and similar expense</u>				
Debt issued and other borrowed funds	951,395	1,205,547	950,979	1,229,307
Interest expense on lease liabilities (Note 18)	129,241	284,722	59,315	195,491
	<u>1,080,636</u>	<u>1,490,269</u>	<u>1,010,294</u>	<u>1,424,798</u>
4.3 <u>Personnel Expenses</u>				
Salaries and wages	12,042,104	10,321,668	10,384,182	9,121,932
Employer superannuation contribution	1,067,175	854,250	1,049,743	793,327
FNU Levy	99,234	95,699	96,834	92,636
Others	490,292	219,174	397,627	208,959
	<u>13,698,805</u>	<u>11,490,791</u>	<u>11,928,386</u>	<u>10,216,854</u>
4.4 <u>Other operating expenses</u>				
Accounting fees	89,355	128,595	89,355	116,041
Auditors remuneration	94,431	140,338	54,338	54,338
Bank charges	48,206	40,640	33,963	33,526
Directors fees and allowances	288,132	235,031	288,132	235,031
Other operating expenses	8,371,093	5,757,694	7,613,418	5,205,564
	<u>8,891,217</u>	<u>6,302,298</u>	<u>8,079,206</u>	<u>5,644,500</u>

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
5. <u>INCOME TAX EXPENSE</u>				
A reconciliation between income tax expense and the product of accounting profit multiplied by the tax rate for the year ended 30 June are as follows:				
Accounting profit before income tax	10,926,118	8,980,435	7,528,243	5,602,633
Prima facie income tax on the operating profit*	1,217,582	915,951	1,129,236	840,395
Tax effect of items treated as permanent differences - current year	(312,019)	(315,539)	(342,402)	(342,646)
Change in tax rate	(1,956,827)	-	(1,956,827)	-
Others	(64,267)	55,940	(63,548)	56,111
Income tax expense reported in the statement of profit and loss and other comprehensive income	(1,115,531)	656,352	(1,233,541)	553,860

* The Company's prima facie income tax was calculated at 15% of the Company's operating profit due to the Company being listed on the South Pacific Stock Exchange (SPX) in July 2018. The subsidiary company Platinum Insurance Limited is based in the Republic of Vanuatu where no income taxes of any kind are payable. Insurance Holdings (Pacific) Pte Limited tax was calculated at 25% and Kontiki Finance Limited (Samoa) income tax was calculated at 27%.

Deferred income tax asset at 30 June relates to the following:

Allowance for impairment losses	4,864,785	1,993,046	4,864,785	1,993,046
Accelerated depreciation for book purposes	(118,879)	62,153	(122,115)	54,653
Right-of-use assets	(222,978)	(308,177)	(123,418)	(163,536)
Lease liabilities	274,334	364,207	147,490	191,610
Employee benefit liability	112,305	43,895	101,740	36,788
Financial assets held for trading	23,583	(13,417)	23,583	(13,417)
	4,933,150	2,141,707	4,892,065	2,099,143

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and at bank. Cash and cash equivalents included in the Statement of Cash Flows comprise the following amounts on the Statement of Financial Position:

Cash on hand	26,847	15,224	25,223	14,024
Cash at bank	9,696,679	4,815,233	1,806,896	2,136,481
Cash attributed to discontinued operations	225,756	276,110	-	-
Demand deposits	13,905,860	32,823,802	13,905,860	32,823,803
	23,855,142	37,930,369	15,737,979	34,974,308

7. RECEIVABLE FROM CUSTOMERS

Credit contracts	195,593,143	174,236,018	192,452,182	174,236,018
Hire purchase	600,963	1,177,573	600,963	1,177,573
Trade receivables	8,251,369	10,636,798	-	-
	204,445,475	186,050,389	193,053,145	175,413,591
Less: Interest suspense	-	(847,007)	-	(847,007)
Receivables gross carrying value	204,445,475	185,203,382	193,053,145	174,566,584
Less: Allowance for ECL	(19,556,530)	(13,286,974)	(19,459,139)	(13,286,974)
Net receivable from customers	184,888,945	171,916,408	173,594,006	161,279,610

Maturity analysis

Not longer than 3 months	12,430,527	10,405,319	9,659,972	3,428,699
Longer than 3 months but not longer than 12 months	9,093,578	11,521,047	5,635,519	9,335,477
Longer than 12 months but not longer than 5 years	69,609,248	65,177,778	65,215,363	63,703,170
Longer than 5 years	113,312,122	98,946,245	112,542,291	98,946,245
	204,445,475	186,050,389	193,053,145	175,413,591

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

7. RECEIVABLE FROM CUSTOMERS *continued*

ECL for loans and advances to customers

As at 30 June 2025, Credit contracts with an initial value of \$19,556,530 (2024: \$13,286,974) were impaired and provided for. Movements in the ECL is detailed below.

The following table provides information about the exposure to credit risk and ECL for receivables from customers (net of interest suspended) as at 30 June 2025 :

	Gross carrying value	Loss allowance	weighted average loss rate	Credit Impaired
30 June 2025				
	\$	\$		
Stage 1	169,715,168	6,011,428	3.54%	No
Stage 2	16,334,383	1,881,855	11.52%	No
Stage 3	18,395,924	10,263,247	55.79%	Yes
	204,445,475	18,156,530	8.88%	
Management Overlay	-	1,400,000	0.68%	
Overall	204,445,475	19,556,530	9.57%	

A reconciliation of the allowance for impairment losses for receivables from customers is as follows:

	Movements in ECL	Total allowance for ECL	Reconciliation of movement in expected credit loss
30 June 2025		\$	\$
Opening balance as at 1 July 2024	13,286,974	13,286,974	-
Loss allowance equal to 12m ECL/increase in provisions	765,779	13,589,390	5,301,812
Loss allowance equal to lifetime ECL with SICR/(write-off within the provision)	1,074,490	(8,475,066)	807,365
Loss allowance equal to lifetime ECL that are credit impaired/(write back)	3,029,287	(244,768)	7,233,961
Direct write-off	-	-	1,080,749
Management Overlay	1,400,000	1,400,000	1,400,000
Closing balance	19,556,530	19,556,530	15,823,887

	Gross carrying value	Loss allowance	Expected weighted average loss	Credit Impaired
30 June 2024				
	\$	\$		
Stage 1	161,282,424	5,245,648	3.25%	No
Stage 2	7,256,449	807,365	11.13%	No
Stage 3	16,664,509	7,233,961	43.41%	Yes
	185,203,382	13,286,974	7.17%	
Overall	185,203,382	13,286,974	7.17%	

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

7. RECEIVABLE FROM CUSTOMERS *continued*

ECL for loans and advances to customers *continued*

	Movements in ECL	Total allowance for ECL	Reconciliation of movement in expected credit loss
	\$	\$	\$
30 June 2024			
Opening balance as at 1 July 2023	5,890,950	5,890,950	-
Loss allowance equal to 12m ECL/increase in provisions	4,334,646	14,969,604	5,776,891
Loss allowance equal to lifetime ECL with SICR/(write-off within the provision)	(707,425)	(7,119,371)	889,129
Loss allowance equal to lifetime ECL that are credit impaired/(write back)	3,768,803	(454,209)	7,849,375
Direct write-off	-	-	117,192
Closing balance	13,286,974	13,286,974	14,632,587

Collateral security for loans and advances is mainly motor vehicles.

See Note 25 on credit risk of loans and advances, which explains how the Company manages and measures credit quality of loans and advances that are neither past due nor impaired.

	Group		Company	
	2025 \$	2024 \$	2025 \$	2024 \$
8. DEBT FINANCIAL ASSETS AT AMORTISED COST				
Receivables due from other financial institutions	65,850,968	42,328,736	57,000,000	36,300,000
Securities held	2,600,000	2,600,000	2,600,000	2,600,000
	68,450,968	44,928,736	59,600,000	38,900,000

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Quoted equity shares	16,638,470	12,227,083	-	-
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As at 30 June 2025, the Group had \$16,638,470 of equity shares. The fair value of the equity shares is determined by reference to published price quotations in an active market.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are carried at fair value in the financial statements.

	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
30-Jun-25				
Quoted equity shares	16,638,470	16,638,470	-	-
30-Jun-24				
Quoted equity shares	12,227,083	12,227,083	-	-

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
10. <u>PREPAYMENTS AND OTHER ASSETS</u>				
Other debtors	1,128,331	2,355,104	1,824,894	2,204,035
Prepayments	828,758	1,144,840	1,750,875	1,351,052
Receivable from related party (Note 24)(b)	-	-	3,315,082	2,058,283
	<u>1,957,089</u>	<u>3,499,944</u>	<u>6,890,851</u>	<u>5,613,370</u>
11. <u>INVESTMENT IN SUBSIDIARIES</u>				
Shares in Subsidiary Companies:				
- Platinum Insurance Limited	-	-	215,000	215,000
- Insurance Holdings (Pacific) Pte Limited	-	-	661,694	661,694
- Veritas Pte Limited	-	-	-	386,592
- Investment derecognised due to discontinued operations	-	-	-	(386,592)
- Kontiki Finance Samoa Limited	-	-	8,919,062	-
	<u>-</u>	<u>-</u>	<u>9,795,756</u>	<u>876,694</u>
The Company holds 100% of the ordinary shares for all these subsidiaries. The results of these subsidiaries has been consolidated in these financial statements.				
12. <u>DUE TO CUSTOMERS</u>				
As at year end, due to customers is as follows:				
Term deposits	229,547,035	210,972,396	226,896,934	210,972,396
<u>Sector concentration</u>				
Individuals	96,518,898	99,207,426	96,412,966	99,207,426
Private sector businesses	44,840,437	29,291,802	42,296,268	29,291,802
Public enterprises	40,904,326	39,457,492	40,904,326	39,457,492
Non-profit institutions	13,656,930	12,134,646	13,656,930	12,134,646
Non-bank financial institutions	33,626,444	30,881,030	33,626,444	30,881,030
	<u>229,547,035</u>	<u>210,972,396</u>	<u>226,896,934</u>	<u>210,972,396</u>
<u>Maturity analysis</u>				
Not longer than 3 months	22,346,695	34,219,716	22,346,695	34,219,716
Longer than 3 months and not longer than 12 months	90,939,709	97,364,894	88,395,540	97,364,894
Longer than 12 months and not longer than 5 years	101,989,152	63,243,825	101,883,220	63,243,825
Longer than 5 years	14,271,479	16,143,961	14,271,479	16,143,961
	<u>229,547,035</u>	<u>210,972,396</u>	<u>226,896,934</u>	<u>210,972,396</u>

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
13. <u>PROPERTY, PLANT AND EQUIPMENT</u>				
<u>Furniture and fittings</u>				
<i>Cost:</i>				
At 1 July	1,441,254	1,303,027	1,396,134	1,241,310
Additions	823,048	159,431	28,743	154,824
Disposals	(473,224)	(21,204)	(472,791)	-
At 30 June	1,791,078	1,441,254	952,086	1,396,134
<i>Depreciation:</i>				
At 1 July	1,175,878	1,066,570	1,148,748	1,027,091
Depreciation charge for the year	139,593	123,573	95,248	121,657
Disposal	(472,064)	(14,265)	(472,055)	-
At 30 June	843,407	1,175,878	771,941	1,148,748
Net written down value as at 30 June	947,671	265,376	180,145	247,386
<u>Office equipment</u>				
<i>Cost:</i>				
At 1 July	2,888,939	2,498,328	2,496,554	2,154,169
Additions	470,608	608,735	361,946	491,426
Disposal	(279,582)	(218,124)	(268,160)	(149,041)
At 30 June	3,079,965	2,888,939	2,590,340	2,496,554
<i>Depreciation:</i>				
At 1 July	1,957,872	1,844,852	1,650,363	1,512,553
Depreciation charge for the year	337,055	302,996	285,684	279,848
Disposal	(281,350)	(189,976)	(257,380)	(142,038)
At 30 June	2,013,577	1,957,872	1,678,667	1,650,363
Net written down value as at 30 June	1,066,388	931,067	911,673	846,191
<u>Motor vehicles</u>				
<i>Cost:</i>				
At 1 July	1,442,216	1,549,107	1,343,051	1,274,151
Additions	703,245	68,900	528,016	68,900
Disposal	(271,750)	(175,791)	(271,750)	-
At 30 June	1,873,711	1,442,216	1,599,317	1,343,051
<i>Depreciation:</i>				
At 1 July	1,076,982	1,057,604	1,057,644	882,302
Depreciation charge for the year	231,347	194,510	204,736	175,342
Disposal	(271,750)	(175,132)	(271,750)	-
At 30 June	1,036,579	1,076,982	990,630	1,057,644
Net written down value as at 30 June	837,132	365,234	608,687	285,407

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
13. <u>PROPERTY, PLANT AND EQUIPMENT continued</u>				
<u>Buildings</u>				
<i>Cost:</i>				
At 1 July	4,830,953	3,675,838	4,711,548	3,549,047
Additions	347,692	1,166,021	347,692	1,162,501
Disposal	-	(10,906)	-	-
At 30 June	5,178,645	4,830,953	5,059,240	4,711,548
<i>Depreciation:</i>				
At 1 July	179,587	87,347	156,172	62,602
Depreciation charge for the year	125,835	96,474	122,850	93,570
Disposal	-	(4,234)	-	-
At 30 June	305,422	179,587	279,022	156,172
Net written down value as at 30 June	4,873,223	4,651,366	4,780,218	4,555,376
<u>Leasehold land</u>				
<i>Cost:</i>				
At 1 July	945,000	945,000	945,000	945,000
Additions	-	-	-	-
At 30 June	945,000	945,000	945,000	945,000
<i>Depreciation:</i>				
At 1 July	34,348	21,052	34,348	21,052
Amortisation	13,296	13,296	13,296	13,296
At 30 June	47,644	34,348	47,644	34,348
<u>Freehold land</u>				
<i>Cost:</i>				
At 1 July	1,900,000	1,900,000	1,900,000	1,900,000
Additions	-	-	-	-
At 30 June	1,900,000	1,900,000	1,900,000	1,900,000
Net written down value as at 30 June	2,797,356	2,810,652	2,797,356	2,810,652
<u>Work In Progress</u>				
<i>Cost:</i>				
At 1 July	566,331	1,005,072	16,576	847,795
Additions	112,672	3,279,921	112,672	2,887,443
Transfers	(651,570)	(3,718,663)	(101,815)	(3,718,663)
At 30 June	27,433	566,331	27,433	16,576
Net book value as at 30 June	10,549,203	9,590,025	9,305,512	8,761,588

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
14. <u>INTANGIBLE ASSETS AND GOODWILL</u>				
<u>Software costs</u>				
<i>Cost:</i>				
At 1 July	10,319,891	1,729,285	10,319,891	1,729,285
Additions	3,179,342	8,590,606	1,519,533	8,590,606
Disposal	(910,652)	-	(910,652)	-
At 30 June	12,588,581	10,319,891	10,928,772	10,319,891
<i>Amortisation and impairment:</i>				
At 1 July	1,774,047	1,486,880	1,774,047	1,486,880
Amortisation	793,462	287,167	755,846	287,167
Disposal	(909,745)	-	(909,745)	-
At 30 June	1,657,764	1,774,047	1,620,148	1,774,047
Net written down value as at 30 June	10,930,817	8,545,844	9,308,624	8,545,844
 <u>Work In Progress</u>				
<i>Cost:</i>				
At 1 July	54,742	3,355,093	54,742	3,355,093
Additions	3,124,601	3,547,281	3,124,601	3,547,281
Transfers	(3,179,342)	(6,847,632)	(3,179,342)	(6,847,632)
At 30 June	-	54,742	-	54,742
 <u>Goodwill</u>				
<i>Cost:</i>				
At 1 July	894,311	1,335,332	-	-
Write off arising out of discontinued operations	-	(441,021)	-	-
At 30 June	894,311	894,311	-	-
Net written down value as at 30 June	11,825,128	9,494,897	9,308,624	8,600,586

The Group performed its annual goodwill impairment test as of 30th June 2025, concluding no impairment was necessary; refer **Note AA** under summary of accounting policies for detailed methodology and assumptions.

15. TRADE AND OTHER PAYABLES

Trade payables	5,493,177	9,249,612	358,338	130,556
Payable to related party (Note 24(b))	23,500	22,083	1,054,255	631,993
Accrued and other liabilities	4,311,985	3,924,328	2,410,050	1,917,338
	9,828,662	13,196,023	3,822,643	2,679,887

Terms and conditions of the above financial liabilities are as follows:

- Trade payables are non-interest bearing and are normally settled as and when due.

16. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACTS HELD ASSETS

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Liabilities for remaining coverage	-	12,331,009	(6,794)	11,110,599
Liabilities for incurred claims	-	1,552,286	-	955,761
Insurance contract (assets)/liabilities	-	13,883,295	(6,794)	12,066,360
 Reinsurance contracts held				
Loan protection	27,272	-	27,272	-
Total reinsurance contracts held	27,272	-	27,272	-

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

16. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACTS HELD ASSETS *continued*

(a) Reconciliations

Reconciliation of the carrying amounts of provisions at the beginning and end of the current financial period

	Assets for insurance acquisition cash flows	Liabilities for remaining coverage	Liabilities for incurred claims Estimates of the present value of future cash flows	Liabilities for incurred claims Risk Adjustment	Total
2025					
Loan Protection					
Insurance contract (assets)/liabilities 1 July 2024	(6,793)	11,110,598	872,128	83,633	12,059,566
Insurance revenue	-	(2,722,039)	-	-	(2,722,039)
Insurance service expenses					
Gross claims incurred	-	-	1,728,380	-	1,728,380
Changes to liabilities for incurred claims	-	-	(38,079)	(3,809)	(41,888)
Movement to acquisition cost cash flows	-	6,793	-	-	6,793
Net insurance (revenue)/expense	-	(2,715,246)	1,690,301	(3,809)	(1,028,754)
Cash flows					
Premiums received	-	3,942,450	-	-	3,942,450
Payment of claims	-	-	(984,967)	-	(984,967)
Payment of claims handling	-	-	(105,000)	-	(105,000)
Total cash flows	-	3,942,450	(1,089,967)	-	2,852,483
Allocation of assets for insurance acquisition cash flows	6,793	(6,793)	-	-	-
Insurance contract (assets)/liabilities 30 June 2025	-	12,331,009	1,472,462	79,824	13,883,295
2024					
Loan Protection					
Insurance contract (assets)/liabilities 1 July 2023	(29,020)	8,645,831	985,150	-	9,601,961
Insurance revenue	-	(2,424,147)	-	-	(2,424,147)
Insurance service expenses					
Gross claims incurred	-	-	1,069,265	-	1,069,265
Changes to liabilities for incurred claims	-	-	(99,606)	83,633	(15,973)
Movement to acquisition cost cash flows	-	18,679	-	-	18,679
Net insurance (revenue)/expense	-	(2,405,468)	969,659	83,633	(1,352,176)
Cash flows					
Premiums received	-	4,892,462	-	-	4,892,462
Payment of claims	-	-	(986,431)	-	(986,431)
Payment of claims handling	-	-	(96,250)	-	(96,250)
Total cash flows	-	4,892,462	(1,082,681)	-	3,809,781
Allocation of assets for insurance acquisition cash flows	22,227	(22,227)	-	-	-
Insurance contract (assets)/liabilities 30 June 2024	(6,793)	11,110,598	872,128	83,633	12,059,566

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

16. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACTS HELD ASSETS *continued*

(a) Reconciliations *continued*

	Assets for remaining coverage	Amounts recoverable on incurred claims	Total
2025			
Loan Protection			
Reinsurance contract assets 1 July 2024	27,272	-	27,272
Allocation of reinsurance premiums	(54,545)	-	(54,545)
Amounts recoverable from reinsurers for incurred claims	-	-	-
Total changes in the statement of comprehensive income	(54,545)	-	(54,545)
Cash flows			
Reinsurance premium paid	54,545	-	54,545
Amounts received	-	-	-
Total cash flows	54,545	-	54,545
Reinsurance contract assets 30 June 2025	27,272	-	27,272
2024			
Loan Protection			
Reinsurance contract assets 1 July 2023	35,519	-	35,519
Allocation of reinsurance premiums	(62,792)	-	(62,792)
Amounts recoverable from reinsurers for incurred claims	-	-	-
Total changes in the statement of comprehensive income	(62,792)	-	(62,792)
Cash flows			
Reinsurance premium paid	54,545	-	54,545
Amounts received	-	-	-
Total cash flows	54,545	-	54,545
Reinsurance contract assets 30 June 2024	27,272	-	27,272

	2025 \$	2024 \$
(b) Insurance Contracts		
(i) Insurance Service Result		
Insurance revenue	2,722,039	2,424,147
Insurance service expense	(1,693,285)	(1,071,971)
Incurred claims and other expenses	(1,623,380)	(973,015)
Insurance and claims handling fees	(105,000)	(96,250)
Net movement in insurance contract liabilities	41,888	15,973
Amortisation of insurance acquisition cash flows	(6,793)	(18,679)
Insurance service result before reinsurance contracts held	1,028,754	1,352,176
Amounts recoverable from reinsurers for incurred claims	-	-
Allocation of reinsurance premiums	(54,545)	(62,792)
Net expense from reinsurance contracts held	(54,545)	(62,792)
Insurance service result	974,209	1,289,384

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

16. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACTS HELD ASSETS *continued*

	2025 \$	2024 \$
(b) Insurance Contracts <i>continued</i>		
Investment income	4,753,218	4,007,971
Interest Income	109,536	69,117
Bond Interest	76,426	67,999
Dividend	150,351	147,375
Unrealised Gain on Equities	4,416,854	3,723,491
Realised Loss on Equities	51	(11)
Other income and expenses	(220,423)	(292,070)
Actuary Fees	(12,554)	(12,554)
Auditors Remuneration	(30,188)	(73,500)
Bank Fees	(3,767)	(3,852)
Foreign Currency Loss	1,071	(13,381)
Share Sold Fees	(139)	(173)
Management Fee Expense	(94,420)	(90,721)
Local Representative Fee	(6,891)	(6,942)
Tax – Withholding tax on Interest	(9,861)	(6,912)
Samoa Project Expense	-	(17,998)
Parking Expense	(1,871)	(1,821)
Depreciation	(41,217)	(41,217)
Interest Expense for Lease	(20,586)	(22,999)
Operating profit before taxation	5,507,004	5,005,285
Income tax expense	-	-
Operating profit after taxation	5,507,004	5,005,285
 (ii) Insurance service expense	 -	 -
Gross claims incurred	(1,623,380)	(973,015)
Net claims incurred	(1,623,380)	(973,015)

Investment and other income and expenses are consolidated into various line items recorded in the statement of profit or loss and other comprehensive income.

Gross claims incurred

Current year claims relate to risks borne in the current financial year. Prior year claims relate to a reassessment of the risks borne in all previous financial years.

(c) Liability for incurred claims

	2025 \$	2024 \$
Central estimate of expected present value of future payments for claims incurred	739,120	773,767
Claims payable	674,212	35,799
Risk margin	79,824	83,633
Claims handling costs	59,130	62,563
Liability for incurred claims	1,552,286	955,762

Platinum Insurance Limited's Actuary, Peter Davies, B.Bus.Sc, FNZSA, FI, has calculated the estimate of the outstanding claims liability as at reporting date for the company by review of historical claims data and the estimated cost of settling claims on the basis of past performance and trends.

The outstanding claims liability has been determined in accordance with IFRS 17, Insurance Contracts issued by the New Zealand External Reporting Board, and Professional Standard No. 30 of the New Zealand Society of Actuaries – Valuation of General Insurance Claims.

The Company's Actuary is satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. The outstanding claims liability is set at a level that is appropriate and sustainable to cover the Company's claims obligations after having regard to the prevailing market environment and prudent industry practice.

The key assumptions adopted by the Company's Actuary in calculation of the outstanding claims liability are set out below.

At the reporting date, there are no qualifications contained in the Actuarial Report.

16. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACTS HELD ASSETS continued

(c) Liability for incurred claims *continued*

(i) Assumptions adopted in calculation of the liability for incurred claims

Key assumptions

The following key assumptions were used by the Actuary:
- claims reporting patterns: derived from analysis of past claims experience;
- risk margin: 10.0% (30 June 2024: 10.0%); and
- claims management allowance: 8.1% (30 June 2024: 8.1%)

Claims reporting patterns

The claims reporting pattern assumed in the estimate of the outstanding claim liability is in line with the Company's past experience.

Risk margin

The estimate of the outstanding claims liability also includes a risk margin that relates to the inherent uncertainty in the central estimate of the future payments. Risk margins are determined on a basis that reflects the Company's business. Regard is given to the robustness of the valuation models, the reliability and volume of available data, past experience of the insurer and the industry and the characteristics of the classes of business written.

Uncertainty in claims is represented as a volatility measure in relation to the central estimate. The volatility measure is derived after consideration of statistical modelling and benchmarking to industry analysis. The measure of the volatility is referred to as the coefficient of variation, defined as the standard deviation of the distribution of future cash flows divided by the mean.

The risk margins applied to future claims payments are determined with the objective of achieving at least 75% probability of sufficiency for both the outstanding claims liability and the unexpired risk liability.

Claims management allowance

The estimate of the outstanding claims liability incorporates an allowance for the future cost of administering the claims. This allowance is determined after analysing historical claim related expenses incurred by the classes of business.

(ii) Sensitivity analysis

Generally, all insurance business entered into is short-term in nature. The key sensitivities relate to payment durations.

The movement in any of these key variables will impact the performance and equity of the Company. The business written is long term in nature and therefore it will be more impacted by changes in assumptions over time.

The following table describes how a change in each assumption will affect the outstanding claim liability and shows an analysis of the sensitivity to the profit or loss.

Variable	Movement	2025 \$	2024 \$
Effect on profit and loss			
- Payment durations	10% longer	946,252	950,268
- Payment durations	10% shorter	(620,109)	(673,409)

(d) Insurance risk

Insurance risk is the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to the expectations at the time of underwriting. The risks inherent in any single insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, these risks are random and unpredictable. In relation to the pricing of individual insurance contracts and the determination of the level of outstanding claims provision in relation to a portfolio of insurance contracts, the principal risk is that the ultimate claims payment will exceed the carrying amount of the provision established.

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

16. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACTS HELD ASSETS continued

(d) Insurance risk continued

(i) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The subsidiary manages its insurance risks through a process of ongoing identification, measurement, and monitoring subject to risk limits and other controls. This process of risk management is critical to the subsidiary's profitability and the Subsidiary is accountable for the risk exposures relating to their responsibilities. The subsidiary is exposed to credit risk, liquidity risk, (re)insurance risk, market risk, claims management risk, regulatory risk and operational risk in the main. The subsidiary's Board and the parent company have ultimate oversight over these risks. The principal risk the subsidiary faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the subsidiary is to ensure that sufficient reserves are available to cover these liabilities. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy. There have not been material differences between the actual claims compared with estimates recorded in the accounts.

(ii) Concentration of insurance risk

The Subsidiary is exposed to a single concentration of insurance risk, which is loan protection insurance issued to Kontiki Finance Limited's customers in Fiji and Samoa. The risk is managed through the use of an actuary and internal analysis as described above, and the use of a reinsurance provider.

(e) Onerous Contracts test

When using a Premium Allocation Approach (PAA) under IFRS 17, the assumption is made that business written is not onerous at initial recognition. An ongoing test is required to determine that there is no significant possibility of the contracts becoming onerous - by assessing the likelihood of changes in applicable facts and circumstances.

The value of fulfilment cashflows if the General Measurement Model were applied, is comprised of expected net future claims, expense allowance and a risk margin. The liability for remaining coverage ("Unearned Premium Reserve") is higher than the fulfilment cashflows indicating there is no significant risk of these contracts becoming onerous.

There is no significant probability of the contracts becoming onerous under the test requirements of IFRS 17.

(f) Reinsurance programme

Reinsurance programmes are structured to adequately protect the Subsidiary's solvency and capital positions.

Reinsurance is purchased to make the Company's results less volatile by reducing the effect of large individual claims or multiple small claims.

17. EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Annual leave	462,751	273,682	406,962	245,255

18. LEASES

Group as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

As at 1 July 2024	1,974,055	3,737,000	1,090,242	2,665,243
Additions	-	203,924	-	254,048
Disposal of right-of-use assets	-	(953,107)	-	(953,107)
Remeasurement of right-of-use assets	(83,721)	(5,489)	-	(5,489)
Depreciation expense	(734,391)	(1,008,273)	(596,570)	(870,453)
As at 30 June 2025	<u>1,155,943</u>	<u>1,974,055</u>	<u>493,672</u>	<u>1,090,242</u>

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
18. <u>LEASES continued</u>				
<u>Group as a lessee continued</u>				
Set out below are the carrying amounts of lease liabilities and the movements during the period:				
As at 1 July 2024	2,321,701	4,193,952	1,276,538	2,976,655
Additions	-	202,503	-	254,048
Disposal of lease liability	-	(1,110,820)	-	(1,110,820)
Remeasurement of lease liability	(175,072)	(5,492)	-	(5,492)
Accretion of interest	129,241	284,722	59,315	195,491
Payments	(869,458)	(1,243,164)	(745,892)	(1,033,344)
As at 30 June 2025	<u>1,406,412</u>	<u>2,321,701</u>	<u>589,961</u>	<u>1,276,538</u>

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	734,391	1,008,273	596,570	870,453
Interest expense on lease liabilities	129,241	284,722	59,315	195,491
Total amount recognised in profit or loss	<u>863,633</u>	<u>1,292,995</u>	<u>655,885</u>	<u>1,065,944</u>

The Group had total cash outflows for leases of \$869,458 in 2025. The Company had non-cash additions to right-of-use assets and lease liabilities of \$Nil during the financial period.

The ROU asset is amortised over the term of each leased asset.

19. DEBT ISSUED AND OTHER BORROWED FUNDS

Tier 2 Capital Bond	11,590,000	15,590,000	11,590,000	15,590,000
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As at 30 June 2025, Kontiki Finance Limited had on issue \$11.59 million worth of Tier 2 Capital Bonds with an average interest rate of 6.79% per annum, payable quarterly. The bonds have a term of 7 years and are repaid in equal annual installments over the last 5 years of the Term of the Bond (20% of the Principal amount each year from year 3 to year 7). A total of \$4 million was repaid during the financial year.

20. FINANCIAL ASSETS HELD FOR TRADING

Government debt securities	6,046,770	5,934,861	5,070,411	4,976,071
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As at 30 June 2025, the Group's government bond portfolio was valued at \$6,046,770 (\$5,070,411 for the Company). The fair value of the Government debt securities is determined by reference to published price by Reserve Bank of Fiji.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are carried at fair value in the financial statements.

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
30-Jun-25					
Government debt securities	<u>6,046,770</u>	<u>6,046,770</u>	<u>-</u>	<u>-</u>	<u>6,046,770</u>
30-Jun-24					
Government debt securities	<u>5,934,861</u>	<u>5,934,861</u>	<u>-</u>	<u>-</u>	<u>5,934,861</u>

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
21. SHARE CAPITAL				
<u>Issued and paid up capital</u>				
Ordinary shares fully paid	28,124,940	15,551,538	28,124,940	15,551,538

The Group has a Dividend Reinvestment Plan. Under the Plan shareholders may elect to reinvest all or part of their dividend in additional ordinary shares to be issued by the Company. The dividend reinvestment price is set at a five percent discount to the weighted average price of KFL shares traded on the SPX over the 30 days preceding the dividend announcement. A final dividend of 3.5 cents per share, totaling to \$3,277,124, was declared from profits for the 2024 financial year and paid in the 2025 financial year. In addition, an interim dividend of 3.0 cents per share, totaling to \$3,052,936, was declared and paid during the financial year 2025. During the year the Company raised share capital totaling to \$12,573,402 (2024: \$490,960) in the 2025 financial year. The total number of shares at the end of the year was 105,652,603 (2024: 93,632,117).

22. EARNINGS PER SHARE

	Group	
	2025	2024
	\$	\$
Profit attributable to ordinary shares for basic earnings	12,225,318	8,486,981
Weighted average ordinary shares at end of financial year	99,642,360	93,391,182
Basic earnings per share (\$)	\$ 0.12	\$ 0.09

23. COMMITMENTS AND CONTINGENT LIABILITIES

	2025	2024
	\$	\$
a) Contingent liabilities	Nil	Nil
b) Capital commitments	7,031,310	5,434,533
c) Loan commitments	2,676,816	Nil

Capital expenditure of \$7,031,310 is budgeted for the purchase of IT hardware and software, buildings, motor vehicles, office furniture, fittings and equipment and software development for the company.

24. RELATED PARTY TRANSACTIONS

(a) Directors

The names of persons who were directors of Kontiki Finance Limited at the date of this report are as follows:
Barry Trevor Whiteside (concluded Chair term on 30/10/24)
Chirk Hoy Yam (assumed Chair role on 31/10/24)
Griffon Ian Emose
Peter Andrew Dixon
Desmond Eric Kearse
Mark Morris Halabe (appointed 30th October 2024)

		2025	2024
		\$	\$
(b) <u>Owing by/(to) related parties</u>	<u>Transaction type</u>		
- Platinum Insurance Limited	Insurance premiums	(1,030,755)	(609,910)
- Platinum Insurance Limited	Insurance claims	1,652,139	349,745
- Kontiki Finance Limited (Samoa)	Advances	249,227	-
- Directors	Directors fees	(23,500)	(22,083)
- Insurance Holdings (Pacific) Pte Limited	Advances	1,413,716	1,527,314
- Kontiki Portfolio Services Limited	Share buy-back	-	181,225
(c) <u>Other related party transactions</u>			
- Kontiki Stockbroking Pte Limited	Referral and broking fee	51,036	40,162
- Kontiki Capital Pte Limited	Advisory and managerial services	37,755	60,159
- Compensation of key management personnel	Directors fees and other benefits	288,132	235,031
	Short term employee benefits	2,808,656	2,814,212

KONTIKI FINANCE LIMITED and its Subsidiaries
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

24. RELATED PARTY TRANSACTIONS *continued*

Income			
- Platinum Insurance Limited	Dividend	2,000,000	2,000,000
- Kontiki Finance Limited	Brokerage fees	17,250	15,813
- Platinum Insurance Limited	Brokerage fees	105,000	96,250
- Kontiki Finance Limited (Samoa)	Brokerage fees	6,000	-
- Insurance Holdings (Pacific) Pte Limited	Interest income	114,936	115,209
- Veritas Pte Limited	Interest income	-	23,761

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group and Company's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Group and the Company's profitability and each individual within the Group and Company is accountable for the risk exposures relating to their responsibilities. The Group and Company is exposed to credit risk, liquidity risk and operational risk in the main. The Asset and Liability Committee (ALCO) has oversight of liquidity risk, the Board has oversight of credit risk, and the Board Audit Committee has oversight of all other risks.

The main risk arising from the Group's financial statements are credit risk liquidity risk and Interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk that the Group and Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group and Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

Credit risk is managed through credit verification procedures. Loan receivable balances are monitored on an ongoing basis. The credit quality of customer accounts which are neither past due nor impaired is classified to be good and are expected to be recovered.

The Company has established an account review process to provide early identification of possible changes in the creditworthiness on customers. The credit quality review process allows the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Counterparty limits for liquidity placements are established using credit agency risk ratings. Below also shows maximum exposure to credit risk of the financial assets at the end of reporting period.

	Group		Company	
	2025	2024	2025	2024
Cash and cash equivalents	23,855,142	37,930,369	15,737,979	34,974,308
Receivable from customers	184,888,945	171,916,408	173,594,006	161,279,610
Debt financial assets at amortised cost	68,450,968	44,928,736	59,600,000	38,900,000
Prepayments and other assets	1,957,089	3,499,944	6,890,851	5,613,370
Financial assets held for trading	6,046,770	5,934,861	5,070,411	4,976,071
Financial assets at fair value through profit or loss	16,638,470	12,227,083	-	-
	301,837,384	276,437,401	260,893,247	245,743,359

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Impairment assessment

Definition of default and cure

The Group and Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group and Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group and Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- The borrower is in default or near default;
- The borrower requested emergency funding from the Company;
- The borrower has past due liabilities to public creditors or employees;
- The borrower is deceased;
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral;
- A material decrease in the borrower's turnover or the loss of a major customer;
- A covenant breach not waived by the Company; and
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection.

It is the Group and the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The level of provision maintained varies according to the classification of loans in accordance with the current arrears position of the accounts. Provisions may be adjusted where there are any known difficulties in the cash flows of the customers, or infringement of the original terms of the contract.

Individually assessed allowances

The Company and the Group determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the customer's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the reliable value of collateral and the timing of cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require earlier attention.

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Credit risk *continued*

Collectively assessed allowance

Allowances are assessed collectively for losses on loans and advances that are not individually significant and for individually significant loans and advances where there is not yet objective evidence of individual impairment. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

Information about the Group and the Company's exposure to credit risk and ECL for receivables as at 30 June 2025 is set out in Note 7.

The summary of the Group and the Company's exposure to credit risk is as follow:

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Stage 1 - not credit impaired and no SICR*	169,715,168	161,282,424	158,322,838	150,645,625
Stage 2 - SICR but not credit impaired	16,334,383	7,256,449	16,334,383	7,256,449
Stage 3 - Credit impaired	18,395,924	16,664,509	18,395,924	16,664,509
Gross Credit Exposure	204,445,475	185,203,382	193,053,145	174,566,583
Less: allowance for ECL/impairment losses	(19,556,530)	(13,286,974)	(19,459,139)	(13,286,974)
Net Credit Exposure	184,888,945	171,916,408	173,594,006	161,279,609

*Stage 1 for Group includes trade receivables relating to Insurance Holdings (Pacific) Pte Limited amounting to \$8,251,369 (2024: \$10,636,798).

Credit risk concentration

Credit risk concentration is determined based on the industry for which the loan is given. An analysis of concentrations of credit risk from loans and advances is shown below:

	Group		Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Individuals	183,997,910	168,520,924	175,724,312	157,884,126
Professional and business services	9,324,193	6,331,203	6,205,461	6,331,203
Agriculture	4,491,328	3,846,060	4,491,328	3,846,060
Building and construction	4,238,895	4,511,361	4,238,895	4,511,361
Transport, communication and storage	2,393,149	2,840,841	2,393,149	2,840,841
	204,445,475	186,050,389	193,053,145	175,413,591

The principal risk the subsidiary company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the subsidiary company is to ensure that sufficient reserves are available to cover these liabilities. The subsidiary company manages this risk by having reinsurance placed with counterparties that have a good credit rating that are subject to regular reviews. The concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy. There has not been material differences between the actual claims compared with estimates recorded in the accounts.

Liquidity risk

Liquidity risk is the risk that the Group and Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management aims to match the maturity profile of its term deposit base so as to as closely as possible match that of the loan portfolio. Management also manages liquidity placements so as to ensure adequate liquidity at all times. Cash flows and liquidity are monitored on a daily basis. This incorporates an assessment of expected cash flows and the availability of maturing liquidity placements to provide additional funding if required.

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Maturity analysis of financial assets and liabilities

The table below shows the financial assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Group and Company uses the same basis of expected repayment behavior that was used for estimating the EIR.

30 June 2025

ASSETS	Less than 3 months	3 -12 months	12 months - 5 years	More than 5 Years	Total
Cash and cash equivalents	23,855,142	-	-	-	23,855,142
Financial assets at fair value through profit or loss	16,638,470	-	-	-	16,638,470
Debt financial assets at amortised cost	41,000,000	23,250,968	4,200,000	-	68,450,968
Financial assets held for trading	6,046,770	-	-	-	6,046,770
Receivable from customers	12,430,527	9,093,578	69,609,248	113,312,122	204,445,475
LIABILITIES					
Due to customers	33,492,303	83,082,320	98,579,774	14,392,638	229,547,035
Trade and other payables	9,828,662	-	-	-	9,828,662
Employee benefit liability	462,751	-	-	-	462,751
Insurance contract liabilities	1,528,375	2,335,266	8,487,697	1,531,957	13,883,295
Debt issued and other borrowed funds	-	-	11,590,000	-	11,590,000
Lease liabilities	99,233	291,640	731,938	283,601	1,406,412

30 June 2024

ASSETS	Less than 3 months	3 -12 months	12 months - 5 years	More than 5 Years	Total
Cash and cash equivalents	37,930,369	-	-	-	37,930,369
Financial assets at fair value through profit or loss	12,227,083	-	-	-	12,227,083
Financial assets held for trading	26,000,000	13,928,736	5,000,000	-	44,928,736
Debt financial assets at amortised cost	5,934,861	-	-	-	5,934,861
Receivable from customers	10,405,319	11,521,047	65,177,778	98,946,245	186,050,389
LIABILITIES					
Due to customers	34,219,716	97,364,894	63,243,825	16,143,961	210,972,396
Trade and other payables	13,196,023	-	-	-	13,196,023
Employee benefit liability	273,682	-	-	-	273,682
Insurance contract liabilities	1,097,998	2,071,915	7,409,674	1,479,979	12,059,566
Debt issued and other borrowed funds	1,590,000	6,410,000	7,590,000	-	15,590,000
Lease liabilities	157,448	569,986	1,047,095	547,172	2,321,701

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to Due to Customers and Debt Issued and Other Borrowed Funds balances recorded in the statement of financial position.

The Group manages its interest rate risk by having a portfolio of fixed loans and borrowings. To manage this, the Group enters into contracts that have fixed interest rate amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on rate borrowings, as follows:

	Increase/decrease in basis points	Effect on Profit Before Tax (000)
2025	+50	- 1,206
2025	-50	- 1,206
2024	+50	- 1,133
2024	-50	- 1,133

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a similar volatility than in prior years

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2025

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud and external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Group cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including use of internal audit.

26. CAPITAL MANAGEMENT

The primary objectives of the Group and the Group's capital management policy are to maintain adequate capital to ensure compliance with regulatory capital requirements, to support the growth of its business, and to maximise shareholder value.

The Group and the Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group and the Company may adjust the dividend paid to shareholders, raise capital, or return capital to shareholders.

Capital management is under constant review by the Board.

Regulatory capital

	Company	
	2025	2024
Tier 1	32,981,307	24,707,658
Tier 2	10,194,917	16,236,341
Total capital	43,176,224	40,943,999
Risk weighted assets	215,345,901	201,156,675
Tier 1 capital ratio	15%	12%
Total capital ratio	20%	20%

Under its license conditions with the Reserve Bank of Fiji (RBF), the Company is required to maintain a minimum of 15% of risk weighted assets in total capital at any point in time.

Regulatory capital consists of Tier 1 capital, which comprises of share capital, retained earnings less deferred tax asset and intangible assets. The other component of regulatory capital is Tier 2 capital, which is made up of unaudited current year profit, Tier 2 Capital Bonds and credit loss reserve less deferred tax asset or 1.25% of risk weighted assets (whichever is lesser).

27. SIGNIFICANT EVENT

Kontiki Finance Limited commenced operations in Samoa through its wholly-owned subsidiary, Kontiki Finance Limited (Samoa). KFL Samoa was granted a credit institution licence by the Central Bank of Samoa on 24th March 2023, with operations officially starting following its formal opening on 6 June 2025.

In June 2023, the Government of Fiji announced in its 2023-2024 National Budget a revision to the corporate tax rates. The new tax rate was 15% for companies listed on the South Pacific Stock Exchange (SPX) until the end of the 7th year from the date of listing. The end of the 7th year from the date of listing of the company was 30th June 2025. The income tax rate was raised from 15% to 25% which affected deferred tax balances recorded in the current year as well as the financial results, tax payable and deferred balances in the subsequent financial year.

During the year, the Unit Trust of Fiji (UTOF) acquired a 16.15% shareholding in the Company, making it the second-largest shareholder.

28. PRINCIPAL BUSINESS ACTIVITY

The principal activities of the Company during the year were that of receiving deposits and extending of credit and related services. There was no significant change in the nature of this activity during the financial period.

The Company has a Subsidiary Company in Vanuatu, Platinum Insurance Limited. The principal activity of the Subsidiary is to act as a captive insurer underwriting loan protection insurance for its parent Company, Kontiki Finance Limited, based in the Republic of Fiji and Kontiki Finance Limited (Samoa) based in Samoa.

The principal activity of the Insurance Holdings (Pacific) Pte Limited during the financial year was insurance broking.

The principal activities of the Kontiki Finance Limited (Samoa) during the year were that of receiving deposits and extending of credit and related services.

KONTIKI FINANCE LIMITED and its Subsidiaries
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29. COMPANY DETAILS

Registered office

Level 5 Tappoo City Building
GPO Box 12508
Suva

The Company is a limited liability Company domiciled and incorporated in the Republic of Fiji.

The Company is listed on the South Pacific Stock Exchange.

Places of business

The places of business are located at: Suva, Lautoka and Labasa.

Number of employees at the end of the year

	Group	
	2025	2024
Executive	5	5
Finance	43	40
Products and distribution	88	94
Lending and compliance	58	39
Insurance broking	19	20
Others	18	8
	<u>231</u>	<u>206</u>

All employees are employed by the Company and its Subsidiaries Kontiki Finance Limited (Samoa) and Insurance Holdings (Pacific) Pte Limited.

30. SEGMENT INFORMATION

The Chief Executive Officer has examined the Group's performance from both a business and geographic perspective and has identified three segments of its business:

- Finance and Insurance business located in Fiji, receiving deposits and extending of credit and related services; and act as a insurance broker.
- Captive insurance business located in Vanuatu, underwriting of loan protection insurance for the finance business.
- Finance business located in Samoa, receiving deposits and extending of credit and related services.

KONTIKI FINANCE LIMITED and its Subsidiaries
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30. SEGMENT INFORMATION *continued*

(a) Geographic Segments

The Group operates in the geographical segments of Fiji, Vanuatu and Samoa and the activities are mentioned in Note 31(b).

2025	Fiji	Vanuatu	Samoa	Inter Segment	Total
Revenue	\$	\$	\$	\$	\$
Interest revenue calculated using the effective interest method	44,954,767	185,962	71,011	-	45,211,740
Other interest and similar income	114,520	-	-	(114,520)	-
Interest expense calculated using the effective interest method	(6,420,210)	-	(11,080)	-	(6,431,290)
Other Interest and similar expense	<u>(1,174,570)</u>	<u>(20,586)</u>	<u>-</u>	<u>114,520</u>	<u>(1,080,636)</u>
Net interest income	37,474,507	165,376	59,931	-	37,699,814
Fee income	3,500,215	-	43,852	(128,666)	3,415,401
Insurance revenue	-	2,722,039	-	-	2,722,039
Non-trading income	7,058,326	4,567,256	-	(2,000,000)	9,625,582
Total revenue	48,033,048	7,454,671	103,783	(2,128,666)	53,462,836
Less: expenses					
Movements in expected credit loss	(15,727,981)	-	(95,906)	-	(15,823,887)
Personnel Expenses	(13,433,797)	-	(265,008)	-	(13,698,805)
Depreciation of property, plant and equipment	(1,488,529)	(41,217)	(51,771)	-	(1,581,517)
Amortisation of intangible assets	(755,846)	-	(37,616)	-	(793,462)
Insurance service expense	-	(1,693,285)	-	-	(1,693,285)
Allocation of reinsurance premiums	-	(54,545)	-	-	(54,545)
Other operating expenses	(8,627,258)	(158,619)	(240,799)	135,459	(8,891,217)
Total operating expenses	<u>(40,033,411)</u>	<u>(1,947,666)</u>	<u>(691,100)</u>	<u>135,459</u>	<u>(42,536,718)</u>
Operating profit before tax	7,999,637	5,507,005	(587,317)	(1,993,207)	10,926,118
Profit before tax					
Income tax benefit	1,115,531	-	-	-	1,115,531
Net profit(loss) after tax	9,115,168	5,507,005	(587,317)	(1,993,207)	12,041,649
Total assets	307,438,329	26,150,954	11,645,398	(14,906,603)	330,328,079
Total liabilities	255,310,723	14,288,105	3,241,892	(5,787,453)	267,053,267
Cash flows from operating activities	23,838,030	1,904,820	(236,962)	-	25,505,887
Cash flows from investing activities	(42,577,434)	(1,254,719)	(1,252,087)	-	(45,084,239)
Cash flows used in financing activities	6,319,427	(816,302)	-	-	5,503,125

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30. SEGMENT INFORMATION *continued*

2024	Fiji	Vanuatu	Inter Segment	Total
Revenue	\$	\$	\$	\$
Interest revenue calculated using the effective interest method	38,179,867	137,115	-	38,316,982
Other interest and similar income	138,970	-	(138,970)	-
Interest expense calculated using the effective interest method	(6,329,017)	-	-	(6,329,017)
Other Interest and similar expense	(1,606,240)	(22,999)	138,970	(1,490,269)
Net interest income	30,383,580	114,116	-	30,497,696
Fee income	3,519,228	-	-	3,519,228
Insurance revenue	-	2,424,147	-	2,424,147
Net gains/(losses) on financial assets at fair value through profit or loss	-	-	-	-
Non-trading income	6,696,852	3,870,261	(2,000,000)	8,567,113
Total revenue	40,599,660	6,408,524	(2,000,000)	45,008,184
Less: expenses				
Movements in allowance for impairment losses	(14,632,587)	-	-	(14,632,587)
Personnel Expenses	(11,490,791)	-	-	(11,490,791)
Depreciation of property, plant and equipment	(1,697,905)	(41,217)	-	(1,739,122)
Amortisation of intangible assets	(287,167)	-	-	(287,167)
Impairment of goodwill	(441,021)	-	-	(441,021)
Insurance service expenses		(1,071,971)		(1,071,971)
Allocation of reinsurance premiums	-	(62,792)	-	(62,792)
Other operating expenses	(6,209,928)	(227,259)	134,889	(6,302,298)
Total operating expenses	(34,759,399)	(1,403,239)	134,889	(36,027,749)
Operating profit before tax	5,840,261	5,005,285	(1,865,111)	8,980,435
Profit before tax				
Income tax expense	(656,352)	-	-	(656,352)
Net profit after tax	5,183,909	5,005,285	(1,865,111)	8,324,083
Total assets	281,219,492	20,882,135	(2,712,380)	299,389,247
Total liabilities	244,756,452	12,543,859	(2,505,499)	254,794,812
Cash flows from operating activities	(2,012,533)	3,494,419	-	1,481,886
Cash flows from investing activities	(25,676,508)	(2,754,986)	-	(28,431,494)
Cash flows used in financing activities	(5,539,898)	(59,510)	-	(5,599,408)

30. **SEGMENT INFORMATION continued**

(b) **Business Segment**

The following summary describes the operations of each business segment.

<u>Business segments</u>	<u>Operations</u>
Finance	Receiving deposits and extending of credit and related services in Fiji and Samoa
Insurance	Underwriting of loan protection insurance
Broking	Insurance broking

31. **EVENTS OCCURRING AFTER THE END OF THE FINANCIAL PERIOD**

No matter or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group and the Company, the results of those operations, or the state of affairs of the Group and the Company in future financial periods.