

Company Registration No: 201025088K

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS

31 DECEMBER 2025

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARY COMPANIES

31 DECEMBER 2025

CONTENTS	PAGE
Directors' Statement	1 - 2
Independent Auditor's Report	3 - 5
Statements of Comprehensive Income	6
Statements of Financial Position	7 - 8
Consolidated Statement of Changes in Equity	9
Statement of Changes in Equity	10
Consolidated Cash Flow Statement	11
Cash Flow Statement	12
Notes to the Financial Statements	13 - 72

**SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)**

AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The directors present their statement to the shareholder together with the audited financial statements of SPBD Microfinance Holdings (Singapore) Pte. Ltd. (the "Company") and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2025.

In the opinion of the directors:

- (a) the accompanying financial statements of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and the financial performance, changes in equity and cash flows of the Group and the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 Directors

The directors of the Company in office at the date of this statement are:

Gregory Francis Casagrande
Wu Pei Ngee Penny
J Stephen Mitchell
Barclay O'Brien
Elizabeth Collet Funk
Ronald Bevacqua

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3 Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act 1967, the directors of the Company who held office at the end of the financial year had no interest in the shares or debentures of the Company and related corporations either at the beginning of the financial year or at the end of the financial year, except as follows:

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Directors' Interests in Shares or Debentures (cont'd)

SPBD Microfinance Holdings (Delaware) L.L.C. (Immediate and Ultimate Holding Company)	<i>Registered in the name of director</i>	
	<u>At the beginning of the year</u>	<u>At the end of the year</u>
	<u>Percentage of equity interest</u>	
Gregory Francis Casagrande	100%	100%

4 Share Options

There were no share options granted to subscribe for unissued shares of the Company or any corporation in the Group during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

There were no unissued shares of the Company or any corporation in the Group under option at the end of the financial year.

5 Independent Auditors

Moore Stephens LLP has expressed its willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

DocuSigned by:

 554A5C428502490
 Gregory Francis Casagrande

24th September 2026

DocuSigned by:

 5BF7CAED0A284D0...
 Ronald Bevacqua

24th September 2026



MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SPBD Microfinance Holdings (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group, and the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, 1967 (the "Act") and the Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). 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 Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the "Directors' Statement".

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

(cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of 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 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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Daphne Aw Ai-Mei.

Moore Stephens LLP

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
24 September 2026

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Group		Company	
	<u>Note</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
		US\$	US\$	US\$	US\$
Financial revenue	4	11,645,039	10,394,309	1,323,928	1,098,674
Interest income		7,753,018	7,054,553	523,928	441,074
Fee income		3,892,021	3,339,756	800,000	657,600
Other (expenses)/income	5	(289,389)	149,327	412,157	48,572
Financial expenses	6	(2,121,952)	(2,789,296)	(563,150)	(478,572)
Interest on borrowings		(1,512,223)	(1,846,283)	(563,150)	(478,572)
Allowance for loans losses		(163,004)	(687,224)	-	-
Other financial expenses		(446,725)	(255,789)	-	-
Other operating expenses		(6,713,387)	(5,785,490)	(1,036,819)	(849,783)
Profit/(loss) before income tax	7	2,520,311	1,968,850	136,116	(181,109)
Income tax expense	8	(560,490)	(30,316)	(4,177)	(63)
Net profit/(loss) for the financial year		1,959,821	1,938,534	131,939	(181,172)
Other comprehensive loss:					
<i>Items that may be reclassified subsequently to profit</i>					
- Exchange differences on translation of foreign operations		(242,522)	(214,819)	-	-
Total comprehensive income/(loss) for the financial year		1,717,299	1,723,715	131,939	(181,172)

The accompanying notes form an integral part of these financial statements

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

		Group		Company	
	<u>Note</u>	<u>31/12/2025</u>	<u>31/12/2024</u>	<u>31/12/2025</u>	<u>31/12/2024</u>
		US\$	US\$	US\$	US\$
ASSETS					
Non-Current Assets					
Goodwill	9	407,438	407,438	-	-
Property, plant and equipment	10	1,639,298	1,392,459	35,750	-
Investments in subsidiaries	11	-	-	2,174,178	2,037,669
Amount due from subsidiaries	12	-	-	7,467,305	6,816,275
Other assets	14	442,900	433,350	-	-
Deferred tax assets	17	1,952,784	1,838,385	-	-
		<u>4,442,420</u>	<u>4,071,632</u>	<u>9,677,233</u>	<u>8,853,944</u>
Current Assets					
Loans portfolio	13	21,509,389	20,320,726	-	-
Amount due from subsidiaries	12	-	-	992,270	863,247
Other assets	14	433,833	376,974	76,340	99,952
Cash and bank balances	15	3,530,510	3,052,257	260,055	376,034
Current tax assets	8a	309,542	163,401	3,420	3,420
		<u>25,783,274</u>	<u>23,913,358</u>	<u>1,332,085</u>	<u>1,342,653</u>
Total Assets		<u>30,225,694</u>	<u>27,984,990</u>	<u>11,009,318</u>	<u>10,196,597</u>
EQUITY					
Attributable to equity holder of the Company					
Share capital	16	2,429,998	2,429,998	2,429,998	2,429,998
Retained earnings		3,227,833	1,388,991	700,586	689,626
Foreign currency translation reserve		(494,767)	(252,245)	-	-
Total Equity		<u>5,163,064</u>	<u>3,566,744</u>	<u>3,130,584</u>	<u>3,119,624</u>

The accompanying notes form an integral part of these financial statements

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

		Group		Company	
	<u>Note</u>	<u>31/12/2025</u>	<u>31/12/2024</u>	<u>31/12/2025</u>	<u>31/12/2024</u>
		US\$	US\$	US\$	US\$
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	23	420,451	632,948	-	-
Borrowings	19	6,568,074	8,443,466	1,352,592	1,839,814
		<u>6,988,525</u>	<u>9,076,414</u>	<u>1,352,592</u>	<u>1,839,814</u>
Current Liabilities					
Members' savings deposits	20	5,907,237	5,272,369	-	-
Other payables	21	1,465,169	1,054,470	498,451	158,503
Bank overdrafts	22	293,324	984,456	-	-
Lease liabilities	23	318,296	226,314	-	-
Loan from a director	18	740,255	705,021	740,255	705,021
Borrowings	19	9,349,824	7,099,202	5,287,436	4,373,635
		<u>18,074,105</u>	<u>15,341,832</u>	<u>6,526,142</u>	<u>5,237,159</u>
Total Liabilities		<u>25,062,630</u>	<u>24,418,246</u>	<u>7,878,734</u>	<u>7,076,973</u>
Total Equity and Liabilities		<u>30,225,694</u>	<u>27,984,990</u>	<u>11,009,318</u>	<u>10,196,597</u>

The accompanying notes form an integral part of these financial statements

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Group	<u>Share capital</u> US\$	<u>Retained earnings</u> US\$	Foreign currency translation <u>reserve</u> US\$	<u>Total</u> US\$
Balance at 1 January 2025	2,429,998	1,388,991	(252,245)	3,566,744
Net profit for the year	-	1,959,821	-	1,959,821
Other comprehensive loss	-	-	(242,522)	(242,522)
Total comprehensive income/(loss)	-	1,959,821	(242,522)	1,717,299
Dividend (Note 24)	-	(120,979)	-	(120,979)
Balance as at 31 December 2025	2,429,998	3,227,833	(494,767)	5,163,064
Balance as at 1 January 2024	2,429,998	(549,543)	(37,426)	1,843,029
Net profit for the year	-	1,938,534	-	1,938,534
Other comprehensive loss	-	-	(214,819)	(214,819)
Total comprehensive income/(loss)	-	1,938,534	(214,819)	1,723,715
Dividend paid during the year	-	-	-	-
Balance as at 31 December 2024	2,429,998	1,388,991	(252,245)	3,566,744

The accompanying notes form an integral part of these financial statements

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Company	<u>Share capital</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
Balance as at 1 January 2025	2,429,998	689,626	3,119,624
Net profit for the year	-	131,939	131,939
Other comprehensive income	-	-	-
Total comprehensive income	-	131,939	131,939
Dividend (Note 24)		(120,979)	(120,979)
Balance as at 31 December 2025	2,429,998	700,586	3,130,584
Balance as at 1 January 2024	2,429,998	870,798	3,300,796
Net loss for the year	-	(181,172)	(181,172)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(181,172)	(181,172)
Balance as at 31 December 2024	2,429,998	689,626	3,119,624

The accompanying notes form an integral part of these financial statements

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Group	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
Cash Flows from Operating Activities		
Profit before income tax	2,520,311	1,968,850
Adjustments for:		
Depreciation of property, plant and equipment	564,818	454,115
Interest expense (including amortisation of discount)	1,457,075	1,820,324
Interest expense on lease liabilities	55,148	25,959
Interest income	(7,753,018)	(7,054,553)
Unrealised foreign exchange (gain)/loss	(4,253)	367,175
Allowance for loans losses	163,004	687,224
Gain on disposal of property, plant and equipment	(7,094)	(15,013)
Operating cash flow before working capital changes	(3,004,009)	(1,745,919)
Changes in operating assets and liabilities:		
Loans portfolio	(1,319,954)	(2,397,539)
Other assets	(66,409)	(42,499)
Members' savings deposits	503,719	735,220
Other payables	470,469	(97,680)
Net cash used in operations	(3,416,184)	(3,548,417)
Income tax paid	(798,070)	(533,269)
Interest received	7,753,018	7,054,553
Net cash generated from operating activities	<u>3,538,764</u>	<u>2,972,867</u>
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	9,773	15,013
Purchase of property, plant and equipment	(608,560)	(301,907)
Net cash used in investing activities	<u>(598,787)</u>	<u>(286,894)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	4,993,878	3,718,427
Repayment of borrowings and loan from a director	(4,925,449)	(3,466,768)
Principal payment of lease liabilities	(306,278)	(197,811)
Increase in bank overdrafts and fixed deposits pledged for bank overdrafts	(706,521)	(1,307,603)
Interest paid	(1,461,089)	(1,768,040)
(Decrease)/Increase in amount restricted to members' savings deposits	(27,289)	523,985
Dividend paid	(60,674)	-
Net cash used in financing activities	<u>(2,493,422)</u>	<u>(2,497,810)</u>
Net increase in cash and cash equivalents	446,555	188,163
Cash and cash equivalents at the beginning of the year	2,762,219	2,725,043
Currency realignment	(12,215)	(150,987)
Cash and cash equivalents at the end of the year (Note 15)	<u>3,196,559</u>	<u>2,762,219</u>

The accompanying notes form an integral part of these financial statements

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Company	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
Cash Flows from Operating Activities		
Profit/(Loss) before income tax	136,116	(181,109)
Adjustments for:		
Interest expense	563,150	478,572
Interest income	(523,928)	(441,074)
Loan written off	288,646	228,244
Unrealised foreign exchange gain	227,744	(262,338)
Operating cash flow before working capital changes	691,728	(177,705)
Changes in operating assets and liabilities:		
Other assets and other receivables	(410,763)	(90,301)
Other payables	272,531	(34,519)
Net cash used in operations	553,496	(302,525)
Income tax paid	(4,177)	(63)
Interest received	630,459	111,936
Net cash generated from/(used in) operating activities	1,179,778	(190,652)
Cash Flows from Investing Activities		
Investment in subsidiaries	(136,509)	-
Purchase of intangible assets	(35,750)	-
Amount due from subsidiaries	(1,175,230)	(477,657)
Dividend received	434,375	-
Net cash used in investing activities	(913,114)	(477,657)
Cash Flows from Financing Activities		
Proceeds from borrowings	844,034	1,556,885
Repayment of borrowings	(663,568)	(188,787)
Dividend paid	(60,674)	-
Interest paid	(502,435)	(359,491)
Net cash (used in)/generated from financing activities	(382,643)	1,008,607
Net (decrease)/increase in cash and cash equivalents	(115,979)	340,298
Cash and cash equivalents at the beginning of the year	376,034	35,736
Cash and cash equivalents at the end of the year (Note 15)	260,055	376,034

The accompanying notes form an integral part of these financial statements

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General Information

SPBD Microfinance Holdings (Singapore) Pte. Ltd. (the “Company”) is a private limited company, domiciled and incorporated in Singapore. The Company’s registered office and place of business is located at 1 Goldhill Plaza, #03-39 Podium Block, Singapore 308899.

The principal activities of the Company are that of investment holding and provision of services. There have been no significant changes in the nature of these activities during the financial year. The principal activities of subsidiaries are disclosed in Note 11.

The Company’s immediate and ultimate holding company is SPBD Microfinance Holdings (Delaware) L.L.C. (incorporated in the United States of America). The Company’s ultimate controlling shareholder is Mr. Gregory Francis Casagrande.

The financial statements of the Group and the Company for the financial year ended 31 December 2025 are approved by the Board of Directors and authorised for issue on the date of the Directors’ Statement.

2 Material Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of the Group and the financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1967 (the “Act”) and Financial Reporting Standards in Singapore (FRSs). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2025.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised FRS Issued but Not Yet Effective

As at the date of authorisation of these financial statements, the Group has not adopted the following standards that have been issued and effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 109 and FRS 107: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to FRSs – Volume 11	1 January 2026
FRS 118: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
FRS 119: <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to FRS 21: <i>Translation to a Hyperinflationary Presentation</i>	1 January 2027
<i>Currency</i>	
Amendments to FRS 28: <i>Amendments to the Fair Value Option for Investments in Associates and Joint Ventures</i>	1 January 2027

FRS 118: *Presentation and Disclosure in Financial Statements*

This standard will replace FRS 1 *Presentation of Financial Statements*. Whilst many of the requirements will remain consistent, the new standard will have impacts on the presentation of the Statement of Profit and Loss and consequential impacts on the Statement of Cash Flows. It will also require the disclosure of the non-FRS management performance measures and may impact the level of aggregation and disaggregation throughout the primary financial statements and the notes.

An entity is required to apply the amendments to FRS 1 for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. FRS 118 requires retrospective application with specific transition provisions.

Other than above, the directors do not expect any material impact from the application of these standards.

(b) Going Concern

In the preparation of the financial statements, the directors of the Company believe that the use of the going concern assumption is appropriate in view that the Group will have sufficient cash resources to satisfy its working capital requirements and to meet its obligations as and when they fall due.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(c) Currency Translation

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States Dollar ("US\$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal (i.e. loss of control) of the entity giving rise to such reserve.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(d) Group Accounting

Subsidiaries

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position.

Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(d) Group Accounting (cont'd)

Subsidiaries (cont'd)

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

In business combinations achieved in stages, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combinations, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill on the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(e) Investments in Subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investments is taken to profit or loss.

(f) Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Subsequently, goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. If the Group's interest in the net fair value of the identifiable assets and liabilities exceeds the consideration transferred and the non-controlling interest in the acquiree, the Group will reassess whether it has correctly identified all of the assets acquired and liabilities assumed, and any excess thereafter is recognised as an income immediately.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit and loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(c).

(g) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost represents all costs that are directly attributable to bringing the asset to its working location and condition for its intended use.

Depreciation is calculated on straight line basis to write off the cost of the property, plant and equipment less their residual values over their estimated useful lives using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with effect of any changes in estimate accounted for on a prospective basis. The annual rates have been taken as follows:

Leasehold improvements	- 2 to 20 years
Furniture and fixtures	- 2 to 8 years
Office equipment	- 2 to 8 years
Computer equipment and peripherals	- 2 to 5 years
Motor vehicles	- 2 to 5 years
Software and electronics systems	- 3 to 4 years
Office premises	- 2 to 5 years

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(g) Property, Plant and Equipment (cont'd)

The useful lives of property, plant and equipment and their respective residual values at the end of each reporting period are reviewed and, where appropriate, adjusted. The adjustments, if any, are taken to the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Impairment of Non-Financial Assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

**(ii) Property, Plant and Equipment
Investments in Subsidiaries**

Property, plant and equipment and investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(h) Impairment of Non-Financial Assets (cont'd)

(ii) *Property, Plant and Equipment*
Investments in Subsidiaries (cont'd)

For the purpose of impairment testing, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in profit or loss.

(i) Financial Assets

Classification and measurement

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Initial Recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets measured at amortised costs are presented as "loans portfolio", "other assets (excluding prepayment)", "amount due from subsidiaries" and "cash and bank balances" on the statement of financial position.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(i) Financial Assets (cont'd)

Classification and measurement (cont'd)

Subsequent Measurement

Debt instruments - Financial assets measured at amortised cost

Debt instruments mainly comprise of “loans portfolio”, “other assets (excluding prepayment)”, “amount due from subsidiaries” and “cash and bank balances”. Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. The Group’s debt instruments are classified in the amortised cost category.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. For debt instrument that is measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss. Impairment losses are deducted from the gross carrying amount of these assets and are presented as separate line item in the statement of profit or loss.

Impairment

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group assesses on a forward looking basis the expected credit losses associated with financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month expected credit losses – represents the expected credit losses that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime expected credit losses – represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument or contract asset.

General approach

The Group applies the general approach to provide for expected credit losses on loans portfolio and all other assets, which requires the loss allowance to be measured at an amount equal to 12-month expected credit losses at initial recognition.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(i) Financial Assets (cont'd)

Impairment (cont'd)

General approach (cont'd)

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime expected credit losses. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month expected credit losses.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

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

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(i) Financial Assets (cont'd)

Impairment (cont'd)

Credit-impaired financial assets (cont'd)

Evidence that a financial asset is credit-impaired includes the observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not otherwise consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of expected credit losses

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Recognition and de-recognition

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(i) Financial Assets (cont'd)

Recognition and de-recognition (cont'd)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(j) Cash and Cash Equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents comprise cash and bank balances less pledged/restricted bank balances with financial institutions, which are subject to an insignificant risk of change in value.

(k) Financial Liabilities

Financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provision of the financial instruments. Financial liabilities are included in "total liabilities (excluding provision for taxation)" on the statement of financial position.

Financial liabilities are recognised initially at fair value net of transaction costs that are directly attributable to the acquisition or issuance. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial liabilities of the Group are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(k) Financial Liabilities (cont'd)

Borrowings

Borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period using the effective interest method in which they are incurred.

(m) Financial Guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are measured initially at their fair values and, if not designated as at FVPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with expected credit loss model under FRS 109.
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of FRS 115.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(m) Financial Guarantees (cont'd)

Expected credit losses are a probability-weighted estimate of credit losses. Expected credit losses are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover. Loss allowances for expected credit losses for financial guarantees issued are presented in the Company's statement of financial position as "Borrowings".

Intra-group transactions with regards to the financial guarantees are eliminated on consolidation.

(n) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(o) Preference Share Capital

Preference shares are classified as equity as it is redeemable only at the Company's option and any dividend is discretionary. Dividends thereon are recognised as distributions within equity.

(p) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and it can be measured reliably and also after obtaining reasonable assurance about its collectability. Revenue from rendering services is recognised upon delivery of services to the customers.

Management and professional service income

Management and professional service income are recognised over-time in the period when the services are rendered.

Interest income

Interest income is recognized using the effective interest method. Given the short-term nature of the loan portfolio, interest is generally received within the same accounting period as it accrues and therefore no material accrual is recognized at year end.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(p) Revenue Recognition (cont'd)

Development fee

The Group charges certain percentage of 2% to 3.5% of principal loan amount which is used to cover the cost of training members, loan evaluation and monitoring. This fee is deducted from the loan proceeds, and is recognised over-time in the period when the services are rendered.

Saving withdrawal fee

A fee is charged by the Group to its members when they make withdrawals from their savings account and is recognised at a point in time upon the withdrawals.

Membership fee

In South Pacific Business Development Microfinance (Fiji) (Ltd), a membership fee is charged to the members for entitlements given by the Group, and hence membership fees is non-refundable and recognised as income over-time over the duration of the membership.

Weekly centre meeting fee

In South Pacific Business Development Microfinance Ltd. ("SPBD Tonga"), a weekly centre meeting fee of 5% is charged of principal loan amount which is used to cover the cost of resources and logistics deployed to conduct and manage the weekly centre meeting in various communities where members conveniently make their weekly loan repayment and make small savings. The weekly centre meeting fee is recognised as income over-time over the loan tenure.

Grant income

Grant income is recognised at a point in time when there is:

- i) Entitlement to the grant;
- ii) Virtual certainty that it will be received; and
- iii) Sufficient measurability of the amount.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(q) Employee Benefits

Defined contribution plan

Defined contributions are recognised as an expense in the same period as the employment that gives rise to the contribution. The Group has no further payment obligations once the contributions have been paid.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(r) Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognised right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment" in the statements of financial position.

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(r) Leases (cont'd)

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

- fixed payments (including in-substance fixed payment), less any lease incentive receivables;
- variable lease payment that are based on an index or rate, initially measured using the index or rate at the commencement date;
- amount expected to be payable under residual value guarantees;
- the exercise price of a purchase option if its reasonably certain to exercise the option; and
- payment or penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- there is a change in future lease payments arising from changes in an index or rate;
- there is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a modification to the lease term.

Where lease liabilities are re-measured, corresponding adjustments are made against the right-of-use assets. If the carrying amount of the right-of-use assets has been reduced to zero, the adjustments are recorded in the consolidated income statement.

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases, except for sub-lease arrangements. Lease payments relating to these leases are expensed to consolidated income statement on a straight-line basis over the lease term.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in consolidated income statement in the periods that triggered those lease payments.

When the Group is the lessor:

Leases of property, plant and equipment where the Group retains a significant portion of the risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) are recognised in the consolidated income statement on a straight-line basis over the lease term. Contingent rents are recognised as income in the consolidated income statement when earned.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(s) Income Tax

Current income tax for the current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted and substantively enacted by reporting date.

Deferred income tax is provided using the liability method on all temporary differences at reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except in respect of deductible temporary differences and carry-forward of unutilised tax credits and tax losses, if it is not probable that taxable profits will be available against which those deductible temporary differences and carry-forward of unutilised tax credits and tax losses can be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantially enacted at reporting date.

(t) Government Grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

(u) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the “reporting entity”).

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Material Accounting Policies (cont'd)

(u) Related Parties (cont'd)

- a. A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to a reporting entity if any of the following conditions applies:
 - i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii. both entities are joint ventures of the same third party;
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - vi. the entity is controlled or jointly controlled by a person identified in (a);
 - vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements and the application of the Group and Company's accounting policies, which are described in Note 2 above, requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Impairment of investments in subsidiaries

The Company assesses at each statement of financial position date whether there is any indication that the investments in subsidiaries are impaired. To determine whether there is any indication of impairment, the Company considers factors such as the subsidiaries' financial performance and financial position, changes in customer demand, consumer tastes and trends, and the overall economic environment.

No impairment losses has been recognised for the financial years ended 31 December 2025 and 2024. The carrying amounts of the Company's investments in subsidiaries as at the statement of financial position date are disclosed in Note 11.

Impairment of goodwill

The Group tests goodwill for impairment annually in accordance with the accounting policy as disclosed in Note 2(h)(i). The recoverable amounts of cash-generating units ("CGUs") have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions. Changes to the estimates and assumptions will result in changes in the carrying values of goodwill arising from the acquisition of business. No impairment losses has been recognised for the financial years ended 31 December 2025 and 2024. As at 31 December 2025, the carrying amount of goodwill is US\$407,438 (2024: US\$407,438).

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires that the directors estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the estimation of the value in use are provided in Note 9.

Provision for expected credit losses of loans portfolio

The Group calculates the allowance for expected credit losses for loans portfolio which requires the loss allowance to be measured at an amount equal to 12-month expected credit losses at initial recognition.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Provision for expected credit losses of loans portfolio (cont'd)

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime expected credit losses. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort when estimating expected credit losses. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes various external sources of actual and forecast economic information that relate to the Group's core operations.

The Group recognised provision for expected credit losses amounting to US\$163,004 (2024: US\$687,224) in the profit or loss during the current financial year. The carrying amount of the Group's loan portfolio as at 31 December 2025 was US\$21,509,389 (2024: US\$20,320,726) as disclosed in Note 13.

4 Financial Revenue

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
Timing of revenue recognition				
<u>At a point in time</u>				
- Saving withdrawal fee	133,052	37,524	-	-
- Other fee income	831,100	582,673	-	-
<u>Over-time</u>				
- Development fee	1,124,287	1,062,673	-	-
- Membership fee	393,905	417,638	-	-
- Management income			800,000	657,600
- Weekly centre meeting fee	803,797	702,000	-	-
- Other fee income	605,880	537,248	-	-
	<u>3,892,021</u>	<u>3,339,756</u>	<u>800,000</u>	<u>657,600</u>
Interest on loans	7,753,018	7,054,553	523,928	441,074
	<u>11,645,039</u>	<u>10,394,309</u>	<u>1,323,928</u>	<u>1,098,674</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Financial Revenue (cont'd)

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
Geographical location:				
- Samoa	1,656,783	1,705,000	-	-
- Tonga	4,860,873	4,180,556	-	-
- Fiji	3,010,692	2,667,025	-	-
- Solomon Islands	869,885	688,966	-	-
- Vanuatu	1,246,806	1,152,762	-	-
- Singapore	-	-	1,323,928	1,098,674
	<u>11,645,039</u>	<u>10,394,309</u>	<u>1,323,928</u>	<u>1,098,674</u>

5 Other (Expenses)/Income

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
Commission income	25,989	33,724	-	-
Gain on disposal of property, plant and equipment	7,094	15,013	-	-
Grant income	78,478	-	-	-
Dividend	-	-	434,375	-
Donations	-	3,574	-	-
Financial booklet	98	88	-	-
Guarantee fee	-	-	81,597	66,362
Training programs	24,677	30,182	-	-
Miscellaneous income	27,240	21,537	73	150
Foreign exchange (loss)/gain, net	(452,965)	45,209	(103,888)	(17,940)
	<u>(289,389)</u>	<u>149,327</u>	<u>412,157</u>	<u>48,572</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 Financial Expenses

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
<i>Interests on borrowings</i>				
Interest on borrowings	1,343,151	1,680,014	563,150	478,572
Amortisation of discount (Note 19)	24,920	48,497	-	-
Interest on lease liabilities	55,148	25,959	-	-
Interest on members' savings deposits	89,004	91,813	-	-
Allowance for loans losses	163,004	687,224	-	-
Insurance fee and related claims	446,725	255,789	-	-
	<u>2,121,952</u>	<u>2,789,296</u>	<u>563,150</u>	<u>478,572</u>

7 Profit/(Loss) before Income Tax

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
This is arrived at after charging:				
Admin and management fee	1,606,951	971,136	480,000	455,000
Depreciation of property, plant and equipment and right-of-use assets	564,818	454,115	-	-
Loan written off	-	-	288,646	228,244
Rental expenses (low-value and short-term leases)	87,716	165,656	-	-
Legal and professional fees	173,143	452,469	54,346	36,817
Travelling and transportation	635,421	495,842	3,000	-
Salaries and wages	1,851,784	1,834,581	49,535	41,473
Defined contribution plans	125,319	136,593	-	-

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 Income Tax Expense

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
<u>Current income tax</u>				
- current year	664,755	709,049	4,177	63
- under/(over) provision in prior year	625	(8,127)	-	-
	<u>665,380</u>	<u>700,922</u>	<u>4,177</u>	<u>63</u>
<u>Deferred taxation</u>				
- current year (Note 17)	(104,890)	(280,343)	-	-
- over provision in prior year	-	(390,263)	-	-
	<u>560,490</u>	<u>30,316</u>	<u>4,177</u>	<u>63</u>

Income tax varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2024: 17%) to profit before income tax as a result of the following differences:

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
(Loss)/Profit before income tax	<u>2,520,311</u>	<u>1,968,850</u>	<u>136,116</u>	<u>(181,109)</u>
Income (credit)/tax at 17% (2024: 17%)	428,453	334,705	23,140	(30,788)
Effect of different tax rates in other countries	129,080	75,531	-	-
Non-deductible expenses	182,038	116,889	17,186	78,375
Non-taxable income	(92,327)	(55,720)	(30,544)	(47,524)
Statutory tax exemption	(5,605)	-	(5,605)	-
Unrecognised deferred tax assets	-	(42,699)	-	-
Utilisation of deferred tax asset previously not recognised	(81,774)	-	-	-
Under/(Over) provision in prior year	625	(398,390)	-	-
	<u>560,490</u>	<u>30,316</u>	<u>4,177</u>	<u>63</u>

The corporate income tax rate for the Group's subsidiaries incorporated are calculated at the tax rates applicable in the country in which the subsidiaries are accessible for tax, based on existing legislations, interpretations and practices in respect thereof.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 Income Tax Expense (cont'd)

	<u>2025</u> %	<u>2024</u> %
<u>Tax rate applicable to the Company</u>		
Singapore	17	17
<u>Tax rate applicable to the Subsidiaries</u>		
Independent State of Samoa	27	27
Kingdom of Tonga	25	25
Republic of Fiji	25	25
Solomon Islands	30	30
Republic of Vanuatu	0	0

8a Current tax assets

Movements in current tax assets:

	Group		Company	
	<u>2025</u> US\$	<u>2024</u> US\$	<u>2025</u> US\$	<u>2024</u> US\$
Balance at beginning of the year	163,401	340,168	3,420	3,420
Income tax paid	798,070	533,269	4,177	-
Tax expense	(664,755)	(709,049)	(4,177)	-
(Under)/Over provision in prior year	(625)	8,127	-	-
Translation differences	13,451	(9,114)	-	-
Balance at end of the year	309,542	163,401	3,420	3,420

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 Goodwill

	Group	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
The goodwill is made up as follows:		
Purchased goodwill	407,438	407,438

Purchased goodwill arose from the excess of purchase price paid by a subsidiary in acquiring a business since its formation in January 2000, representing the reputation established with clients, lenders, the government of Samoa and all other stakeholders.

Goodwill is assessed for impairment during the end of each financial year. An impairment loss is the amount by which the carrying amount of a CGU exceeds its recoverable amount. The recoverable amount of the CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on the financial budgets approved by management covering a one-year period. Cash flows from one to five year period were extrapolated using the estimated growth rates of 17.9% (2024: 15%) based on management's best estimates from market industry. A discount factor for about 5.99% (2024: 9.45%) per annum was applied in the value in use calculations.

Sensitivity analysis

If the management's estimated growth rate used in the value in use calculation for the CGU is decreased by 3% (2024: 5%), the recoverable amount of the cash-generating unit is still in excess of its carrying amount.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 Property, Plant and Equipment

	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment and peripherals	Motor vehicles	Software and electronics systems	Intangible work in progress	Office premises	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Group									
2025									
<u>Cost</u>									
At beginning of the year	164,548	196,719	97,695	278,761	1,196,013	81,075	7,107	1,503,167	3,525,085
Additions*	57,377	6,878	4,750	112,974	115,067	7,305	304,209	220,636	829,196
Disposals	(3,763)	(22,155)	(3,879)	(42,438)	(235,707)	(7,200)	-	-	(315,142)
Translation adjustment	1,965	1,721	302	2,179	12,822	766	(6,246)	(78,334)	(64,825)
At end of the year	220,127	183,163	98,868	351,476	1,088,195	81,946	305,070	1,645,469	3,974,314
<u>Less: Accumulated depreciation</u>									
At beginning of the year	93,073	148,348	66,671	229,104	764,136	71,680	-	759,614	2,132,626
Charge for the year	38,195	15,212	8,656	43,060	174,408	4,863	-	280,424	564,818
Disposals	(3,763)	(21,525)	(2,720)	(45,330)	(231,925)	(7,200)	-	-	(312,463)
Translation adjustment	2,357	1,964	124	2,126	12,056	1,517	-	(70,109)	(49,965)
At end of the year	129,862	143,999	72,731	228,960	718,675	70,860	-	969,929	2,335,016
<u>Net book value</u>									
At end of the year	90,265	39,164	26,137	122,516	369,520	11,086	305,070	675,540	1,639,298

*As at 31 December 2025, the office premises amounting US\$220,636 (2024: US\$700,936) was financed by finance lease (Note 23) and cash outflow on purchase of property, plant and equipment amounted to US\$608,560 (2024: US\$301,907).

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 Property, Plant and Equipment (cont'd)

	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment and peripherals	Motor vehicles	Software and electronics systems	Intangible work in progress	Office premises	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Group									
2024									
<u>Cost</u>									
At beginning of the year	132,697	171,903	92,032	268,744	1,138,187	73,613	7,523	945,285	2,829,984
Additions*	34,678	31,271	9,388	31,004	185,198	10,368	-	700,936	1,002,843
Disposals	-	(601)	(1,408)	(11,107)	(104,598)	-	-	(99,358)	(217,072)
Translation adjustment	(2,827)	(5,854)	(2,317)	(9,880)	(22,774)	(2,906)	(416)	(43,696)	(90,670)
At end of the year	164,548	196,719	97,695	278,761	1,196,013	81,075	7,107	1,503,167	3,525,085
<u>Less: Accumulated depreciation</u>									
At beginning of the year	73,901	139,667	60,695	203,911	724,934	64,580	-	683,852	1,951,540
Charge for the year	20,596	13,342	8,915	42,072	157,447	9,562	-	202,181	454,115
Disposals	-	(601)	(1,408)	(11,107)	(104,598)	-	-	(99,358)	(217,072)
Translation adjustment	(1,424)	(4,060)	(1,531)	(5,772)	(13,647)	(2,462)	-	(27,061)	(55,957)
At end of the year	93,073	148,348	66,671	229,104	764,136	71,680	-	759,614	2,132,626
<u>Net book value</u>									
At end of the year	71,475	48,371	31,024	49,657	431,877	9,395	7,107	743,553	1,392,459

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 Property, Plant and Equipment (cont'd)

	Intangible work in progress US\$	Total US\$
Company		
2025		
<u>Cost</u>		
At beginning of the year	-	-
Additions*	35,750	35,750
Charge for the year	-	-
At end of the year	35,750	35,750
<u>Net book value</u>		
At end of the year	35,750	35,750

*The additions during the financial year relate to computer software under implementation. As the software was not yet available for its intended use as at 31 December 2025, no depreciation has been charged during the year.

11 Investments in Subsidiaries

	Company	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
<u>Unquoted shares, at cost</u>		
<i>Ordinary shares</i>		
Balance as at beginning of the financial year	717,298	717,298
Addition	136,509	-
Balance as at end of the financial year	853,807	717,298
<i>Preference shares</i>		
Balance as at beginning and end of the financial year	1,320,371	1,320,371
Balance as at end of the financial year	2,174,178	2,037,669

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11 Investments in Subsidiaries (cont'd)

Details of the subsidiary companies are as follows:

<u>Name of subsidiaries, country of incorporation and place of business</u>	<u>Principal activities</u>	<u>% of equity held by the Company</u>		<u>Cost of investment</u>	
		<u>2025</u> %	<u>2024</u> %	<u>2025</u> US\$	<u>2024</u> US\$
South Pacific Business Development Microfinance Ltd. ("SPBD Tonga") ^(a) (Kingdom of Tonga)	Provision of financial services, training, on-going guidance and motivation to economically disadvantaged people	100	100	188,904	188,904
SPBD Microfinance (Samoa) Ltd. ("SPBD Samoa") ^(b) (Independent State of Samoa)	Provision of financial services, training, on-going guidance and motivation to economically disadvantaged people	100	100	40,000	40,000
South Pacific Business Development Microfinance (Fiji) Ltd ("SPBD Fiji") ^(c) (Republic of Fiji)	Provision of financial services, training, on-going guidance and motivation to economically disadvantaged people	100	100	1,463,318	1,463,318
South Pacific Business Development Microfinance (Solomon Islands) Limited ("SPBD Solomon") ^(d) (Solomon Islands)	Provision of financial services, training, on-going guidance and motivation to economically disadvantaged people	100	100	145,447	145,447

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11 Investments in Subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and <u>place of business</u>	<u>Principal activities</u>	% of equity held by the Company		Cost of investment	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
		%	%	US\$	US\$
SPBD Microfinance (Vanuatu) Ltd (“SPBD Vanuatu”) ^(e) (Republic of Vanuatu)	Provision of financial services, training, on- going guidance and motivation to economically disadvantaged people	100	100	200,000	200,000
SPBD Microfinance Services Pte. Ltd. (“SPBD Services”) ^{(e) (f)} (Republic of Fiji)	Provision of management consultancy activities	100	-	136,509	-
				<u>2,174,178</u>	<u>2,037,669</u>

- (a) Audited by JK Chartered Accountants
(b) Audited by BDO Chartered Accountants (Samoa)
(c) Audited by BDO Chartered Accountants (Fiji)
(d) Audited by Morris & Sojnocki, Chartered Accountants
(e) Audited by Law Partners, Chartered Accountants
(f) Incorporated on 8 October 2025

In 2014, the Company converted certain loans from subsidiaries amounting to US\$1,543,123 into investment in the subsidiaries’ preference shares. The preference shares have the following rights and subject to the following conditions:

- (a) Redeemable at par value any time after 5 years from date of issue and as determined and deemed appropriate by the directors of the subsidiaries;
- (b) Entitled to dividends not exceeding 6% per annum depending on the profitability and financial position of the subsidiaries, and prior consent of certain financial institutions which the subsidiary obtained finance and given covenant regarding dividends;
- (c) Carry similar voting rights as that of ordinary shareholder; and
- (d) Do not entitle holder to any additional seats on the board of the subsidiaries.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12 Amount Due from Subsidiaries

	Company	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
Loan receivables (current and non-current)	8,023,677	7,137,093
Other receivables (current)	435,898	542,429
	<u>8,459,575</u>	<u>7,679,522</u>
Less: Current portion	(992,270)	(863,247)
Non-current portion	<u>7,467,305</u>	<u>6,816,275</u>

The loan receivables are unsecured and carries an interest rate of 2% to 10% (2024: 2% to 10%) per annum. The final repayments of the loans range from 9 February 2026 to 31 December 2033 (2024: 30 June 2025 to 31 December 2033).

The other receivables are non-trade in nature, unsecured, interest-free and payable on demand.

13 Loans Portfolio

	Group	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
Balance at beginning of the year	20,741,944	21,279,410
Loans disbursement during the year	38,003,745	35,668,176
Loans repayment during the year	(36,610,841)	(33,492,954)
Write-offs during the year	(244,102)	(2,020,283)
Translation adjustment	(4,762)	(692,405)
Gross loans portfolio	<u>21,885,984</u>	<u>20,741,944</u>
Less: Allowance for loans losses	<u>(376,595)</u>	<u>(421,218)</u>
	<u>21,509,389</u>	<u>20,320,726</u>

The loans earn interest at the rate ranging from 6% to 27% (2024: 6% to 27%) per annum.

The movement in the allowance for loans losses during the financial year are as follows:

	Group	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
Balance at beginning of the year	421,218	1,865,435
Charge to profit or loss	163,004	687,224
Loans written off	(244,102)	(2,020,283)
Currency translation adjustment	36,475	(111,158)
Balance at end of the year	<u>376,595</u>	<u>421,218</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14 Other Assets

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
Current:				
Deposits	58,922	76,233	7,400	7,400
Other receivables	258,478	169,695	67,552	67,552
Prepayments	116,433	131,046	1,388	25,000
	<u>433,833</u>	<u>376,974</u>	<u>76,340</u>	<u>99,952</u>
Non-current:				
Investment (term deposit)	<u>442,900</u>	<u>433,350</u>	-	-

Investment pertains to two term deposits with Fiji Development Bank amounting FJD500,000 each, which have interest rate of 2% (2024: 2%) per annum and mature on 11 August 2027 and 2 January 2027, respectively (2024: 11 August 2027 and 2 January 2027).

15 Cash and Bank Balances

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
Cash on hand	84,430	63,146	-	-
Cash in banks	2,932,236	2,358,847	260,055	376,034
Vodafone M-Paisa account	36,818	280,458	-	-
Digicel MYCash	21,554	-	-	-
Fixed deposits	455,472	349,806	-	-
	<u>3,530,510</u>	<u>3,052,257</u>	<u>260,055</u>	<u>376,034</u>

For the purpose of the presentation of the cash flow statement, the cash and cash equivalents as at the reporting date comprise the following:

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
Cash and bank balances	3,530,510	3,052,257	260,055	376,034
Less:				
Fixed deposits pledged for bank overdrafts (Note 22)	(143,714)	(127,090)	-	-
Restricted to members' savings deposits	(190,237)	(162,948)	-	-
Cash and cash equivalent	<u>3,196,559</u>	<u>2,762,219</u>	<u>260,055</u>	<u>376,034</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15 Cash and Bank Balances (cont'd)

As at the statement of financial position date, fixed deposits mature within twelve months (2024: twelve months) from the end of the financial year. Interest on fixed deposits is derived at rates ranging from 1.50% to 2.85% (2024: 0.10% to 2.85%) per annum.

16 Share Capital

	Group and Company			
	<u>2025</u>		<u>2024</u>	
	No. of shares	Share capital US\$	No. of shares	Share capital US\$
<u>Ordinary shares</u>				
Balance at beginning and end of the year	1,221,637	976,698	1,221,637	976,698
<u>Preference shares</u>				
Balance at beginning and end of the year	1,935,200	1,453,300	1,935,200	1,453,300
Total share capital	3,156,837	2,429,998	3,156,837	2,429,998

Both classes of shares have no par value. Ordinary shares have one vote each.

The preference shares carry a dividend of 4% (2024: 4%) per annum, if and when declared by the Board of Directors. The dividend rights are cumulative and the preference shareholder has no voting rights unless dividends declared remains in arrears and unpaid for more than six months after the due date.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The carrying amounts of deferred tax assets and liabilities, determined after appropriate offsetting, are shown on the statement of financial position, as follows:

Deferred tax assets

	Group	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
Deferred tax assets:		
- To be recovered after one year	1,952,784	1,838,385

The movement in deferred tax assets are as follows:

	<u>Note</u>	Group	
		<u>2025</u>	<u>2024</u>
		US\$	US\$
Balance at beginning of the year		1,838,385	1,210,304
Recognised in profit or loss	8	104,890	670,606
Currency translation adjustment		9,509	(42,525)
Balance at end of the year		1,952,784	1,838,385

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 Deferred tax (cont'd)

As at 31 December 2025, the Group has unutilised tax losses and temporary differences amounting to approximately US\$7,152,000 (2024: US\$7,599,000) which are available for offset against future taxable profits, for which no deferred tax asset has been recognised due to uncertainty of its recoverability. The availability of the unabsorbed tax losses for set off against future taxable income is subject to the tax regulations of the respective countries in which the Group companies are incorporated and approval by the relevant tax authorities.

The breakdown of unutilised tax losses is as follows:

	Group	
	<u>2025</u> US\$	<u>2024</u> US\$
<u>Expiry dates</u>		
31 December 2025	-	308,000
31 December 2026	197,000	212,000
31 December 2027	207,000	203,000
31 December 2028	69,000	68,000
No expiration	6,679,000	6,808,000
	7,152,000	7,599,000

18 Loan from a Director

	Group		Company	
	<u>2025</u> US\$	<u>2024</u> US\$	<u>2025</u> US\$	<u>2024</u> US\$
Loan	740,255	705,021	740,255	705,021

This loan from a director is unsecured, non-trade in nature, bears 8% (2024: 8%) interest per annum and repayable on demand.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Borrowings

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
Secured loans	5,561,423	4,895,472	521,605	758,797
Unsecured loans	10,380,334	10,691,709	6,118,423	5,454,652
Less: Unamortised discount	(23,859)	(44,513)	-	-
	<u>15,917,898</u>	<u>15,542,668</u>	<u>6,640,028</u>	<u>6,213,449</u>
<u>Term loans (secured)</u>				
Term loan (a)	1,284,610	864,483	-	-
Term loan (b)	712,008	1,197,309	-	-
Term loan (c)	468,287	648,014	-	-
Term loan (d)	1,878,986	847,794	-	-
Term loan (e)	521,605	758,797	521,605	758,797
Term loan (f)	585,202	362,400	-	-
Term loan (g)	110,725	216,675	-	-
	<u>5,561,423</u>	<u>4,895,472</u>	<u>521,605</u>	<u>758,797</u>
<u>Term loans (unsecured)</u>				
Term loans (b)	1,879,578	1,776,646	1,879,578	1,776,646
Term loans (c)	2,107,308	2,647,328	-	-
Term loans – related party (d)	2,774,326	2,347,488	1,128,334	705,001
Term loans (e)	101,447	153,210	14,506	38,100
Term loans (f)	339,836	670,380	-	-
Term loans (hh)	57,975	117,239	-	-
Term loans – ultimate holding company (i)	800,000	800,000	800,000	800,000
Term loans (j)	2,296,005	2,134,905	2,296,005	2,134,905
	<u>10,356,475</u>	<u>10,647,196</u>	<u>6,118,423</u>	<u>5,454,652</u>
Total borrowings	15,917,898	15,542,668	6,640,028	6,213,449
Less: Current portion	(9,349,824)	(7,099,202)	(5,287,436)	(4,373,635)
Non-current portion	<u>6,568,074</u>	<u>8,443,466</u>	<u>1,352,592</u>	<u>1,839,814</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Borrowings (cont'd)

Movements in unamortised discount on borrowings are as follows:

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
At the beginning of the year	44,513	93,010	-	-
Amortisation during the year	(24,920)	(48,497)	-	-
Currency translation adjustment	4,266	-	-	-
At the end of the year	<u>23,859</u>	<u>44,513</u>	<u>-</u>	<u>-</u>

Term loans (secured)

Term loan (a)

The loan is secured by guarantee from the Company (Note 26) and bears an interest rate of 3.9% to 6.5% (2024: 3.9% to 6.5%) per annum. The final repayment of the loan ranges from 30 June 2027 to 1 September 2030 (2024: repayable on demand).

Term loan (b)

The loan is secured by a charge over a portion of the subsidiary's loan portfolio equal to 150% of the principal balance of the credit facility, and bears an interest rate of 9.5% (2024: 9.5%) per annum. The final repayment of the loan is due on 31 August 2027 (2024: 31 August 2027).

Term loan (c)

This comprise one (2024: one) term loan which is secured by a charge over a portion of the subsidiary's loan portfolio equal to 120% of the principal balance of the credit facility, and bear interest rates of 9% (2024: interest rates of 9%) per annum. The final repayment of the loan is due on 30 September 2028 (2024: 30 September 2028).

Term loan (d)

This comprise two (2024: one) term loan which are secured by guarantee from the Company (Note 26) and bear interest rates ranges from 5.75% to 7.5% (2024: ranges from 5.75% to 6%) per annum. The final repayment of the loan ranges from 1 March 2026 to 1 January 2028 (2024: ranges from 1 October 2025 to 1 May 2026).

Term loans (e)

This loan is secured by guarantee from a related party and bears interest rates ranging from 6% to 6.5% (2024: 6% to 6.5%) per annum. The final repayment of the loan ranges from 30 June 2026 to 30 June 2027 (2024: ranges from 30 June 2025 to 20 December 2027).

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Borrowings (cont'd)

Term loans (secured) (cont'd)

Term loans (f)

This loan is secured by a charge over a portion of the subsidiary's loan portfolio equal to 100% of the principal balance of the credit facility, and bears interest rates of 9% (2024: 9%) per annum. The final repayment of the loan is due on 30 November 2029 (2024: 31 December 2028).

Term loans (g)

This loan is secured by a charge over subsidiary's A-grade loan portfolio equal to 100% of the principal balance of the credit facility and registered second fixed and floating charge given by the subsidiary over its assets and undertakings, and bears interest rates of 8% (2024: 8%) per annum. The final repayment of the loan is due on 31 March 2026 (2024: ranges from 30 September 2025 to 31 March 2026).

Term loans (unsecured)

Term loans (b)

These comprise six (2024: six) term loans which are unsecured, bear an interest rate of 8% (2024: 8%) per annum and is repayable on demand (2024: repayable on demand).

Term loans (c)

These comprise five (2024: five) term loans which are unsecured, interest free and are repayable on demand.

Term loans (d)

These comprise twenty-eight (2024: twenty-eight) term loans from the related party which are unsecured and bear interest rates ranging from 6.5% to 8.5% (2024: 3% to 8.5%) per annum. The final repayments of the loans range from 31 March 2026 to 30 September 2029 (2024: range from 31 March 2025 to 31 December 2028).

Term loan(e)

These comprise three (2024: four) term loans which are unsecured and bear interest rates ranging from 3% to 5% (2024: 3% to 5%) per annum. The final repayments of the loans range from 30 April 2026 to 30 June 2026 (2024: range from 30 June 2025 to 30 June 2026).

Term loan (f)

These comprise two (2024: two) term loans which are unsecured and interest free. The final repayments of the loans are due on 30 April 2026 (2024: range from 31 January 2025 to 31 January 2027).

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Borrowings (cont'd)

Term loans (secured) (cont'd)

Term loan (hh)

This loan is unsecured and interest free. The final repayment of the loan is due on 30 June 2026 (2024: 30 April 2026).

Term loan (i)

This loan is from the ultimate holding company which is unsecured and bears an interest rate of 8% (2024: 8%) per annum. The final repayment of the loan is due on 30 June 2026 (2024: 30 June 2026).

Term loan (j)

These comprise six (2024: five) term loans from third parties which are unsecured and bear interest rates ranging from 0% to 8% (2024: 6% to 8%) per annum. The final repayments of the loans range from 31 March 2026 to 30 June 2030 (2024: range from 31 December 2025 to 5 February 2027).

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20 Members' Savings Deposits

Members in these financial statements refer to the Group's loan portfolio borrowers. The savings deposits earn interest at the rate ranging from 1.5% to 3.0% (2024: 1.5% to 3.0%) per annum and this rate may be modified by the Group based on the prevailing interest rates amongst commercial banks.

Members' savings deposits are recorded as current liabilities in the statement of financial position.

A savings account is required to be established by a borrowing member while availing a loan by depositing an initiation deposit amount of US\$3 to US\$5 (2024: US\$3 to US\$5). When the loan has been processed and approved, the members can regularly deposit and withdraw from their savings account which gets recorded in the members' savings account. Members with a current loan balance are required to maintain their savings account with a minimum required balance.

There is no limit on the amount of money the members can keep in the savings accounts. The minimum balance that a member can keep is US\$3. Members can withdraw money from their savings account at any time for emergencies, however the savings account can be closed and fully withdrawn only after the loan outstanding is fully paid off.

21 Other Payables

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
Accruals	653,388	797,369	1,812	1,812
Interest payable	16,923	80,594	-	-
Other payables	734,553	176,507	436,334	156,691
Dividend payable	60,305	-	60,305	-
	<u>1,465,169</u>	<u>1,054,470</u>	<u>498,451</u>	<u>158,503</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 Bank Overdrafts

	Group	
	<u>2025</u> US\$	<u>2024</u> US\$
Bank overdrafts	293,324	984,456

Bank overdrafts of the Group are secured by the following:

- (i) fixed deposits of US\$143,714 (2024: US\$127,090) (Note 15); and
- (ii) bank overdraft of US\$135,300 (2024: US\$116,900) is secured by guarantee from the Company (Note 26)

Interest on bank overdrafts ranges from 11% to 12% (2024: 11% to 12%) per annum.

23 Lease Liabilities

- (a) The Group as a lessee

The Group has lease contracts for office premises and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

The carrying amounts of right-of-use assets classified within property, plant and equipment are as follows:

	Group	
	<u>2025</u> US\$	<u>2024</u> US\$
Motor vehicles	32,878	66,603
Office premises	675,540	743,553
	708,418	810,156

Additions of right-of-use assets classified within property, plant and equipment during the financial year are US\$220,636 (2024: US\$700,936). The Group has total cash outflows for leases (including short term lease) of US\$449,142 (2024: US\$389,426) in financial year ended 31 December 2025.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

23 Lease Liabilities (cont'd)

(a) The Group as a lessee (cont'd)

The amounts recognised in profit or loss are as follows:

	<u>2025</u> US\$	<u>2024</u> US\$
Depreciation of right-of-use assets	313,136	202,181
Interest expense on lease liabilities (Note 6)	55,148	25,959
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term and low-value leases (Note 7)	87,716	165,656

The carrying amounts of lease liabilities are as follows:

	<u>2025</u> US\$	<u>2024</u> US\$
Lease liabilities:		
Current	318,296	226,314
Non-current	420,451	632,948
	<u>738,747</u>	<u>859,262</u>

The movements of lease liabilities during the financial year are disclosed in Note 29.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has some lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. The Group included the extension option in the lease term for leases of office premises because of the leasehold improvements made and the significant costs that would arise to replace the assets.

24 Dividend Paid/Payables

On 31 October 2025, the Company declared a one-tier (tax-exempt) final dividend of S\$0.04 per preference share totalling US\$60,305 in respect of the financial year ended 31 December 2024 and settled subsequent to the financial year ended 31 December 2025.

On 25 June 2025, the Company declared a one-tier (tax-exempt) final dividend of S\$0.04 per preference share totally US\$60,674 in respect of the financial year ended 31 December 2023 and settled during the financial year ended 31 December 2025.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

25 Related Party Transactions

Related parties refer to the entities controlled by the ultimate controlling shareholder, Mr. Gregory Francis Casagrande.

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Group and the Company with related parties:

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	US\$	US\$	US\$	US\$
<u>Subsidiaries</u>				
-Dividend income	-	-	434,375	-
-Guarantee remuneration	-	-	81,597	66,363
-Loan written off	-	-	(288,646)	(228,244)
-Management income	-	-	800,000	657,600
-Interest on loans from the Company	-	-	523,928	441,074
<u>Ultimate holding company</u>				
-Administrative fees charged to the Group/Company	(240,000)	(227,500)	(240,000)	(227,500)
-Management fees charged to the Group/Company	(240,000)	(227,500)	(240,000)	(227,500)
-Dividend	(120,979)	-	(120,979)	-
-Interest on loans to the Group/Company	(64,002)	(64,178)	(64,002)	(64,178)
<u>Related parties</u>				
-Management fees charged to the Group	(1,111,893)	(610,752)	-	-
-Loans to the Group/Company	1,142,544	76,924	695,000	-
-Interest on loans to the Group/Company	(220,855)	(191,449)	(119,825)	(100,430)

The key management personnel comprise mainly directors who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

Directors' remuneration amounting US\$84,309 (2024: US\$71,650) was paid to the directors during the year.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26 Corporate Guarantee

As at 31 December 2025, the Company has corporate guarantee amounting to US\$3,145,000 (2024: US\$1,785,000) issued to banks for the subsidiaries' bank borrowing and bank overdraft. The fair value of the corporate guarantee is estimated to be insignificant as the subsidiaries have the ability to generate sufficient cash flows from their operations to finance their continuing operations and repay the bank borrowing.

27 Capital Management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to support its business and maximise shareholder value. Capital is defined as equity attributable to the equity holders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares.

There were no changes in the Group's approach to capital management during the year.

In the management of capital risk, management takes into consideration the net debt-to-equity ratio as well as the Group's working capital requirements. The Group regards equity as capital, and monitors capital using a net debt-to-equity ratio, which is net debt divided by total capital. Net debt is calculated as total liabilities (excluding provision for taxation) less cash and bank balances. Total equity comprises of share capital and reserves attributable to the equity holder of the Company. Total capital is calculated as total equity plus net debt.

	Group	
	<u>2025</u>	<u>2024</u>
	US\$	US\$
Net debt	21,532,120	21,365,989
Total equity	5,163,064	3,566,744
Total capital	<u>26,695,184</u>	<u>24,932,733</u>
Net debt-to-total capital ratio	<u>0.81</u>	<u>0.86</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments

(a) Financial Risk Management and Policies

The principal risks from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign exchange risk. The management reviews and manages these risks as follows:

(i) *Credit risk*

The carrying amounts of cash and cash equivalents, loans portfolio and other assets represent the Group's maximum exposure to credit risk.

The Group has insignificant concentration of credit risk.

As part of its risk control procedures, an assessment of the credit quality of a new member, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. The utilisation of credit limits is regularly monitored. Loans to members are settled via weekly deductions.

The Group placed its surplus funds with licensed financial institutions in Singapore, Tonga, Fiji, Samoa, Solomon Islands and Vanuatu.

Credit risk grading guideline

The Group and Company has established the internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Group and Company's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	There has not been a significant increase in credit risk since initial recognition.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired.	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(i) *Credit risk* (cont'd)

Credit risk exposure and significant credit risk concentration

The credit quality of the Group and Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
Group					
<u>2025</u>					
Loans portfolio (a)	Performing	12-month ECL	21,885,984	(376,595)	21,509,389
Other assets (excluding prepayments) (b)	Performing	12-month ECL	760,300	-	760,300
Cash and bank balances (c)	Performing	12-month ECL	3,530,510	-	3,530,510
<u>2024</u>					
Loans portfolio (a)	Performing	12-month ECL	20,741,944	(421,218)	20,320,726
Other assets (excluding prepayments) (b)	Performing	12-month ECL	679,278	-	679,278
Cash and bank balances (c)	Performing	12-month ECL	3,052,257	-	3,052,257
Company					
<u>2025</u>					
Amount due from subsidiaries (b)	Performing	12-month ECL	8,459,575	-	8,459,575
Other assets (excluding prepayments) (b)	Performing	12-month ECL	74,952	-	74,952
Cash and bank balances (c)	Performing	12-month ECL	260,055	-	260,055
<u>2024</u>					
Amount due from subsidiaries (b)	Performing	12-month ECL	7,679,522	-	7,679,522
Other assets (excluding prepayments) (b)	Performing	12-month ECL	74,952	-	74,952
Cash and bank balances (c)	Performing	12-month ECL	376,034	-	376,034

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(i) *Credit risk* (cont'd)

Credit risk exposure and significant credit risk concentration (cont'd)

Note a: Loans portfolio

The Group has applied the general approach in FRS 109 to measure loss allowance at an amount equal to 12-month ECL at initial recognition. The Group assessed whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. Accordingly, the Group determined that the provision for expected credit losses as at 31 December 2025 amounted to US\$376,595 (2024: US\$421,218).

The following table provides information about the exposure to credit and expected credit loss for loans portfolio as at 31 December 2025 and 31 December 2024.

	Expected loan loss rate %	Gross loans portfolio US\$	Loan loss allowance US\$	Net loans portfolio US\$
Group				
<u>2025</u>				
Current	1	20,424,409	(204,284)	20,220,125
1 to 4 weeks in arrears	5	1,264,695	(63,236)	1,201,459
5 to 8 weeks in arrears	10	74,912	(7,490)	67,422
9 to 12 weeks in arrears	25	13,914	(3,479)	10,435
13 to 16 weeks in arrears	50	10,970	(5,485)	5,485
17 to 20 weeks in arrears	75	17,851	(13,388)	4,463
21 weeks or more in arrears	100	79,233	(79,233)	-
		<u>21,885,984</u>	<u>(376,595)</u>	<u>21,509,389</u>
<u>2024</u>				
Current	1	20,147,099	(201,476)	19,945,623
1 to 4 weeks in arrears	5	291,674	(14,583)	277,091
5 to 8 weeks in arrears	10	50,351	(5,035)	45,316
9 to 12 weeks in arrears	25	34,047	(8,512)	25,535
13 to 16 weeks in arrears	50	44,260	(22,130)	22,130
17 to 20 weeks in arrears	75	20,095	(15,064)	5,031
21 weeks or more in arrears	100	154,418	(154,418)	-
		<u>20,741,944</u>	<u>(421,218)</u>	<u>20,320,726</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(i) *Credit risk* (cont'd)

Credit risk exposure and significant credit risk concentration (cont'd)

Note b: Other assets including amount due from subsidiaries

Other assets are considered to have low credit risk as they are not due for payment at the end of the reporting period. The Group and Company assessed the latest financial performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of these financial assets. Accordingly, for the purpose of impairment assessment of other assets, the Group and Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Note c: Cash at bank balances

Cash and bank balances were placed with reputable banks and financial institutions with high credit ratings and no history of default.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and Company consider that its cash at banks have low credit risk based on the external credit ratings of the counterparties. The Group and Company used a similar approach for assessment of ECL for cash and cash equivalents to those used for debt investments. The amount of the allowance on cash and cash equivalents was insignificant.

(ii) *Interest rate risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group and the Company monitors its interest rate risks, and changes in fair values from time to time and any gains and losses are included in the profit or loss.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(ii) *Interest rate risk* (cont'd)

The Group and Company have cash balances placed with reputable banks and financial institutions. Such balances are placed on varying maturities and generate interest income for the Group and Company. The Group and Company manage its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group obtains additional financing through bank borrowings. The Group's borrowings are mainly on fixed interest rates.

The table below sets out the Group's and the Company's exposure to interest rate risks and information on weighted average effective yield. Included in the table are the Group's and the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Fixed rate				Effective interest
	Within 1 year US\$	2 to 5 years US\$	Non-interest bearing US\$	Total US\$	rate %
Group					
2025					
Loans portfolio	21,509,389	-	-	21,509,389	6.00% - 27.00%
Other assets (excluding prepayments)	-	442,900	317,400	760,300	2.00%
Cash and cash equivalents	455,472	-	3,075,038	3,530,510	1.50% - 2.85%
Members' savings deposits	(5,907,237)	-	-	(5,907,237)	1.50% - 3.00%
Other payables	-	-	(1,465,169)	(1,465,169)	-
Loan from a director	(740,255)	-	-	(740,255)	8.00%
Bank overdrafts	(293,324)	-	-	(293,324)	11.00% - 12.00%
Lease liabilities	(318,296)	(420,451)	-	(738,747)	4.00% - 11.00%
Borrowings	(6,844,705)	(6,538,937)	(2,534,256)	(15,917,898)	3.00% - 9.50%
Net financial assets/(liabilities)	7,861,044	(6,516,488)	(606,987)	737,569	
2024					
Loans portfolio	20,320,726	-	-	20,320,726	6.00% - 27.00%
Other assets (excluding prepayments)	-	433,350	245,928	679,278	2.00%
Cash and cash equivalents	349,806	-	2,702,451	3,052,257	0.10% - 2.85%
Members' savings deposits	(5,272,369)	-	-	(5,272,369)	1.50% - 3.00%
Other payables	-	-	(1,054,470)	(1,054,470)	-
Loan from a director	(705,021)	-	-	(705,021)	8.00%
Bank overdrafts	(984,456)	-	-	(984,456)	11.00% - 12.00%
Lease liabilities	(226,314)	(632,948)	-	(859,262)	4.00% - 11.00%
Borrowings	(5,662,122)	(6,445,598)	(3,434,948)	(15,542,668)	3.00% - 11.00%
Net financial assets/(liabilities)	7,820,250	(6,645,196)	(1,541,039)	(365,985)	

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(ii) *Interest rate risk* (cont'd)

	<u>Fixed rate</u>		<u>Non-interest bearing</u>	<u>Total</u>	<u>Effective interest rate</u>
	<u>Within 1 year</u>	<u>2 to 5 years</u>			
<u>Company</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>%</u>
<u>2025</u>					
Amount due from subsidiaries	556,371	7,467,306	435,898	8,459,575	2.00%-10.00%
Other assets	-	-	74,952	74,952	-
Cash and cash equivalents	-	-	260,055	260,055	-
Other payables	-	-	(498,451)	(498,451)	-
Loan from a director	(740,255)	-	-	(740,255)	8.00%
Borrowings	(5,287,436)	(1,323,455)	(29,137)	(6,640,028)	5.00%-8.00%
	<u>(5,471,320)</u>	<u>6,143,851</u>	<u>243,317</u>	<u>915,848</u>	
<u>2024</u>					
Amount due from subsidiaries	320,818	6,816,275	542,429	7,679,522	2.00%-10.00%
Other assets	-	-	74,952	74,952	-
Cash and cash equivalents	-	-	376,034	376,034	-
Other payables	-	-	(158,503)	(158,503)	-
Loan from a director	(705,021)	-	-	(705,021)	8.00%
Borrowings	(4,373,635)	(1,839,814)	-	(6,213,449)	5.00%-8.00%
	<u>(4,757,838)</u>	<u>4,976,461</u>	<u>834,912</u>	<u>1,053,535</u>	

(iii) *Liquidity risk*

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due to the shortage of funds.

In the management of its liquidity risk, the Group and the Company monitor and maintain a level of cash and bank balances deemed adequate by management to finance the Group's and the Company's operations to mitigate the effects of fluctuations in cash flows.

The table below analyses Group's and Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not expected to be significant.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iii) *Liquidity risk* (cont'd)

Group	Carrying Amount US\$	Contractual undiscounted cash flows		
		Total US\$	Within	Between 2 year
			1 year US\$	and 5 years US\$
<u>2025</u>				
Members’ savings deposits	5,907,237	5,907,237	5,907,237	-
Other payables	1,465,169	1,465,169	1,465,169	-
Loan from a director	740,255	799,475	799,475	-
Bank overdrafts	293,324	317,585	317,585	-
Lease liabilities	738,747	880,540	336,476	544,064
Borrowings	15,917,898	17,718,756	10,365,305	7,353,451
Total	25,062,630	27,088,762	19,191,247	7,897,515
<u>2024</u>				
Members’ savings deposits	5,272,369	5,272,369	5,272,369	-
Other payables	1,054,470	1,054,470	1,054,470	-
Loan from a director	705,021	761,423	761,423	-
Bank overdrafts	984,456	1,089,115	1,089,115	-
Lease liabilities	859,262	995,285	262,680	732,605
Borrowings	15,542,668	17,126,583	7,936,329	9,190,254
Total	24,418,246	26,299,245	16,376,386	9,922,859
Company				
<u>2025</u>				
Other payables	498,451	498,451	498,451	-
Loan from a director	740,255	799,475	799,475	-
Borrowings	6,640,028	7,334,473	5,790,802	1,543,671
Total	7,878,734	8,632,399	7,088,728	1,543,671
<u>2024</u>				
Other payables	158,503	158,503	158,503	-
Loan from a director	705,021	761,423	761,423	-
Borrowings	6,213,449	6,738,139	4,841,200	1,896,939
Total	7,076,973	7,658,065	5,761,126	1,896,939

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iv) *Foreign exchange risk*

The Group's exposures to changes in foreign currency rates relate primarily to its outstanding foreign currency bank balances, other assets and other payables. The Group monitors exchange fluctuations and takes appropriate steps to minimise or reduce exchange losses.

The Group is exposed to foreign exchange risk in respect of its investments in the Kingdom of Tonga, the Republic of Fiji, Independent State of Samoa, the Solomon Islands and the Republic of Vanuatu. As these investments are held on long-term basis, these exposures are not hedged.

The transactions in those countries take place in the local currencies of the countries concerned. As the foreign exchange rates of those operational currencies are set by their respective central banks based on a prescribed basket of foreign currencies, the Group tries to hedge the assets in those countries against significant fluctuations in foreign exchange valuation by borrowing in non-local currencies, in proportions which match, as close as possible, the foreign currencies utilised by the local central banks to fix their exchange rates, to the best of management's ability. No other specific currency hedging is performed.

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iv) *Foreign exchange risk* (cont'd)

The Group and Company's exposure to foreign currency risk is as follows:

Group	United States <u>Dollar</u> US\$	Fiji <u>Dollar</u> US\$	Samoan <u>Tala</u> US\$	Solomon Islander <u>Dollar</u> US\$	Tongan <u>Pa'anga</u> US\$	Vanuatu <u>Vatu</u> US\$	Singapore <u>Dollar</u> US\$	<u>Euro</u> US\$	New Zealand <u>Dollar</u> US\$	Australian <u>Dollar</u> US\$	<u>Total</u> US\$
2025											
Financial Assets											
Loans portfolio	-	6,294,886	1,425,606	1,422,223	10,395,869	1,970,805	-	-	-	-	21,509,389
Other assets (current and non-current)	74,952	539,260	-	15,240	61,784	69,064	-	-	-	-	760,300
Cash and cash equivalents	406,708	259,075	231,924	147,540	2,347,275	55,625	31,550	6,303	26,154	18,356	3,530,510
Financial Liabilities											
Members' savings deposits	-	(3,087,434)	(509,836)	(477,935)	(1,183,991)	(648,041)	-	-	-	-	(5,907,237)
Other payable	(456,100)	(491,812)	(50,568)	127	(237,925)	(186,540)	(42,351)	-	-	-	(1,465,169)
Loan from a director	(740,255)	-	-	-	-	-	-	-	-	-	(740,255)
Bank overdrafts	-	-	(202,202)	-	(91,122)	-	-	-	-	-	(293,324)
Obligations under finance lease	-	(355,731)	(88,628)	(97,205)	(136,767)	(60,416)	-	-	-	-	(738,747)
Borrowings	(6,995,007)	(1,395,336)	(814,937)	(849,367)	(1,238,338)	(219,872)	-	(2,297,663)	(1,444,242)	(663,136)	(15,917,898)
Net financial (liabilities)/assets	(7,709,702)	1,762,908	(8,641)	160,623	9,916,785	980,625	(10,801)	(2,291,360)	(1,418,088)	(644,780)	737,569
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currency	5,122,850	(1,762,908)	8,641	(160,623)	(9,916,785)	(980,625)	-	-	-	-	(7,689,450)
Currency exposure	(2,586,852)	-	-	-	-	-	(10,801)	(2,291,360)	(1,418,088)	(644,780)	(6,951,881)

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iv) *Foreign exchange risk* (cont'd)

Group	United States <u>Dollar</u> US\$	Fiji <u>Dollar</u> US\$	Samoan <u>Tala</u> US\$	Solomon Islander <u>Dollar</u> US\$	Tongan <u>Pa'anga</u> US\$	Vanuatu <u>Vatu</u> US\$	Singapore <u>Dollar</u> US\$	<u>Euro</u> US\$	New Zealand <u>Dollar</u> US\$	Australian <u>Dollar</u> US\$	<u>Total</u> US\$
2024											
Financial Assets											
Loans portfolio	-	4,879,381	2,802,238	1,141,424	9,557,331	1,940,352	-	-	-	-	20,320,726
Other assets											
(current and non-current)	-	551,771	-	16,909	9,049	26,597	74,952	-	-	-	679,278
Cash and cash equivalents	574,723	648,458	195,510	124,154	1,261,697	114,343	35,325	6,391	27,170	64,486	3,052,257
Financial Liabilities											
Members' savings deposits	-	(2,572,053)	(688,285)	(329,471)	(1,051,934)	(630,626)	-	-	-	-	(5,272,369)
Other payable	(77,179)	(523,771)	(200,478)	(2,469)	(9,315)	(159,934)	(81,324)	-	-	-	(1,054,470)
Loan from a director	(705,021)	-	-	-	-	-	-	-	-	-	(705,021)
Bank overdrafts	-	-	(944,222)	-	(40,234)	-	-	-	-	-	(984,456)
Obligations under finance lease	-	(368,510)	(145,421)	(36,816)	(184,005)	(124,510)	-	-	-	-	(859,262)
Borrowings	(7,014,716)	(1,081,159)	(1,667,310)	(658,506)	(1,589,536)	(302,690)	-	(1,136,589)	(1,478,796)	(613,366)	(15,542,668)
Net financial (liabilities)/assets	(7,222,193)	1,534,117	(647,968)	255,225	7,953,053	863,532	28,953	(1,130,198)	(1,451,626)	(548,880)	(365,985)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currency	4,156,974	(1,534,117)	647,968	(255,225)	(7,953,053)	(863,532)	-	-	-	-	(5,800,985)
Currency exposure	(3,065,219)	-	-	-	-	-	28,953	(1,130,198)	(1,451,626)	(548,880)	(6,166,970)

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iv) *Foreign exchange risk* (cont'd)

Company	United States <u>Dollar</u> US\$	Tongan <u>Pa'anga</u> US\$	Singapore <u>Dollar</u> US\$	<u>Euro</u> US\$	New Zealand <u>Dollar</u> US\$	Australian <u>Dollar</u> US\$	Fiji <u>Dollar</u> US\$	Samoan <u>Tala</u> US\$	Solomon Islander <u>Dollar</u> US\$	<u>Total</u> US\$
2025										
Financial Assets										
Amounts due from subsidiaries	5,978,978	-	-	-	794,494	1,676,063	3,544	11,476	(4,980)	8,459,575
Other assets	74,952	-	-	-	-	-	-	-	-	74,952
Cash and cash equivalents	177,693	-	31,550	6,303	26,153	18,356	-	-	-	260,055
Financial Liabilities										
Other payable	(456,100)	-	(42,351)	-	-	-	-	-	-	(498,451)
Loan from a director	(740,255)	-	-	-	-	-	-	-	-	(740,255)
Borrowings	(4,179,140)	-	-	(521,605)	(1,276,147)	(663,136)	-	-	-	(6,640,028)
Net financial assets/(liabilities)	856,128	-	(10,801)	(515,302)	(455,500)	1,031,283	3,544	11,476	(4,980)	915,848
Less: Net financial assets denominated in the respective entities' functional currency	(856,128)	-	-	-	-	-	-	-	-	(856,128)
Currency exposure	-	-	(10,801)	(515,302)	(455,500)	1,031,283	3,544	11,476	(4,980)	59,720

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iv) *Foreign exchange risk* (cont'd)

Company	United States <u>Dollar</u> US\$	Tongan <u>Pa'anga</u> US\$	Singapore <u>Dollar</u> US\$	<u>Euro</u> US\$	New Zealand <u>Dollar</u> US\$	Australian <u>Dollar</u> US\$	Fiji <u>Dollar</u> US\$	Samoan <u>Tala</u> US\$	Solomon Islander <u>Dollar</u> US\$	<u>Total</u> US\$
2024										
Financial Assets										
Amounts due from subsidiaries	5,077,322	-	-	-	941,122	1,630,244	3,544	27,290	-	7,679,522
Other assets	-	-	74,952	-	-	-	-	-	-	74,952
Cash and cash equivalents	242,663	-	35,325	6,391	27,169	64,486	-	-	-	376,034
Financial Liabilities										
Other payable	(77,179)	-	(81,324)	-	-	-	-	-	-	(158,503)
Loan from a director	(705,021)	-	-	-	-	-	-	-	-	(705,021)
Borrowings	(3,617,437)	-	-	(758,797)	(1,223,849)	(613,366)	-	-	-	(6,213,449)
Net financial assets/(liabilities)	920,348	-	28,953	(752,406)	(255,558)	1,081,364	3,544	27,290	-	1,053,535
Less: Net financial assets denominated in the respective entities' functional currency	(920,348)	-	-	-	-	-	-	-	-	(920,348)
Currency exposure	-	-	28,953	(752,406)	(255,558)	1,081,364	3,544	27,290	-	133,187

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iv) *Foreign exchange risk (cont'd)*

Sensitivity analysis

A 5% strengthening of the United States Dollar against the following currencies at the statement of financial position date would increase/(decrease) the profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Increase/(Decrease) <u>Profit or loss</u> US\$	Company Increase/(Decrease) <u>Profit or loss</u> US\$
<u>2025</u>		
Singapore Dollar	540	540
Euro	114,568	25,765
New Zealand Dollar	70,904	22,775
Australian Dollar	32,239	(51,564)
Fiji Dollar	-	(177)
Samoan Tala	-	(574)
Solomon Islander Dollar	-	249
<u>2024</u>		
Singapore Dollar	(1,448)	(1,448)
Euro	56,510	37,620
New Zealand Dollar	72,581	12,778
Australian Dollar	27,444	(54,068)
Fiji Dollar	-	(177)
Samoan Tala	-	(1,365)

(b) Fair Values

Fair Value Hierarchy

The Group categorise fair value measurement using a fair value hierarchy that is depended on the valuation inputs used as follows:

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

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 Financial Instruments (cont'd)

(b) Fair Values (cont'd)

Fair value measurement

The following summarises the significant methods and assumption used in estimating fair values of financial instruments of the Group and Company that are not measured at fair value on a recurring basis.

(i) *Long term financial assets and financial liabilities*

The carrying amounts of amount due from subsidiaries, borrowings and obligations under finance leases approximate fair value (Level 2 of fair value hierarchy) as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements.

(ii) *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

29 Financing Activities in the Cash Flow Statements

The reconciliation of movement to cash flows arising from the financing activities is presented below.

Group

	← Cash flows →					
	<u>1 January</u> US\$	<u>Proceeds</u> US\$	<u>Repayments</u> US\$	<u>Interest paid</u> US\$	<u>Others*</u> US\$	<u>31 December</u> US\$
2025						
Fixed deposits pledged to bank overdrafts	(127,090)	-	(16,624)	-	-	(143,714)
Cash (restricted to members' savings deposits)	(162,948)	-	(27,289)	-	-	(190,237)
Bank overdrafts	984,456	-	(689,897)	-	(1,235)	293,324
Members' savings deposits	5,272,369	-	-	-	634,868	5,907,237
Interest payable	80,594	-	-	(1,405,941)	1,342,270	16,923
Loan from a director	705,021	-	(21,170)	-	56,404	740,255
Lease liabilities	859,262	-	(306,278)	(55,148)	240,911	738,747
Borrowings	15,542,668	4,993,878	(4,904,279)	-	285,631	15,917,898
	<u>23,154,332</u>	<u>4,993,878</u>	<u>(5,965,537)</u>	<u>(1,461,089)</u>	<u>2,558,849</u>	<u>23,280,433</u>

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

29 Financing Activities in the Cash Flow Statements (cont'd)

The reconciliation of movement to cash flows arising from the financing activities is presented below.
(cont'd)

Group

	← Cash flows →					31
	<u>1 January</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Interest paid</u>	<u>Others*</u>	<u>December</u>
	US\$	US\$	US\$	US\$	US\$	US\$
2024						
Fixed deposits pledged to bank overdrafts	(131,775)	4,685	-	-	-	(127,090)
Cash (restricted to members' savings deposits)	(686,933)	523,985	-	-	-	(162,948)
Bank overdrafts	2,352,140	-	(1,312,288)	-	(55,396)	984,456
Members' savings deposits	4,612,771	-	-	-	659,598	5,272,369
Interest payable	142,617	-	-	(1,742,081)	1,680,058	80,594
Loan from related parties / a director	802,747	-	(150,000)	-	52,274	705,021
Lease liabilities	376,239	-	(197,811)	(25,959)	706,793	859,262
Borrowings	15,308,533	3,718,427	(3,466,768)	-	(17,524)	15,542,668
	<u>22,776,339</u>	<u>4,247,097</u>	<u>(5,126,867)</u>	<u>(1,768,040)</u>	<u>3,025,803</u>	<u>23,154,332</u>

* Others comprise of interest expense, unrealised foreign exchange differences and movement under operating activities.

Company

	← Cash flows →					31
	<u>1 January</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Interest paid</u>	<u>Others**</u>	<u>December</u>
	US\$	US\$	US\$	US\$	US\$	US\$
2025						
Loan from a director	705,021	-	-	(21,170)	56,404	740,255
Borrowings	6,213,449	844,034	(663,568)	(481,265)	727,378	6,640,028
	<u>6,918,470</u>	<u>844,034</u>	<u>(663,568)</u>	<u>(502,435)</u>	<u>783,782</u>	<u>7,380,283</u>
2024						
Loan from a director	652,747	-	-	-	52,274	705,021
Borrowings	5,051,397	1,556,885	(188,787)	(359,491)	153,445	6,213,449
	<u>5,704,144</u>	<u>1,556,885</u>	<u>(188,787)</u>	<u>(359,491)</u>	<u>205,719</u>	<u>6,918,470</u>

** Others comprise of interest expense and unrealised foreign exchange differences.

THE FOLLOWING DETAILED INCOME STATEMENT
HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY
AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

SPBD MICROFINANCE HOLDINGS (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

DETAILED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>2025</u> US\$	<u>2024</u> US\$
REVENUE		
Management income	800,000	657,600
Interest income	523,928	441,074
	<u>1,323,928</u>	<u>1,098,674</u>
OTHER INCOME	412,157	48,572
LESS: EXPENSES		
FINANCIAL EXPENSE	563,150	478,572
OTHER OPERATING EXPENSES		
Accounting fee	2,548	-
Auditor's remuneration	47,072	36,816
Bank charges	2,994	1,183
Director's fee	49,535	41,473
Legal and professional fee	4,726	1
Management fee	240,000	227,500
Service fee	240,000	227,500
Withholding tax expenses	143,751	81,863
Conference and meeting expenses	1,263	2,037
Travel expenses	3,000	-
Loan written off	288,646	228,244
Website development	2,000	3,166
IT software support	11,284	-
	<u>1,036,819</u>	<u>849,783</u>
PROFIT/(LOSS) BEFORE INCOME TAX	<u>136,116</u>	<u>(181,109)</u>

NOT PART OF AUDITED FINANCIAL STATEMENTS