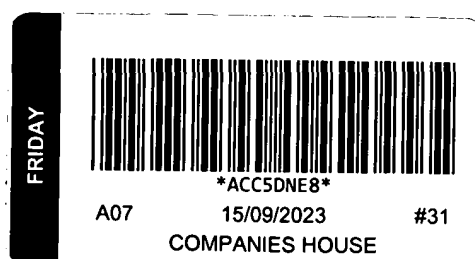


Registered number: 11990299

JAJA FINANCE HOLDING (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



JAJA FINANCE HOLDING (UK) LIMITED

COMPANY INFORMATION

Directors	D Chan M Issa (appointed 31 March 2022) G Lindsay (appointed 31 March 2022) V A Piapure (appointed 31 March 2022) G Spingardi (appointed 31 March 2022)
Company secretary	A S Rushton
Registered number	11990299
Registered office	27 Old Gloucester Street London England WC1N 3AX
Independent auditors	MHA, Statutory Auditor 6th Floor 2 London Wall Place London EC2Y 5AU

JAJA FINANCE HOLDING (UK) LIMITED

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JAJA FINANCE HOLDING (UK) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

Jaja Finance Holding (UK) Limited ("the Company"), together with its subsidiaries ("The Group"), is a digital first credit card provider in the UK and its principal activity continued to be the provision of credit card services to prime and near-prime consumers.

Jaja Finance Limited is regulated by the Financial Conduct Authority and authorized to issue consumer credit cards in the UK. It currently services a medium-sized portfolio of credit cards consisting of three co-branded cards – Bank of Ireland (UK), the AA and ASDA, as well as Jaja-branded credit cards.

Pana Finance UK Plc is a special purpose vehicle established as a means of raising finance and its principal activity is to invest the proceeds of the issuance of loan notes to acquire beneficial interest in credit card receivables originated by the Jaja Group. Jaja Finance (Investco) Limited's principal activity is to hold an investment in the loan notes as part of the securitisation structure. The directors conclude that Jaja acquired control upon refinancing of Pana Finance UK Plc on 22 August 2022 and the entity is consolidated into these financial statements from this date.

Review of business

The Group generated a loss after tax of £26.2m (2021: £21.3m) for the financial year and the directors consider its performance and progress to be in line with expectations.

In March 2022 the Group completed a £120m subscription agreement and received approval from the Financial Conduct Authority for a change in control. During the year the Group received £80m of additional investment and net assets increased to £75.4m (2021: £18.2m). Net assets include increased customer receivables of £184.8m (2021: £0.1m), cash at bank of £45.2m (2021: £6.3m) and secured liabilities of £191.6m (2021: £nil) following acquisition and consolidation of Pana Finance UK Plc during the year.

The Group acquired control of Pana Finance UK Plc in August 2022 by subscribing to 100% of the Junior Variable Funding Notes, for a consideration of £28.1m, in order to form its securitisation structure. As part of the refinancing, the Group has established a warehouse debt facility of £250m, increased to £400m in the post balance sheet period, to fund new credit card origination.

In July 2022 the Group signed a co-brand partnership with ASDA Stores Limited to provide reward linked credit cards to its customers, and growth of the portfolio was a focus for 2022.

Turnover increased from £12.8m to £17.6m driven by acquisition and consolidation of Pana Finance UK Plc and new account origination as part of the Asda co-brand agreement. Post 22 August 2022, servicing fees are eliminated as intra-group transactions and accordingly the servicing income decreased to £6.4m (2021: £12.7m) while lending income has increased to £11.2m (2021: £0.1m) reflecting the gross interest and fee income earned from credit card customers.

The Group generated a gross profit of £2.3m (2021: £1.4m loss) but continued to invest heavily in R&D and recruitment across all areas of the business, notably in technology, analytics and credit risk. The average number of employees increased from 80 to 108 driving an increase in administrative expenses to £27.9m (2021: £20.5m) and a higher loss for the financial year.

JAJA FINANCE HOLDING (UK) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

The directors are satisfied with the results of Key Performance Indicators currently used to monitor the performance and operations of the Group:

Customer receivables at end of year

2022 - £184.8m

2021 - £0.1m

Revenue

2022 - £17.6m

2021 - £12.8m

Number of employees at end of year

2022 - 157

2021 - 111

Events after the balance sheet date

In April 2023 the Group received further investment of £40m from existing shareholders as consideration for the issue of 400,000,000 Class A shares. A deed of amendment was also agreed whereby the new Senior Note commitment increased to £400million and the final maturity date was amended to October 2025.

Outlook for the future

In 2023 the Group's focus will be the full-scale launch of its own branded credit card to consumers in the UK and growth of the Asda credit card portfolio. Our distribution strategy continues to include the development of credit card and unsecured lending partnerships with co-brands and the company will continue to assess possible opportunities as they arise. Other priorities include upsizing of the Senior Note facility, completed in April 2023, and securing additional equity investment to support growth of the business.

JAJA FINANCE HOLDING (UK) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are:

Interest rate risk

The Group's funding of customer receivables is subject to fluctuations in benchmark interest rates, being a fixed portion plus Sterling Overnight Index Average ("SONIA"), but given the size of net interest margin between the Group's weighted average interest rate charged to customers and the cost of its debt financing, the Group does not currently hedge its interest rate exposure. Management monitors interest rate changes on a continuous basis and in early 2023 re-priced certain fixed rate credit card agreements with customers to mitigate the increasing cost of funds.

Credit risk

The Group does not have significant concentration of credit risk, as customer credit card receivables are individually low in value and spread across a vast number of customers. However there is a risk that any customer may be unwilling or unable to make repayments towards their credit card balance as they fall due. Management carefully manages and mitigates the Group's exposure to such credit risk through its proprietary credit decision engine, lending models and collection activities. Each customer is assessed for their creditworthiness and ability to sustainably afford to repay their debt before any credit is issued, and throughout the cardholder's lifecycle the Group continuously monitors and seeks to mitigate the risk of customers going into payment arrears.

Liquidity risk

The Group funds its operating activities through equity investment and together with the operational cash flows generated by the business these are the key components of its capital management. The Group continuously monitors its cash requirements and projections throughout the year to ensure it has sufficient cash balances at all times to meet all of its working capital requirements and other obligations as they fall due.

The Group's customer receivables are financed principally by the issuance of secured Senior Notes. Due to the limited recourse obligations of the Group in respect of the Notes, the Group is only obliged to make payments of interest and principal on the Notes to the extent that payments are received from customers.

This report was approved by the board and signed on its behalf.

DocuSigned by:

76D03488C97D422

D Chan
Director

Date: 31/08/2023

JAJA FINANCE HOLDING (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The directors who served during the year were:

D Chan
M Issa (appointed 31 March 2022)
G Lindsay (appointed 31 March 2022)
V A Piplapure (appointed 31 March 2022)
G Spingardi (appointed 31 March 2022)
N Aspinall (resigned 31 March 2022)
J M Hughes (resigned 31 March 2022)
P Jain (resigned 31 March 2022)
S C Jones (resigned 31 March 2022)
R V Leisner (resigned 31 March 2022)
P M J Trivedi (resigned 31 March 2022)

Results and dividends

The loss for the year, after taxation, amounted to £26,218,245 (2021 - loss £21,330,054) and a review of the business is set out in the Strategic Report on page 2. The directors do not recommend the payment of a dividend for the year (2021: £nil).

Matters covered in the Group strategic report

As permitted by s414c(11) of Companies Act 2006, the directors have elected to disclose information, required to be in the director's report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

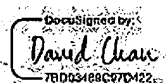
Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

This report was approved by the board and signed on its behalf.


DocuSigned by:
David Chan
78D03488C7D422

D Chan
Director

Date: 31/08/2023

JAJA FINANCE HOLDING (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JAJA FINANCE HOLDING (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAJA FINANCE HOLDING (UK) LIMITED

Opinion

We have audited the financial statements of Jaja Finance Holding (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

JAJA FINANCE HOLDING (UK) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAJA FINANCE HOLDING (UK) LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic and the Directors Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

JAJA FINANCE HOLDING (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAJA FINANCE HOLDING (UK) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 Auditors' 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 ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the group and the parent company operates in, focusing on those laws and regulations that had a direct effect on the financial statements.
- Reviewing key correspondence with regulatory authorities.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing the control systems in place and testing the design and implementation of the controls.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside

JAJA FINANCE HOLDING (UK) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAJA FINANCE HOLDING (UK) LIMITED
(CONTINUED)**

the normal course of business, and reviewing accounting estimates for bias; and

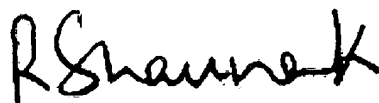
- Challenging assumptions and judgements made by management in their significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation..

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rakesh Shaunak FCA, (Senior Statutory Auditor)

for and on behalf of MHA, Statutory Auditor
London, United Kingdom
05 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

JAJA FINANCE HOLDING (UK) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	17,646,516	12,843,434
Cost of sales		(15,373,509)	(14,242,311)
Gross profit/(loss)		2,273,007	(1,398,877)
Administrative expenses		(27,868,716)	(20,466,270)
Other operating income	5	2,115,797	235,068
Operating loss	6	(23,479,912)	(21,630,079)
Income from fixed assets investments		460,994	2,070,280
Interest receivable and similar income	10	50,767	1,148
Interest payable and similar expenses	11	(3,289,280)	(917,163)
Fair value gains and losses		-	(1,543,882)
Loss before taxation		(26,257,431)	(22,019,696)
Tax on loss	13	39,186	689,642
Loss for the financial year		(26,218,245)	(21,330,054)
(Loss) for the year attributable to:			
Owners of the parent		(26,218,245)	(21,330,054)

There are no items of other comprehensive income for either the year or the prior year other than the loss for the year. Accordingly, no statement of other comprehensive income has been presented.

The notes on pages 18 to 39 form part of these financial statements.

JAJA FINANCE HOLDING (UK) LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022**

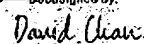
	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	33,715,899	24,623,602
Tangible assets	15	194,046	116,077
Investments	16	-	4,517,143
		<u>33,909,945</u>	<u>29,256,822</u>
Current assets			
Stocks	17	460,103	-
Debtors: amounts falling due within one year	18	195,657,897	3,716,374
Cash at bank and in hand	19	45,212,730	6,273,727
		<u>241,330,730</u>	<u>9,990,101</u>
Creditors: amounts falling due within one year	20	(19,438,451)	(20,998,272)
Net current assets/(liabilities)		<u>221,892,279</u>	<u>(11,008,171)</u>
Total assets less current liabilities		<u>255,802,224</u>	<u>18,248,651</u>
Creditors: amounts falling due after more than one year	21	(180,439,878)	-
Provisions for liabilities			
Other provisions		-	(89,374)
		<u>-</u>	<u>(89,374)</u>
Net assets excluding pension asset		<u>75,362,346</u>	<u>18,159,277</u>
Net assets		<u><u>75,362,346</u></u>	<u><u>18,159,277</u></u>

JAJA FINANCE HOLDING (UK) LIMITED
REGISTERED NUMBER: 11990299

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	22	878,148	61,504
Share premium account	23	148,044,000	65,439,330
Profit and loss account	23	(73,559,802)	(47,341,557)
Equity attributable to owners of the parent Company		<u>75,362,346</u>	<u>18,159,277</u>
		<u>75,362,346</u>	<u>18,159,277</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Designated by:

7BD03480C07D422...

D Chan

Director

Date: 31/08/2023

The notes on pages 18 to 39 form part of these financial statements.

JAJA FINANCE HOLDING (UK) LIMITED
REGISTERED NUMBER: 11990299

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	16	139,001,369	74,018,000
		<u>139,001,369</u>	<u>74,018,000</u>
Current assets			
Debtors: amounts falling due within one year	18	1,391,156	1
Cash at bank and in hand	19	466,243	600,000
		<u>1,857,399</u>	<u>600,001</u>
Creditors: amounts falling due within one year	20	(84,669)	(13,931,751)
Net current assets/(liabilities)		<u>1,772,730</u>	<u>(13,331,750)</u>
Total assets less current liabilities		<u>140,774,099</u>	<u>60,686,250</u>
Net assets excluding pension asset		<u>140,774,099</u>	<u>60,686,250</u>
Net assets		<u>140,774,099</u>	<u>60,686,250</u>
Capital and reserves			
Called up share capital	22	878,148	61,504
Share premium account	23	148,058,368	65,453,698
Profit and loss account brought forward		(4,828,952)	(2,113,664)
Loss for the year		(3,333,465)	(2,715,288)
Profit and loss account carried forward		(8,162,417)	(4,828,952)
		<u>140,774,099</u>	<u>60,686,250</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Designed by:

 75003480C70422

D Chan

Director

Date: 31/08/2023

The notes on pages 18 to 39 form part of these financial statements.

JAJA FINANCE HOLDING (UK) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	41,739	50,098,491	(26,011,503)	24,128,727
Loss for the year	-	-	(21,330,054)	(21,330,054)
Shares issued during the year	19,765	15,340,839	-	15,360,604
At 1 January 2022	<u>61,504</u>	<u>65,439,330</u>	<u>(47,341,557)</u>	<u>18,159,277</u>
Loss for the year	-	-	(26,218,245)	(26,218,245)
Shares issued during the year	816,644	82,604,670	-	83,421,314
At 31 December 2022	<u><u>878,148</u></u>	<u><u>148,044,000</u></u>	<u><u>(73,559,802)</u></u>	<u><u>75,362,346</u></u>

The notes on pages 18 to 39 form part of these financial statements.

JAJA FINANCE HOLDING (UK) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	41,739	50,112,859	(2,113,664)	48,040,934
Loss for the year	-	-	(2,715,288)	(2,715,288)
Shares issued during the year	19,765	15,340,839	-	15,360,604
Total transactions with owners	<u>19,765</u>	<u>15,340,839</u>	<u>-</u>	<u>15,360,604</u>
At 1 January 2022	61,504	65,453,698	(4,828,952)	60,686,250
Loss for the year	-	-	(3,333,465)	(3,333,465)
Shares issued during the year	816,644	82,604,670	-	83,421,314
At 31 December 2022	<u><u>878,148</u></u>	<u><u>148,058,368</u></u>	<u><u>(8,162,417)</u></u>	<u><u>140,774,099</u></u>

The notes on pages 18 to 39 form part of these financial statements.

JAJA FINANCE HOLDING (UK) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(26,218,245)	(21,330,054)
Adjustments for:		
Amortisation of intangible assets	3,698,047	3,057,358
Depreciation of tangible assets	96,325	80,950
Impairments of fixed assets	-	1,543,882
Loss on disposal of tangible assets	1,466,022	35,405
Interest paid	3,289,280	917,163
Interest received	(50,767)	(1,148)
Taxation charge	(39,181)	(689,642)
(Increase)/decrease in debtors	(18,141,401)	908,476
Increase/(decrease) in creditors	2,808,645	(649,034)
(Decrease) in amounts owed to groups	(42,000)	(112,996)
(Decrease)/increase in provisions	(89,374)	89,374
Corporation tax received	-	741,280
Net cash used in operating activities	(33,222,649)	(15,408,986)
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,523,368)	(2,529,522)
Purchase of tangible fixed assets	(174,294)	(102,120)
Redemption of old junior notes	3,051,121	-
Acquisition of new junior notes	(28,174,832)	-
Cash acquired on acquisition	25,800,088	-
Interest received	50,767	1,148
Net cash used in investing activities	(1,970,518)	(2,630,494)
Cash flows from financing activities		
Issue of ordinary shares	83,421,314	15,360,604
Other new loans	6,250,000	12,750,000
Repayment of other loans	(22,511,798)	(11,394,907)
Interest paid	(3,289,280)	(917,163)
Borrowings from secured debt facility	10,261,858	-
Net cash generated from financing activities	74,132,094	15,798,534
Net increase/(decrease) in cash and cash equivalents	38,938,927	(2,240,946)
Cash and cash equivalents at beginning of year	6,273,727	8,514,673

JAJA FINANCE HOLDING (UK) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash and cash equivalents at the end of year	45,212,654	6,273,727
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	45,212,730	6,273,727
Bank overdrafts	(76)	-
	45,212,654	6,273,727

JAJA FINANCE HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

The principal activity of the Company continued to be that of a holding company.

Jaja Finance Holding (UK) Ltd is a private company, limited by shares, incorporated in England and Wales. The address of its registered office and principal place of business is 27 Old Gloucester Street, London, WC1N 3AX.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being

JAJA FINANCE HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The Group is in the start-up phase and has incurred losses since inception. It has been dependent historically on investment from its shareholders to meet its short-term working capital and lending activities as well as to meet its other obligations including capital adequacy requirements imposed by the Financial Conduct Authority. During the year the Group also subscribed to subordinated Loan Notes issued by Pana Finance UK Plc as part of the Group's securitisation structure and has committed up to £40m of debt funding, increased to £50m in the post balance sheet period, to support growth of the credit card portfolio.

For the year ended 31 December 2022 the Group generated a loss after tax of £26.2m and at the balance sheet date had net assets of £75.4m including cash at bank of £45.2m.

In April 2023 the Group received a further equity injection of £40m from existing shareholders and at 31 July 2023 cash at bank amounted to £68.0m.

Based on financial forecasts the directors believe the Group will need to secure further equity investment to meet its growth objectives, but it has sufficient existing cash to meet minimum working capital, lending and funding requirements until at least 31 August 2024. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

2.4 Revenue

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount can be reliably measured.

(i) Servicing fee income

Jaja Finance Limited, a subsidiary, provides operational services for a portfolio of credit cards held by Pana Finance UK Plc and receives a servicing fee which fluctuates based on the performance of the portfolio. The servicing fee is comprised of two parts; a senior servicing fee based on the total value of credit card receivables, and a junior servicing fee to recharge certain costs. Servicing income is received monthly and recognised in the month to which the servicing activities were performed. On 22nd August 2022 the Group acquired control of Pana Finance UK Plc and accordingly any servicing fees charged in the post-control period have been eliminated from the consolidated profit and loss as intra-group transactions.

(ii) Lending income

Lending income is comprised of interest and other fee income charged to credit card customers, and interchange revenue which is earned on each customer transaction.

Interest is calculated using the effective interest rate on daily outstanding balances. Other fees and interchange are recognised based on transaction date.

Lending income reflects revenue earned subsequent to initial recognition of the customer receivables on 22 August 2022.

2.5 Other operating income

Other operating income represents amounts paid to the Group by as reimbursements, and other incentives received in the normal course of business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.6 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Group operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. This period is between 5 and 10 years as detailed in note 3. Provision is made for any impairment.

Trademarks, patents and licences

Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 3 years straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Financial instruments

The Group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.16 Financial instruments (continued)

terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial assets classified at fair value through the Profit and Loss Account are initially measured at transaction price excluding transaction costs, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are recognised in the profit and loss.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.21 Stocks

Inventories consist of consumables for distribution at no consideration, and are stated at the lower of cost adjusted, when applicable, for any loss of service potential and replacement cost. Cost is based on the cost of purchase on a first in, first out basis and inventories are assessed for impairment at each balance sheet date. Any impairment loss is recognised immediately in profit or loss.

2.22 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.23 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that can affect the reported amounts of certain line items. Those that have a significant risk of causing a material adjustment are:

(i) Amortisation of software development costs

The Group aggregates software development costs into two separable components and amortises them on a straight-line basis over a period of either 5 or 10 years. Costs relating to a specific customer are amortised over the 5 year term of the customer contract, and general development activities are amortised over 10 years being the period over which the Group expects to derive economic benefits through value in use. Being an area of judgement, however, the actual useful life could be different.

(ii) Impairment of software development costs

The Group assesses at each reporting date whether there is any indication that the value of an asset may be impaired. If any such indication exists the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of its fair value less costs to sell, or its value in use. Fair value has been determined on a replacement cost basis, being the amount the Group would have to pay to replace or rebuild an equivalent asset. The directors are of the opinion that the replacement cost exceeds the asset's net book value at 31 December 2022 and accordingly no impairment is required to be recognised in profit and loss (2021: £nil).

(iii) Impairment losses on customer receivables

At each balance sheet date, the Group reviews its amounts receivable from customers and provides for impairment losses on receivables based on customer credit risk, payment history and an assessed probability of default. During the year, a provision of £1,428,118 was recognised on initial consolidation of Pana Finance UK Plc and further provisions of £358,067 (2021: £250,245) were recognised in profit and loss. At the balance sheet date provisions for credit losses amounted to £1,782,764 (2021: £508,629) and include 100% provision against any balances 90 days or more past due. Impairment provisions are an area of management judgement as the actual payment performance of customers could be different.

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Servicing income	6,422,885	12,703,676
Lending income	11,223,631	139,758
	<u>17,646,516</u>	<u>12,843,434</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	2021 £
Other income	<u>2,115,797</u>	<u>235,068</u>

Other income includes debt sale income of £1,537,060 (2021 - nil) related to non-performing loans, credit card scheme incentives of £578,737 (2021 - £185,280) and income of £nil (2021: £49,787) from recharge of expenses relating to the migration of a portfolio.

6. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Exchange differences	81,514	57,172
Other operating lease rentals	344,003	720,046
Audit fees payable to the Group's auditor	159,360	72,070
Non-audit fees payable to the Group's auditor	<u>48,690</u>	<u>10,750</u>

JAJA FINANCE HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. Employees

Staff costs were as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Wages and salaries	9,889,809	7,977,888	-	-
Social security costs	1,280,172	954,314	-	-
Cost of defined contribution scheme	178,560	93,524	-	-
	<u>11,348,541</u>	<u>9,025,726</u>	<u>-</u>	<u>-</u>

During the year the Company capitalised wages, salaries and related costs totaling £336,135 (2021 £421,204) not included above

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Directors and management	17	16	8	8
Commercial	13	8	-	-
Technology	32	22	-	-
Operations	38	33	-	-
Other	40	29	-	-
	<u>140</u>	<u>108</u>	<u>8</u>	<u>8</u>

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	883,499	873,817
Group contributions to defined contribution pension schemes	3,221	229
	<u>886,720</u>	<u>874,046</u>

During the year retirement benefits were accruing to 2 directors (2021 – 1 director) in respect of defined contribution pension schemes.

Remuneration costs for the highest paid director include emoluments of £355,250 (2021 - £350,000) and accrued performance related bonuses of £300,000 (2021 - £300,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2021 - £nil).

9. Income from investments

	2022 £	2021 £
Income from asset-backed securities	460,994	2,070,280
	<u>460,994</u>	<u>2,070,280</u>

10. Interest receivable

	2022 £	2021 £
Bank and Other interest receivable	50,767	1,148
	<u>50,767</u>	<u>1,148</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Interest payable	3,289,280	917,163
	<u>3,289,280</u>	<u>917,163</u>

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Fair value gains and losses

	2022 £	2021 £
Revaluation of asset-backed securities	-	1,543,882
	<u>-</u>	<u>1,543,882</u>

13. Taxation

	2022 £	2021 £
Corporation tax		
Current year tax	95	-
Research and development tax credit	(39,281)	(689,642)
Total current tax	<u>(39,186)</u>	<u>(689,642)</u>
Tax on loss on ordinary activities	<u>(39,186)</u>	<u>(689,642)</u>

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(26,257,431)</u>	<u>(22,019,696)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<u>(4,473,130)</u>	<u>(4,183,742)</u>
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(154,338)	500,980
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	705,631	255,183
Capital allowances for year in excess of depreciation	-	(6,207)
Short-term timing difference leading to an increase (decrease) in taxation	-	(104,538)
Other research and development adjustments	-	20,680
Research and development tax credit	(39,186)	(689,642)
Remeasurement of deferred tax for changes in tax rates	(1,238,475)	-
Unrelieved tax losses carried forward	5,160,312	3,517,644
Total tax charge for the year	<u><u>(39,186)</u></u>	<u><u>(689,642)</u></u>

For UK corporation tax purposes, Pana Finance UK Plc is a securitisation company under the "Taxation of Securitisation Companies Regulations 2006" (SI 2006/3296). Therefore the company is not required to pay corporation tax on its accounting profit or loss. Instead, the company is required to pay tax on its retained profits as specified in the documentation governing the securitization.

Factors that may affect future tax charges

In the Spring Budget 2022, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2022.

The Group has tax losses carried forward at 31 December 2022 totalling £62,761,963 (2021: £40,120,227) available for relief against future profits.

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Intangible assets**Group and Company**

	Development expenditure £	Trademarks £	Computer software £	Goodwill £	Total £
Cost					
At 1 January 2022	9,218,637	1,989	36,259	19,775,530	29,032,415
Additions	2,523,368	-	-	16,858,819	19,382,187
At 31 December 2022	11,742,005	1,989	36,259	36,634,349	48,414,602
Amortisation					
At 1 January 2022	4,370,565	1,989	36,259	-	4,408,813
Charge for the year on owned assets	719,077	-	-	9,570,813	10,289,890
At 31 December 2022	5,089,642	1,989	36,259	9,570,813	14,698,703
Net book value					
At 31 December 2022	6,652,363	-	-	27,063,536	33,715,899
At 31 December 2021	4,848,072	-	-	19,775,530	24,623,602

Goodwill arose on the acquisition of a subsidiary in 2019 and upon acquiring control of an SPV in August 2022.

The accounting policy adopted, and the Group's basis of consolidation, are set out in note 2.

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Tangible fixed assets**Group**

	Office equipment £
Cost or valuation	
At 1 January 2022	260,497
Additions	174,294
At 31 December 2022	<u>434,791</u>
Depreciation	
At 1 January 2022	144,420
Charge for the year on owned assets	96,325
At 31 December 2022	<u>240,745</u>
Net book value	
At 31 December 2022	<u><u>194,046</u></u>

16. Fixed asset investments**Group**

	Asset backed securities £
At 1 January 2022	4,517,143
Disposals	(4,517,143)
At 31 December 2022	<u><u>-</u></u>

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Fixed asset investments (continued)**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	74,018,000
Additions	64,983,369
At 31 December 2022	<u>139,001,369</u>

Fixed asset investments, which related to asset-backed securities, were measured at fair value using an internal valuation model as there was no active market equivalent on which to base the fair value calculation. The key sources of estimation uncertainty related to the internal valuation model are set out in note 3. The investments in subsidiaries are comprised of:

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Jaja Finance Ltd	27 Old Gloucester Street, London, WC1N 3AX	Credit card services	Ordinary	100%
Jaja Finance (Investco) Ltd	27 Old Gloucester Street, London, WC1N 3AX	Investment company	Ordinary	100%
Pana Finance UK PLC	1 Bartholomew Lane, London, England, EC2N 2AX	SPV/Loan note issuer	Ordinary	0%

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Jaja Finance Ltd	27,631,077	(21,518,263)
Jaja Finance (Investco) Ltd	28,897,743	1,348,214
Pana Finance UK PLC	(9,990,234)	70,936,560

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Stocks

	Group 2022 £	Group 2021 £
Card plastics and stationery	460,103	-
	<u>460,103</u>	<u>-</u>

18. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Loans to customers	184,799,555	138,073	-	-
Trade debtors	-	16,956	-	-
Amounts owed by group undertakings	42,000	-	18,839	1
Other debtors	7,786,837	1,035,111	1,372,317	-
Prepayments and accrued income	2,300,584	1,836,592	-	-
Tax recoverable	728,921	689,642	-	-
	<u>195,657,897</u>	<u>3,716,374</u>	<u>1,391,156</u>	<u>1</u>

Loans to customers are stated net of impairment provisions amounting to £1,782,764 (2021: £508,629) as set out in note 3.

Amounts owed by related undertakings have no fixed repayment date, are repayable on demand and do not bear interest.

19. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	45,212,730	6,273,727	466,243	600,000
Less: bank overdrafts	(76)	-	-	-
	<u>45,212,654</u>	<u>6,273,727</u>	<u>466,243</u>	<u>600,000</u>

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	76	-	-	-
Convertible loans	-	13,098,329	-	13,098,329
Senior notes	11,149,136	-	-	-
Other loans	-	3,163,469	-	-
Trade creditors	427,622	31,419	-	-
Amounts owed to group undertakings	-	-	1	493,858
Corporation tax	418	-	-	-
Other taxation and social security	515,429	346,935	-	-
Other creditors	1,453,978	344,059	-	-
Accruals and deferred income	5,891,792	4,014,061	84,668	339,564
	19,438,451	20,998,272	84,669	13,931,751

Amounts owed to related undertakings have no fixed repayment date, are repayable on demand and do not bear interest.

Other loans in 2021 represented a loan to Jaja Finance (Investco) Ltd by Honeycomb Investment Trust Plc which was secured by way of a fixed charge over the subsidiary's assets and shares. The loan was repaid in March 2022.

Amounts shown above in convertible loans relate to two convertible loan agreements. The first loan dated July 2022 amounted to £6,258,082. The key terms are interest of 10% per annum, convertible or repayable on the earlier of a qualifying equity raise or 31 July 2022. The loan was converted in March 2022 via a payment of £4,483,069 and the issue of 1,625,525 preference shares. The second loan dated November 2022 amounted to £6,840,247. The key terms are interest of 8% per annum, convertible or repayable on a qualifying equity raise. The loan was settled by cash in March 2022.

Details of the Senior Notes are set out in note 21.

JAJA FINANCE HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £
Senior notes	180,427,376	-
Amounts owed to group undertakings	1	-
Other creditors	12,501	-
	180,439,878	-

The Senior Notes are listed on The International Stock Exchange and secured by means of a fixed and floating charge over the majority of the Group's receivables as part of the securitisation structure. Repayment of the notes is dependent on the receipt of payments from credit card customers and accordingly there are no minimum contractual cash flow, but the amount expected to be repaid within a year has been presented as current liabilities. Interest is based on current SONIA rates and the notes have a final maturity date of October 2025.

22. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
800,000,000 Class A shares of £0.001 each	800,000	-
47,318,401(45,564,715) Class B shares of £0.001 each	47,318	-
15,829,884(15,932,967) Class C shares of £0.001 each	15,830	-
15,000,000 Management shares of £0.001 each	15,000	-
Nil (2021 - 15,934,990) Ordinary shares of £0.001 each	-	15,935
Nil (2021 - 45,569,000) Preference shares of £0.001 each	-	45,569
	878,148	61,504

In March 2022, Ordinary shares were redesignated as Class C shares and Preference shares were redesignated as Class B shares.

During the year 816,625,525 shares were issued for a total consideration of £83,421,315. Of this amount, £1,372,317 was unpaid at the balance sheet date.

The Company also issued 19,014 anti-dilution shares during the year for a consideration of £nil.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Reserves**Share premium account**

The share premium reserve includes any premiums received on issue of share capital. Any transactions costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

The profit and loss account includes all current and prior period retained profit and losses.

24. Analysis of net debt

	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	6,392,032	38,820,698	-	45,212,730
Bank overdrafts	-	(76)	-	(76)
Debt due after 1 year	(14,906,705)	(178,996,145)	13,475,474	(180,427,376)
Debt due within 1 year	-	(12,750,000)	1,600,864	(11,149,136)
	<u>(8,514,673)</u>	<u>152,925,523</u>	<u>15,076,338</u>	<u>146,363,858</u>

25. Contingent liabilities

At the balance sheet date Jaja Finance Limited has issued financial guarantees in the form of standby letters of credit amounting to £15.5 million (2021: £17 million) in respect of credit card scheme collateral. The guarantees are cash backed by funds provided by Pana Finance UK Plc which has been controlled by the Group since 22 August 2022. Prior to this date the Group had no economic exposure in respect of these financial guarantees.

26. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £187,368 (2021 - £99,328). There were no contributions outstanding at 31 December 2022 or 31 December 2021.

JAJA FINANCE HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

27. Commitments under operating leases

At 31 December 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	255,022	212,556
	<u>255,022</u>	<u>212,556</u>

The Company had no operating lease commitments.

28. Related party transactions

The remuneration of directors, as detailed in note 8, is in line with prevalent market rates in both the current and prior year.

The Group has taken advantage of the exemptions available in Section 33 Related Party Transactions of FRS 102 whereby it has not disclosed transactions with entities that form part of the Group.

At 31 December 2022 the Company owed £nil (2021: £56,621) to Jaja Holdings AS, a Norwegian company outside of the Group which held an investment in Jaja Finance Holding (UK) Limited until its dissolution during 2022. The reduction in the balance during the year was due to fees paid by the Group on behalf of Jaja Holdings AS as part of its winding up.

The company was also owed £42,000 (2021: £nil) by its immediate parent undertaking, Phantom Investments Ltd (Jersey), due to professional fees paid on its behalf.

29. Post balance sheet events

In April 2023 the Group received further investment of £40m from existing shareholders as consideration for the issue of 400,000,000 Class A shares. A deed of amendment was also agreed whereby the new Senior Note commitment increased to £400million and the final maturity date was amended to October 2025.

30. Controlling party

Until 31 March 2022 the Company had no immediate or ultimate parent undertaking.

On 31 March 2022 the Company received regulatory approval from the Financial Conduct Authority for a change in control following a new £120m subscription agreement undertaken by the Company. On this date, Phantom Investments Ltd (Jersey) became the Company's immediate parent undertaking. Bellis Phantom Holdco Limited (Jersey) became the Company's ultimate parent undertaking.

In the opinion of the directors there was no ultimate controlling party at 31 December 2022 or 31 December 2021.

The Group acquired control of Pana Finance UK Plc on 22 August 2022 but its entire issued share capital is held by third parties under a share trust deed as part of the securitisation structure.