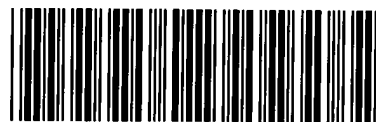


PEPPER GROUP ANZ HOLDCO LIMITED

Register Number: 06548576

Annual report and financial statements
for the year ended 31 December 2020

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PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

General Information

Directors

Michael Culhane

Andrew Day

Simon Hotchkin

Richard Klemmer (Appointed 17 February 2021)

Registered office

4th Floor, Reading Bridge House
George Street,
Reading,
Berkshire,
United Kingdom
RG1 8LS

Bankers

Citibank N.A. London
Canada Square Service Centre
Citigroup Centre 25
Canada Square, London
United Kingdom
E14 5LB

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Directors' Report

The directors' present their annual report and audited financial statements for Pepper Group ANZ Holdco Limited (the "Company") for the year ended 31 December 2020.

The Company has taken advantage of the exemptions from including a strategic report and certain information in the directors' report, because the Company would have qualified for the small Companies' regime if the Company was not a member of an ineligible group.

Principal activities

The principal activity of the Company during the period under review was as a holding company and to provide a range of support services to financial services companies, however it is not involved in any trading activities in the last 12 months.

Results for the year and dividends

The statement of comprehensive income for the year is set out on page 9.

The company's loss after tax for the year amounted to £11,406 (2019: £nil).

The directors do not recommend the payment of a dividend (2019: £nil).

Directors

The directors who held office during the year and up to the date of this report, except as noted, were:

Michael Culhane

Andrew Day

Simon Hotchkin

Richard Klemmer (Appointed 17 February 2021)

The company has no employees.

Directors' interests

None of the directors held any beneficial interest in the ordinary share capital of the Company during the year, nor did they have any material contract or arrangement with the Company.

Directors qualifying third party indemnity provision

In accordance with the requirements of section 236 of the Companies Act 2006, qualifying third party indemnity provisions are in force for the benefit of the directors of the company and of its associates.

Going concern

In making the going concern assessment for the Company, the directors considered the impact of the current economic uncertainty as a result of the COVID-19 pandemic. The COVID-19 outbreak is not expected to have any impact on the Company as it is not engaged in any active business.

The directors have assessed the Company's liquidity position, revised business plan and projected cashflow obligations, largely consisting general administration expenses only as the Company as it is not engaged in any active business. For a period of at least twelve months from the date the board of directors of the Company approve the financial statements, the material internal lending counterparties (namely Pepper Global MidCo Limited) have agreed that any existing outstanding amounts payable to them by finance the Company will not be called for repayment to enable the Company to continue operating as going concern.

Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they intend to continue trading and adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)

Brexit assessment

The UK formally left the European Union (EU) on 31st January 2020. The UK-EU Trade and Cooperation Agreement agreed on 24 December 2020 has brought certainty and clarification about many (but importantly not all) of the changes arising from the UK's departure from the EU ('Brexit').

The Company does not involve in any trading activities apart from lending and borrowing with the fellow companies within the ultimate group for internal investments and capitalisation.

The Company has not experienced any adverse impact or identified any additional risks as a result of the Brexit developments. The Company will continue to closely monitor and analyse political, economic and regulatory developments to ensure it remains well positioned to respond to any potential shocks and minimise any disruption.

Strategy and future developments

Notwithstanding any changes to the present economic environment the directors continue to monitor the performance of the Company carefully and continue to deliver appropriate services to its Subsidiary's customers.

Financial Risk Management Objectives

The Directors' have considered the company's exposure to Credit Risk, Cash Flow Risk and Liquidity Risk. Given the company is not involved in any trading activities, they do not believe there is any exposure to these risks.

Political and charitable contributions

The Company did not make any political or charitable donations or incur any political expenditure during the year and prior year.

Events after the balance sheet date

Ultimate group internal restructure

During March 2021 Red Hot Australia Holdco Pty Limited (Holdco), the Company's ultimate holding company at 31 December 2020, and its subsidiaries (collectively the Pepper Group) undertook a corporate restructure.

As part of the restructure, a new foreign holding company (Pepper Global Topco Ltd – Topco, incorporated in Jersey) was established and substantially all Holdco shareholders exchanged Holdco shares for Topco shares, no cash consideration was paid. Therefore, the ultimate holding company of the Company changed from Holdco to Topco.

During the restructure, the Company's immediate holding company Pepper European Servicing Limited (PESL) sold 100% of the ordinary shares held in the Company to Pepper Global Midco Limited (incorporated in Jersey) for a non-cash consideration of £1. Therefore, after the restructure Pepper Global Midco Limited became the immediate holding company of the Company.

The Company acquired 100% of the shares in Pepper Group Services (Australia) Pty Limited (PGS) from Pepper Group Pty Ltd (PGPL) for a non-cash consideration of AU\$108.6m, and subsequently subscribed for an additional AU\$22.3m ordinary shares using non-cash consideration.

The Company then acquired 100% of the shares in Holdco and through Holdco's 100% ownership of Red Hot Australia Bidco Pty Ltd (Bidco) acquired 96.34% of the shares in PGPL for a non-cash consideration of AU\$1,467.6m. The Company then acquired the remaining 3.66% of PGPL for a non-cash consideration of AU\$53.6m (effectively controlling 100% of the PGPL).

Immediately after the acquisition of the PGPL shares, assets and liabilities that did not pertain to PGPL's ongoing business activities and operations in Australia and New Zealand or its shared service operations in the Philippines (rest of world – ROW) were sold to entities controlled by Topco outside of the PGPL Group. Following the ROW sale, the company received an AU\$582.2m non-cash dividend and an AU\$927.4m non-cash return of capital from Holdco, settled in part by the transfer of the remaining 96.34% of the shares in PGPL to the company.

On 30 April 2021, PGPL converted to a public company and was renamed Pepper Money Limited (PML). PML listed on the ASX (The Australian Securities Exchange is Australia's primary securities exchange) on 25 May 2021 under the ticker PPM at an issue price of \$2.89 per share. \$500.1 million was raised from the offer, representing 39.41% of the issued share capital of the Company. The remaining 60.59% of the share capital is held by the Company.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Directors' Report (continued)

Events after the balance sheet date (continued)

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved and authorised for issue by order of the Board



Michael Culhane
Director
28 September 2021

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the 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 are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB.

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 of their profit or loss of the Company for that year. In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

**Independent auditor's report to the members of Pepper Group ANZ Holdco Limited
Report on the audit of the financial statements**

Opinion

In our opinion the financial statements of Pepper Group ANZ Holdco Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

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 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 company or to cease operations, or have no realistic alternative but to do so.

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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, tax legislation, etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements**Opinions 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 directors' report for the financial year for which the financial statements is prepared and consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

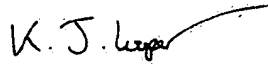
We have nothing to report in respect of these matters.

Other matter

As the company was exempt from audit under section 480 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

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 company's members those matters we are required to state to them in an auditor's 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.



Kieren Cooper FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

29 September 2021

PEPPER GROUP ANZ HOLDCO LIMITED
Company Number: 06548576
For the year ended 31 December 2020

Statement of Comprehensive Income

For the year ended 31 December 2020

		Year ended 31 December 2020	Year ended 31 December (unaudited)¹ 2019
	Notes	£	£
Continuing Operations			
Interest receivable		-	-
Interest payable		-	-
Net interest income (expenses)		-	-
Administrative expenses	6	(14,081)	-
Loss before tax		(14,081)	-
Tax credit	7	2,675	-
Loss after tax for the year		(11,406)	-

The loss after tax is the same as the total comprehensive loss for the year. There are no items of other comprehensive income in the year.

The accompanying notes are an integral part of these financial statements.

¹ The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Statement of Financial Position

As at 31 December 2020

Assets	Notes	2020	2019
		£	(unaudited)¹
Current assets			£
Cash and cash equivalents	8	219	-
Income tax receivable		2,675	
Total current assets		2,894	-
Total assets		2,894	-
Liabilities			
Current liabilities			
Intercompany loans and payables	9	6,991	591
Trade payable	10	7,900	-
Total current liabilities		14,891	591
Total liabilities		14,891	591
Net liabilities		(11,997)	(591)
Equity			
Called up share capital	11	100	100
Retained losses		(12,097)	(691)
Total deficit equity		(11,997)	(591)

These financial statements were approved and authorised for issue by the Board of Directors' on 28 September 2021. These were signed on its behalf by:



Michael Culhane
Director
28 September 2021

The accompanying notes are an integral part of these financial statements.

¹ The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

PEPPER GROUP ANZ HOLDCO LIMITED
Company Number: 06548576
For the year ended 31 December 2020

Statement of Changes in Equity

For the year ended 31 December 2020

	Called up share capital	Retained losses	Total equity
	£	£	£
Balance at 1 January 2019	100	(691)	(591)
Result for the year	-	-	-
Balance at 31 December 2019 (unaudited)¹	100	(691)	(591)
Loss for the year	-	(11,406)	(11,406)
Balance at 31 December 2020	100	(12,097)	(11,997)

The accompanying notes are an integral part of these financial statements.

¹ The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Statement of Cash Flows

	Year ended 31 December 2020	Year ended 31 December (unaudited) ¹ 2019
	£	£
Loss before tax	(14,081)	-
Changes in working capital:		
- Increase in intercompany loans and payables	6,400	-
- Increase in trade payables	7,900	-
Cash generated from operations	219	-
Cash flows from investing activities:		
Net cash generated from investing activities	-	-
Cash flows from financing activities:		
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	219	-
Cash and cash equivalents at 31 December 2019	-	-
Cash and cash equivalents at 31 December 2020	219	-

The accompanying notes are an integral part of these financial statements.

¹ The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Notes to the Financial Statements**1 General information**

Pepper Group ANZ Holdco Limited (the "Company") is a holding Company. The Company is a private limited company, limited by shares, incorporated in the UK and domiciled in England and Wales. The address of its registered office is 4th Floor, Reading Bridge House, George Street, Reading, Berkshire, United Kingdom, RG1 8LS. The Company's principal activity is disclosed in the Directors' report on page 2.

The financial statements comprise a statement of financial position, statement of comprehensive income, statements of changes in equity, statement of cash flow and related notes. These financial statements are presented in Pound Sterling because that is the currency of the primary economic environment in which the Company operates.

The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

2 Going concern

In making the going concern assessment for the Company, the directors considered the impact of the current economic uncertainty as a result of the COVID-19 pandemic. The COVID-19 outbreak is not expected to have any impact on the Company as it is not engaged in any active business.

The directors have assessed the Company's liquidity position, revised business plan and projected cashflow obligations, largely consisting general administration expenses only as the Company as it is not engaged in any active business. For a period of at least twelve months from the date the board of directors of the Company approve the financial statements, the material internal lending counterparties (namely Pepper Global MidCo Limited) have agreed that any existing outstanding amounts payable to them by finance the Company will not be called for repayment to enable the Company to continue operating as going concern.

Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they intend to continue trading and adopt the going concern basis in preparing the financial statements.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Statement of compliance

The Company has chosen to adopt IFRS in the current year, transitioning from Financial Reporting Standard 101 ("FRS 101"), to bring these financial statements in line with other entities within the Pepper Group. The Company has assessed that change in accounting policies has no impact on the prior year comparatives.

Explanation of transition to IFRS from FRS101

	2019
Equity	£
Equity reported under FRS 101	(591)
No adjustments	-
Equity reported under IFRS	<u>(591)</u>
Profit	
Profit for the financial period under FRS 101	-
No adjustments	-
Profit for the financial period under IFRS	<u>-</u>

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Notes to the Financial Statements (continued)

3 Summary of significant accounting policies (continued)

Due to the fact that the nature of the business is to provide finance, the directors are of the opinion that it is appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the statement of comprehensive income.

Basis of presentation

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The directors of the Company have elected not to prepare consolidated financial statements and exemption from consolidation has been used under IFRS 10.

The immediate parent of the Company as at 31 December 2020 was Pepper Europe Servicing Limited, a company registered in United Kingdom. The ultimate parent company as at 31 December 2020 was Red Hot (Australia) Holdco Pty Ltd ("Holdco"), a company registered in Australia. Holdco is classified as an investment entity and therefore does not prepare consolidated financial accounts. Pepper Group Pty Limited prepares consolidated group financial statements and copies can be obtained from Level 27, 177 Pacific Highway, North Sydney, New South Wales 2060, Australia. Pepper Group Pty Limited is the largest and smallest group into which the Company is consolidated.

On 30 March 2021, the immediate holding company of the Company changed from Pepper European Servicing Limited to Pepper Global MidCo Limited (incorporated in Jersey). The ultimate holding company of the Company changed from Holdco to Pepper Global TopCo Limited (incorporated in Jersey). Refer to Note 12 and 14 for further details on events after the reporting period.

The disclosures on risks from financial instruments are presented in the financial risk management report contained in note 4.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

Any changes to assumptions may have a significant impact on the financial statements for the year over which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements, therefore, present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2020

There have been no new accounting standards implemented during the financial year which have impacted the Company's financial statements.

b) New standards, interpretations and amendments not yet effective

The following amendments to standards and interpretations are effective for future accounting periods but are not expected to have significant impact on the Company's financial statements:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Effective 1 January 2022.
- Amendment to IAS1 Classification of Liabilities as Current or Non-Current – Effective 1 January 2023
- Amendments to IAS16 Property, Plant and Equipment – Proceeds before Intended Use – Effective 1 January 2023
- Amendments to IAS37 Onerous Contracts – costs of fulfilling a contract - Effective 1 January 2022
- Annual Improvements to IFRSs: 2018-2020 Cycle: effective for annual reporting periods beginning on or after 1 January 2022

There have been no other new or amended accounting standards during the reporting period ended 31 December 2020 that have had or may have a significant impact on the financial results of the Company.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Notes to the Financial Statements (continued)

3 Summary of significant accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Classification and measurement of financial assets

Under IFRS 9, the classification and measurement categorises financial assets based on:

- The business model within which the assets are managed; and
- Whether the contractual cash flows under the instrument solely represent the payment of principal and interest.

The three classification categories for financial assets are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Company's cash and cash equivalents are subsequently measured at amortised cost. There are no financial assets measured at FVOCI and FVTPL. The financial assets classified at amortised cost are discussed below.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Expenses

Expenses incurred have been recognised on an accrual basis.

Financial Liabilities

The Company classifies its financial liabilities as other financial liabilities as that reflects the purpose for which the liability was acquired. The Company does not have any financial liabilities that are in the category of fair value through profit or loss.

Other financial liabilities include trade and other payables, which are initially recognised at fair value and subsequently carried at amortised costs using the effective interest method.

Corporate tax

Current income tax

Current income tax charge is calculated on the basis of the applicable tax law in the jurisdiction in which it is generated by the Company's activities (see note 3). It is recognised as an expense for the period except to the extent that such current tax is charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to Other Comprehensive Income or to equity. Where the Company has tax losses that can be relieved against a tax liability for a previous period, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against any existing current tax balance.

Where tax losses can be relieved only by being carried forward and applied against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the Statement of Financial Position.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2020

Notes to the Financial Statements (continued)

4 Financial risk management

Financial instruments

The Company's financial instruments comprise cash and cash equivalents and various payables that arise directly from its operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments is undertaken.

Fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments is always determined on the basis of the listed price on an active market (mark to market) or, if this is not possible, on the basis of industry standard valuation models (mark to matrix or mark to model).

Financial instruments valued using observable market prices

If quoted market price in an active market is available for an instrument, the fair value is calculated based on the market price.

Financial instruments valued using a valuation technique

In the absence of a quoted market price in an active market, management uses industry standard models to make its best estimate of the price that that market would set for that financial instrument. In order to make these estimations, various techniques are employed, including extrapolation from observable market data and observation of similar financial instruments with similar characteristics. Wherever possible, valuation parameters for each product are based on prices directly observable in active markets or that can be derived from directly observable market prices.

Fair value hierarchy

The Company applies the following fair value hierarchy that prioritises the inputs to valuation techniques use in measuring fair value. The hierarchy establishes three categories for valuing financial instruments, giving the highest priority to unadjusted quoted in an active market for identical assets liabilities and the lowest priority to unobservable inputs.

Level 1 – Unadjusted quoted for identical assets or liabilities in an active market that the Company has the ability to access at the measurement date.

Level 2 – Quoted in the markets that are not active, quoted prices for similar assets or liabilities, recent market transactions, inputs other than quoted market prices for the assets or liabilities that are observable either directly or indirectly for substantially the full term, and inputs to valuation techniques that are derived principally from or corroborated by observable market data through correlation or other statistical means for substantially the full term of the asset or liability.

Level 3 – Inputs to the pricing or valuation techniques that are significant to the overall fair value measurement of the asset or liability are unobservable.

Notes to the Financial Statements (continued)

4 Financial risk management (continued)

The methodology and assumptions used in the estimating the fair value of financial instruments are disclosed below. The fair values together with the carrying amounts shown in the statements of financial position are as follows:

31 December 2020		Carrying amount	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total Fair value
	Notes	£	£	£	£	£
Cash and cash equivalent	8	219	219	-	-	219
		219	219	-	-	219
Intercompany loan and payables	9	6,991	-	-	6,991	6,991
Trade payables	10	7,900	-	-	7,900	7,900
		14,891	-	-	14,891	14,891
31 December 2019		Carrying amount	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total Fair value
	Notes	£	£	£	£	£
Cash and cash equivalent	8	-	-	-	-	-
		-	-	-	-	-
Intercompany loan and payables	9	591	-	-	591	591
Trade payables	10	-	-	-	-	-
		591	-	-	591	591

Financial risk management objectives

The principal risks affecting the Company through its use of financial instruments are foreign exchange risk, market risk, which includes interest rate risk, credit risk and liquidity risk.

The Company does not actively engage in the trading of financial assets for speculative purposes.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company operates within an international group and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro.

The Company's currency positions and exposures are monitored by management on a regular basis.

As at 31 December 2020, the carrying value of the Company's net financial assets and liabilities held in individual foreign currencies expressed in Pound Sterling were as follows:

	2020	2019
	£	£
AUD net liabilities	(5,850)	-

The following exchange rates were applied:

AUD 0.5644 (2019: NA)

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Notes to the Financial Statements (continued)**4 Financial risk management(continued)**

A strengthening or weakening of the Euro by 10% against Pounds Sterling at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and increased or decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Equity		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
	£	£	£	£
31 December 2020				
AUD	5,85	(5,85)	5,85	(5,85)
31 December 2019				
AUD	-	-	-	-

Market risk

The Company is not exposed to market risk, as no interest revenue or expense were incurred during the period.

Credit risk

The Company is not exposed to credit risk as the Company doesn't have any receivables.

Fair values

The directors consider that the carrying amount of trade and other payables approximates to their fair value because the balances are short term and there are no disputes on any of the balances.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments or other cash flows. The Company manages liquidity by maintaining sufficient cash with banks and matching maturities of its receivables and payables to meet its on-going commitments. All current liabilities are payable on demand, however as refer to note 2, the material internal lending counterparties have agreed that any existing outstanding amounts payable to them by finance the Company will not be called for repayment for a period of at least twelve months from the date the board of directors of the Company approve the financial statements to enable the Company to continue operating as going concern.

5 Critical accounting estimates and judgments

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of preparation of the financial statements. The Company determines estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial period. All estimates and assumptions required in conformity with IFRSs are best estimates undertaken in accordance with the applicable standard.

The estimates and underlying assumptions are reviewed on an on-going 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 periods if the revision affects both the current and future periods.

There is no critical judgement and source of estimation uncertainty during the year and at the year-end date that has a significant effect on the amounts of assets and liabilities within the next financial period.

Notes to the Financial Statements (continued)

6 Administrative expenses

The following items have been included in arriving at loss for the year:

	2020	2019
	£	£
Audit fees	7,900	-
Other expenses	6,181	-
	<u>14,081</u>	<u>-</u>

The Company did not have any employees in the current period or prior period. The Directors did not receive any remuneration for their services during the period from the company.

No audit fees were accrued during the year ended 31 December 2019 as the Company was considered dormant.

7 Taxation

	2020	2019
	£	£
Income tax recognised in profit or loss		
Current year tax	2,675	-
Adjustment to prior year	-	-
Total income tax credit	<u>2,675</u>	<u>-</u>

The March 2021 UK Budget announced that the 19% rate of corporation tax will continue until April 2023, when it will be increased to 25%. No impact on the current period tax balances have been identified as a result of this announcement.

8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances:

	2020	2019
	£	£
Cash at bank and in hand	219	-
Total cash and cash equivalents	<u>219</u>	<u>-</u>

The fair value of cash and cash equivalents approximates to the book value due to the short term maturity of these instruments.

9 Intercompany loan and payables

	2020	2019
	£	£
Amount due to Pepper Europe (UK) Limited	1,141	591
Amount due to Pepper Group Services (Australia) Pty Ltd	5,850	-
	<u>6,991</u>	<u>591</u>

Payables to creditors primarily relate to amounts due to other Pepper Group entities. They are all short term in nature, interest free and are payable on demand. Therefore, the directors have determined that the carrying amount of trade and other payables materially approximates to their fair value.

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Notes to the Financial Statements (continued)**10 Trade and other payables**

	2020	2019
	£	£
Accruals	7,900	-
Total trade and other payables	7,900	-

11 Called up share capital

	2020	2019
	£	£
Authorised, Allotted, called up and fully paid		
100 Ordinary A shares of £1 each	100	100
	100	100

12 Ultimate controlling party

As at 31 December 2020, the Company was a subsidiary undertaking of Pepper Europe Servicing Limited, a company registered in United Kingdom.

As at 31 December 2020, the ultimate parent company was Holdco, a company registered in Australia. Holdco was the ultimate parent because no other entity has a controlling ownership of Holdco. Holdco is classified as an investment entity and therefore does not prepare consolidated accounts. Pepper Group Limited prepares group financial statements and copies can be obtained from Level 27, 177 Pacific Highway, North Sydney, New South Wales 2060, Australia. Pepper Group Pty Limited is the largest and smallest group into which the Company is consolidated.

On 30 March 2021, the immediate holding company of the Company changed from Pepper European Servicing Limited to Pepper Global MidCo Limited (incorporated in Jersey). The ultimate holding company of the Company changed from Holdco to Pepper Global TopCo Limited (incorporated in Jersey). Refer to 14 for further details on events after the reporting period.

13 Related party transactions

During the year, the Company incurred limited transactions with related parties in the ordinary course of business. The related party balances are unsecured, interest free and payable on demand at arm's length. The entities are related as they share the same ultimate controlling party.

Refer to note 9 for a breakdown of intercompany payables. The directors consider that the amounts outstanding are unsecured and will be settled in cash on demand. The amounts owed are charged an 'arm's length' interest rate. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Balances and transactions between the company and its related parties represent amounts for services provided in the normal course of business.

There are no transactions with key management personnel during the year.

14 Events after the reporting periodUltimate group internal restructure

During March 2021 Red Hot Australia Holdco Pty Limited (Holdco), the Company's ultimate holding company at 31 December 2020, and its subsidiaries (collectively the Pepper Group) undertook a corporate restructure.

As part of the restructure, a new foreign holding company (Pepper Global Topco Ltd – Topco, incorporated in Jersey) was established and substantially all Holdco shareholders exchanged Holdco shares for Topco shares, no cash consideration was paid. Therefore, the ultimate holding company of the Company changed from Holdco to Topco.

During the restructure, the Company's immediate holding company Pepper European Servicing Limited (PESL) sold 100% of the ordinary shares held in the Company to Pepper Global Midco Limited (incorporated in Jersey) for a non-cash consideration of £1. Therefore, after the restructure Pepper Global Midco Limited became the immediate holding company of the Company.

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Notes to the Financial Statements (continued)

14 Events after the reporting period (continued)

The Company acquired 100% of the shares in Pepper Group Services (Australia) Pty Limited (PGS) from Pepper Group Pty Ltd (PGPL) for a non-cash consideration of AU\$108.6m, and subsequently subscribed for an additional AU\$22.3m ordinary shares using non-cash consideration.

The Company then acquired 100% of the shares in Holdco and through Holdco's 100% ownership of Red Hot Australia Bidco Pty Ltd (Bidco) acquired 96.34% of the shares in PGPL for a non-cash consideration of AU\$1,467.6m. The Company then acquired the remaining 3.66% of PGPL for a non-cash consideration of AU\$53.6m (effectively controlling 100% of the PGPL).

Immediately after the acquisition of the PGPL shares, assets and liabilities that did not pertain to PGPL's ongoing business activities and operations in Australia and New Zealand or its shared service operations in the Philippines (rest of world – ROW) were sold to entities controlled by Topco outside of the PGPL Group. Following the ROW sale, the company received an AU\$582.2m non-cash dividend and an AU\$927.4m non-cash return of capital from Holdco, settled in part by the transfer of the remaining 96.34% of the shares in PGPL to the company.

On 30 April 2021, PGPL converted to a public company and was renamed Pepper Money Limited (PML). PML listed on the ASX (The Australian Securities Exchange is Australia's primary securities exchange) on 25 May 2021 under the ticker PPM at an issue price of \$2.89 per share. \$500.1 million was raised from the offer, representing 39.41% of the issued share capital of the Company. The remaining 60.59% of the share capital is held by the Company.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.