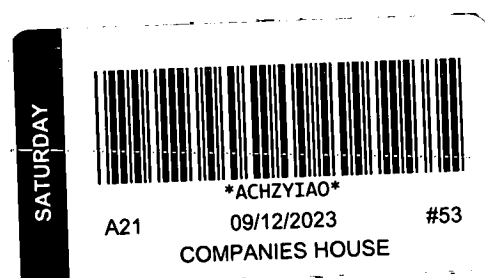


PEPPER GROUP ANZ HOLDCO LIMITED

Register Number: 06548576

Annual Report and Financial Statements

For the year ended 31 December 2022



PEPPER GROUP ANZ HOLDCO LIMITED
Company Number: 06548576
For the year ended 31 December 2022

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PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

General Information

Directors

Michael Culhane

Andrew Day (resigned on 24 January 2023)

Richard Klemmer (resigned on 1 January 2022)

Fraser Mcleod Dr Gemmell (appointed on 28 March 2022)

Registered office

West Suite, Third Floor,
Carrington House,
126-130 Regent Street,
London, United Kingdom, W1B 5SE

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
4 Brindley Pl, Birmingham B1 2HZ,
United Kingdom

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

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 2022.

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.

Pepper Global Topco Limited (Topco) newly incorporated on 29 March 2021, acquired 100% of Holdco shared in exchange for shares issued to the previous Pepper Group shareholders. Topco obtained control of Holdco and all the entities it control to form Pepper Global (the 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. The Directors do not anticipate any change in the nature of the Company's principal activity going forward, and it is actively looking for new investments.

Results for the year and dividends

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

The Company's profit after tax for the year amounted to AU\$4,662,014 (profit after tax 2021: AU\$62,937,726).

The Company has accrued interest on Intercompany loan of AU\$ 41,666,605 leading to reduction in the profit during the current financial year.

The Company has received total dividend of AU\$ 38,348,618 from Pepper Money Limited Australia AU\$ 23.96m @ 9% per ordinary share held on the record date of 15 March 2022 and AU\$ 14.38m @ 5.4% per ordinary share held on the record date of 15 September 2022 (2021: AU\$ 604,316,432).

The Company has paid dividend of AU\$ 38,348,618 to Pepper Global Midco Limited in current year (2021: AU\$ NIL).

Refer note 17 for the events occurring after the end of financial years that has significant impact on the operations of the Company.

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 (resigned 24 January 2023)

Richard Klemmer (resigned 1 January 2022)

Fraser Mcleod Dr Gemmell (appointed on 28 March 2022)

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.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

Directors' Report (continued)

Going concern

In making the going concern assessment for the Company, the directors considered the impact of the current economic conditions. The current economic conditions are expected to have a limited impact on operations of the Company.

The investments were tested for impairment at 31 December 2022 and the Company recognised impairment loss of AU\$ 3,985,836 on its investments in Red Hot Australia HoldCo Pty Limited - AU\$ 3,985,836 upon deregistration, we considered this as adjusting event as the company was in process of de-registration prior to 31 December 2022 and no prospect of recovery were at the end of the period.

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 is not engaged in any active business. For the 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.

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 financial risk. The Company's activities expose it to a variety of financial risks, such as market risk (including foreign currency, interest rate), credit risk and liquidity risk (refer note 4). The Company does not actively engage in the trading of financial assets for speculative purposes.

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.

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 section 418 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 and signed on its behalf by:



Michael Culhane
Director
6 December 2023

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

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.

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 these 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 2022

Independent auditor's report to the members of Pepper Group ANZ Holdco Ltd

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its [profit/loss] for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- specify the titles of the primary statements such as
- the income statement;
- the statement of comprehensive income;
- statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

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.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

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 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, including those that are specific to the company's business sector.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

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 UK Companies Act and relevant tax legislation; 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 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 are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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' exemptions in preparing the directors report and from the requirement to prepare strategic report.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

We have nothing to report in respect of these matters.

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.

A handwritten signature in black ink that reads "Neil Reed". The signature is written in a cursive, slightly slanted style.

Neil Reed, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

6 December 2023

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

Statement of Comprehensive Income

For the year ended 31 December 2022

		31 December 2022 AU\$	31 December 2021 AU\$
Continuing Operations	Notes		
Interest Income	6	4,799,664	2,976,574
Interest Expense	6	(41,666,605)	-
Total interest income		(36,866,941)	2,976,574
Dividends received	10	38,348,618	604,316,432
Total revenue		1,481,677	607,293,006
Foreign exchange gains		180,817	263,378
Impairment loss	10	(3,985,836)	(543,968,275)
Administrative Expenses	7	(42,563)	(42,953)
(Loss)/Profit before tax		(2,365,905)	63,545,156
Tax credit/(expenses)	8	7,027,919	(607,430)
Profit after tax for the year		4,662,014	62,937,726

The profit after tax is the same as the total comprehensive income 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.

PEPPER GROUP ANZ HOLDCO LIMITED
Company Number: 06548576
For the year ended 31 December 2022

Statement of Financial Position

As at 31 December 2022

	Notes	31 December 2022	31 December 2021
		AU\$	AU\$
Assets			
Non-current assets			
Investments	10	<u>724,236,219</u>	<u>728,222,055</u>
Total non-current assets		724,236,219	728,222,055
Current assets			
Income tax receivables	8	6,726,310	-
Intercompany loans and receivables	12	94,000,361	85,060,745
Cash and cash equivalents	9	<u>80,083</u>	<u>2,978</u>
Total current assets		100,806,754	85,063,723
Total assets		825,042,973	813,285,778
Current liabilities			
Trade and other payables	11	58,141	35,547
Income tax payable	8	-	302,070
Intercompany loans and payables	13	<u>795,754,965</u>	<u>750,031,690</u>
Total current liabilities		795,813,106	750,369,307
Non-current liabilities		<u>-</u>	<u>-</u>
Total non-current liabilities		-	-
Total liabilities		795,813,106	750,369,307
Net assets		29,229,867	62,916,471
Equity			
Called up share capital	14	170	170
Foreign currency translation reserve		(650)	(650)
Retained earnings		<u>29,230,347</u>	<u>62,916,951</u>
Total equity		29,229,867	62,916,471
Total equity and liabilities		825,042,973	813,285,778

These financial statements were approved and authorised for issue by the Board of Directors' on 6 December 2023. These were signed on its behalf by:



Michael Culhane
Director
6 December 2023

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

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

Statement of Changes in Equity

For the year ended 31 December 2022

	Called up Share capital AU\$	Foreign currency translation reserve AU\$	Retained earnings AU\$	Total equity AU\$
Balance at 1 January 2021	170	(650)	(20,775)	(21,255)
Profit for the period	-	-	62,937,726	62,937,726
Balance at 31 December 2021	170	(650)	62,916,951	62,916,471
Profit for the period	-	-	4,662,016	4,662,016
Dividend paid	-	-	(38,348,618)	(38,348,618)
Total comprehensive loss for the year	-	-	(33,686,604)	(33,686,604)
Balance at 31 December 2022	170	(650)	29,230,347	29,229,867

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

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

Statement of Cash Flows

	Year ended 31 December 2022 AU\$	Year ended 31 December 2021 AU\$
(Loss) / profit before tax	(2,365,905)	63,545,156
Adjustments for:		
Impairment loss	3,985,836	-
Interest revenue	(4,799,664)	(2,976,574)
Interest expense	41,666,605	-
Dividend received	(38,348,618)	(604,316,432)
	<u>138,254</u>	<u>(543,747,850)</u>
Changes in working capital:		
(Increase)/decrease in inter-company loans and receivables	(4,140,414)	461,884,103
Increase in inter-company loans payables and trade and other payables	<u>4,079,264</u>	<u>82,166,957</u>
Cash generated from operations	<u>(61,149)</u>	<u>544,051,060</u>
 -Income taxes paid	 -	 (300,620)
Net cash generated from operations	<u>77,105</u>	<u>2,590</u>
 Cash flows from investing activities		
-Dividend received	<u>38,348,618</u>	<u>-</u>
Net cash generated from investing activities	<u>38,348,618</u>	<u>-</u>
 Cash flows from financing activities		
-Dividend paid	<u>(38,348,618)</u>	<u>-</u>
Net cash generated from financing activities	<u>(38,348,618)</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>77,105</u>	<u>2,590</u>
 Cash and cash equivalents at 1 January	 2,978	 388
Cash and cash equivalents at 31 December	<u>80,083</u>	<u>2,978</u>

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

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

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 Australian dollar because that is the currency of the primary economic environment in which the Company operates.

2 Going concern

In making the going concern assessment for the Company, the Directors considered the impact of the current economic conditions. The current economic conditions are expected to have a limited impact on operations of the Company.

The investments were tested for impairment at 31 December 2022 and the Company recognised impairment loss of AU\$ 3,985,836 on its investments in Red Hot Australia HoldCo Pty Limited - AU\$ 3,985,836 upon deregistration, we considered this as adjusting event as the company was in process of de-registration prior to 31 December 2022 and no prospect of recovery were at the end of the period.

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 is not engaged in any active business. For the 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

These financial statements have been prepared and approved by the Directors in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

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. The Directors of the Company have elected not to prepare consolidated financial statements and exemption from consolidation has been used as per section 399(2) of the Companies Act, 2006, under IFRS 10. Details of investments made in subsidiaries are disclosed in note 11.

The immediate parent of the Company as at 31 December 2022 was Pepper Global MidCo Limited (incorporated in Jersey). As at 31 December 2022, the ultimate parent company of the Company was Pepper Global TopCo Limited (incorporated in Jersey). Pepper Global Topco Limited prepares Group financial statements and copies can be obtained from 22, Grenville Street, St. Helier, JE4 8PX, Jersey. Pepper Global Topco Limited is the largest and smallest Group into which the Company is consolidated.

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

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

Notes to the Financial Statements (continued)

3 Summary of significant accounting policies (continued)

Basis of preparation (continued)

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 and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future years.

(b) Accounting standards adopted in the period

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the financial statements of the Company.

Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured in Australian Dollar, being the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Australian Dollar.

Transactions and balances

Foreign currency transactions that are denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the relevant transactions.

PEPPER GROUP ANZ HOLDCO LIMITED

Company Number: 06548576

For the year ended 31 December 2022

Notes to the Financial Statements (continued)

3 Summary of significant accounting policies (continued)

Transactions and balances (continued)

Monetary items denominated in foreign currency are translated at the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate as at the date of initial recognition.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation, at period-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

All foreign exchange gains and losses recognised in the Statement of Comprehensive Income are presented net in the income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Foreign operations

The individual financial statements of the Company are presented in the currency of the primary economic environment in which they operate (the respective functional currencies). For the purpose of these financial statements, the results and financial position of each operation are expressed in Australian Dollar.

The assets and liabilities of the Company's foreign operation are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss.

Investment in subsidiaries

The investment in subsidiaries are all stated at cost less provision for impairment.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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 fair value through profit and loss (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 categorise financial assets based on:

- (i) the business model within which the assets are managed; and
- (ii) 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, trade and other receivables and intercompany loans and receivables are subsequently measured at amortised cost. There are no financial assets measured at fair value through other comprehensive income 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.

Trade and other receivables

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Intercompany loans and receivables

These assets arise principally from loans to fellow subsidiaries, but also arise from provision of services to fellow subsidiaries where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in financial assets at amortised cost that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL for all trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

PEPPER GROUP ANZ HOLDCO LIMITED

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Notes to the Financial Statements (continued)

3 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Having considered the credit rating of the overall Group, in addition to the geographical distribution of individual counterparties, the Directors have determined that the probability of default is sufficiently low such that the ECL for intercompany loans is immaterial (see note 5 for critical accounting estimates and judgments). Because all financial assets are viewed as performing there were no movements in expected credit losses between lifetime ECL and 12-month ECL for any financial assets, and as such the change in the gross carrying amounts of the financial assets, had an immaterial impact on the loss allowance.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors in full,
- when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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Notes to the Financial Statements (continued)**3 Summary of significant accounting policies (continued)****Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the control of the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises the financial asset to the extent of its continuing involvement in the financial asset. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Under IFRS 15, the Company recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a goods or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's and the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance do not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Dividend received

Dividends received during the period are recognised in the income statement.

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. 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.

PEPPER GROUP ANZ HOLDCO LIMITED

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For the year ended 31 December 2022

Notes to the Financial Statements (continued)**3 Summary of significant accounting policies (continued)****Current income tax (continued)**

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.

4 Financial instruments

The Company's activities expose it to a variety of financial risks, such as market risk (including foreign currency, interest rate and price risk), credit risk and liquidity risk.

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

Categories of financial instruments

		2022 AU\$	2021 AU\$
Financial assets	Basis of measurement		
Cash and cash equivalents	Amortised cost	80,083	2,978
Intercompany loans and receivables	Amortised cost	94,000,361	85,060,745
		<u>94,080,444</u>	<u>85,063,723</u>
Financial liabilities	Basis of measurement		
Trade and other payables	Amortised cost	58,141	35,547
Intercompany loans and payables	Amortised cost	795,754,965	750,031,690
		<u>795,813,106</u>	<u>750,067,237</u>

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 market would set for that financial instrument. In order to make these

Fair values

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.

PEPPER GROUP ANZ HOLDCO LIMITED

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For the year ended 31 December 2022

Notes to the Financial Statements (continued)

4 Financial instruments (continued)

Fair value hierarchy (continued)

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.

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

The following tables provide an analysis of financial assets and financial liabilities not measured at fair value in the Statement of Financial Position grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

				Using	With	Total Fair value
		Carrying amount	Quoted market price	observable inputs	significant unobservable inputs	
		AU\$	Level 1 AU\$	Level 2 AU\$	Level 3 AU\$	AU\$
31 December 2022						
Intercompany loans and receivables	11	94,000,361	-	-	94,000,361	94,000,361
Cash and cash equivalent	9	80,083	80,083	-	-	80,083
		94,080,444	80,083	-	94,000,361	94,080,444
Intercompany loans and payables	12	795,754,965	-	-	795,754,965	795,754,965
Trade payables	13	58,141	-	-	58,141	58,141
		795,813,106	-	-	795,813,106	795,813,106
31 December 2021						
Intercompany loans and receivables	11	85,060,745	-	-	85,060,745	85,060,745
Cash and cash equivalent	9	2,978	2,978	-	-	2,978
		85,063,723	2,978	-	85,060,745	85,063,723
Intercompany loans and payables	12	750,031,690	-	-	750,031,690	750,031,690
Trade payables	13	35,547	-	-	35,547	35,547
		750,067,237	-	-	750,067,237	750,067,237

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For the year ended 31 December 2022

Notes to the Financial Statements (continued)**4 Financial Instruments (continued)****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 GBP.

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

As at 31 December 2022, the carrying value of the Company's net financial assets and liabilities held in individual foreign currencies expressed in Australian Dollar were as follows:

	2022	2021
	AU\$	AU\$
GBP net asset/(liabilities)	59,978	(25,246)

The following exchange rates were applied:

GBP 0.5628 (2021: 0.5368)

A strengthening or weakening of the Pound Sterling by 10% against Australian Dollar at 31 December 2022 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 AU\$	Weakening AU\$	Strengthening AU\$	Weakening AU\$
31 December 2022				
GBP	(5,998)	5,998	(5,998)	5,998
31 December 2021				
GBP	2,525	(2,525)	2,525	(2,525)

Market risk

The Company is exposed to market risk through its use of financial instruments, specifically interest rate risk, which results from its operating activities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Credit risk

Credit risk is the risk of suffering financial loss should the Company's customers, clients or counterparties fail to fulfil their contractual obligations to the Company. To manage credit risk, the Group has established strong risk management teams who bring together a wealth of knowledge and experience in loan origination, servicing and arrears management capabilities across the Group. Company's activities during the current period mainly comprised of operational costs and recharge from other Group entities. As at 31 December 2022, the Company's largest exposure to credit risk comprises a receivable of AU\$79,890,765 from Pepper Global TopCo Limited (2021: AU\$71,696,650.39 from Pepper Group Services (Australia) Pty. Limited), which is a related party. The Company's maximum exposures to credit risk were the amounts reported in the Statement of Financial Position. There are no past due or impaired assets.

PEPPER GROUP ANZ HOLDCO LIMITED

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For the year ended 31 December 2022

Notes to the Financial Statements (continued)**4 Financial Instruments (continued)****Credit Risk (continued)**

The Company's current credit risk grading framework comprises the categories in the table as follows. Per the accounting policy for Financial Assets the Company always recognises lifetime ECL for intercompany loans and trade receivables (refer to note 3).

Category	Description	Basis for recognising
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECL – not credit impaired
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The credit quality of the Company's financial assets is at 12-month ECL and are rated as performing. The Directors have assessed the cash and cash equivalent, intercompany loans and receivables at the balance sheet date and determined that there had not been a significant increase in credit risk for any of the balances (2021: Nil).

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.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company currently has no external capital requirements but aims to maintain sufficient capital resources to support the Company's risk appetite and economic capital requirements. Capital resources comprise issued share capital and reserves.

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 key estimation and 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.

The following are the critical judgements and sources of estimation uncertainty that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements is included in the following notes:

PEPPER GROUP ANZ HOLDCO LIMITED

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For the year ended 31 December 2022

Notes to the Financial Statements (continued)**5 Critical accounting estimates and judgments (continued)****Impairment of financial assets (sources of estimation uncertainty)**

As explained in note 3, ECL are measured as an allowance equal to lifetime ECL for cash and cash equivalents, intercompany loans and receivables, for stage 1, stage 2 and stage 3. Per IFRS 9, ECL's are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. The Company's Directors do not expect a difference between the 12-month ECL and the lifetime ECL, because all financial assets are short term (i.e. less than 12 months). The expectation that there is no difference between the 12-month ECL and the lifetime ECL forms the judgement made by the Company.

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of the subsidiaries or cash generating units the investments are held in. The value in use calculation requires management to estimate both the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. There is estimation uncertainty within the estimation of the value in use of the subsidiaries. Where the actual future cash flows are less than expected, an impairment loss may arise.

Impairment of Investments

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Management's assessment of the values in use of each business the Company held shares in (at 31 December 2022) considered the debt composition and related obligations of each business (subsidiary and/or cash generating unit) to ensure any change did not impact the recoverability of the company's investments.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Climate change

Climate change is a global challenge and an emerging risk to businesses, people and the environment. Therefore, in preparing the financial statements, the Company has considered the impact of climate-related risks on its financial position and performance, including the impact on ECL. While the effects of climate change represent a source of uncertainty, the Company does not consider there to be a material impact on its judgements and estimates from the physical or transition risks in the short to medium term. Accordingly, there is no significant risk of material adjustment of the carrying amounts of assets and liabilities within the next financial year as a result of climate change.

PEPPER GROUP ANZ HOLDCO LIMITED

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Notes to the Financial Statements (continued)**6 Interest income and expense**

During the year, the Company received interest income as below:

	31 December 2022 AU\$	31 December 2021 AU\$
Interest income		
Interest income from intercompany loan receivables	4,799,664	2,976,574
	<u>4,799,664</u>	<u>2,976,574</u>
Interest expense		
Interest expense on intercompany loan payables	(41,666,605)	-
	<u>(41,666,605)</u>	<u>-</u>
	<u>(36,866,941)</u>	<u>2,976,574</u>

Refer note 16 for related party for bifurcation of intercompany interest income and expense.

7 Administrative expenses

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

	31 December 2022 AU\$	31 December 2021 AU\$
Audit fees	40,892	39,209
Other expenses	1,671	3,744
	<u>42,563</u>	<u>42,953</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.

PEPPER GROUP ANZ HOLDCO LIMITED

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Notes to the Financial Statements (continued)**8 Taxation**

	31 December 2022 AU\$	31 December 2021 AU\$
Current tax		
Current year credit/(charge)	6,978,450	(607,430)
Prior year adjustment in respect of current tax	49,469	-
Total current tax	<u>7,027,919</u>	<u>(607,430)</u>
Deferred tax		
Current year charge	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax credit/(charge) for the year	<u>7,027,919</u>	<u>(607,430)</u>
 (Loss)/profit before tax	 (2,365,905)	 63,545,156
Tax calculated at corporation tax rate in the UK of 19% (2021: 19%)	449,522	(12,073,580)
Effects of:		
Expenses not deductible for tax purposes	(757,309)	(103,353,972)
Income not assessable for tax purposes	7,286,237	114,820,122
Prior year adjustment	49,469	-
Tax credit/(charge)	<u>7,027,919</u>	<u>(607,430)</u>

Factors that may affect future tax (benefits) / charges

Tax rate used for the reconciliation above is the corporate tax rate of 19% payable by UK tax resident corporate entities on the taxable profits under UK tax law. The normal rate of UK corporation tax will increase to 25% for the tax year beginning 1 April 2023.

9 Cash and cash equivalents

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

	31 December 2022 AU\$	31 December 2021 AU\$
Cash at bank and in hand	80,083	2,978
	<u>80,083</u>	<u>2,978</u>

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

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Notes to the Financial Statements (continued)

10 Investments

	31 December 2022 AU\$	31 December 2021 AU\$
Investments in Group undertakings recorded at cost:		
Beginning of the year	728,222,055	-
Additions during the year	-	1,272,190,330
Impairment during the year	(3,985,836)	(543,968,275)
Investments at the end of the year	724,236,219	728,222,055

Details of the Company's investments in subsidiaries at the end of the reporting period are set out below.

	31 December 2022 AU\$	31 December 2021 AU\$
Pepper Money Limited Australia	601,068,369	601,068,369
Pepper Group Assets Australia Pty Limited	1	1
Pepper Group Services (Australia) Pty Limited	123,167,849	123,167,849
Red Hot Australia HoldCo Pty Limited	-	3,985,836
	724,236,219	728,222,055

In the opinion of the Directors the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Name	Place of incorporation	Registered office	Ordinary shares held %	Voting power held %
Pepper Money Limited Australia	Australia	Level 27, 177 Pacific Highway, North Sydney, New South Wales 2060, Australia	60.57%	60.57%
Pepper Group Assets Australia Pty Limited	Australia	Level 27, 177 Pacific Highway, North Sydney, New South Wales 2060, Australia	100%	100%
Pepper Group Services (Australia) Pty Limited	Australia	Level 27, 177 Pacific Highway, North Sydney, New South Wales 2060, Australia	100%	100%

The Company received a total of AU\$ 38,348,618 dividends during the year from Pepper Money Limited Australia (2021: AU\$ 604,316,432).

The investments were tested for impairment at 31 December 2022 and the Company recognised impairment loss of AU\$ 3,985,836 on its investments in Red Hot Australia HoldCo Pty Limited - AU\$ 3,985,836 upon deregistration, we considered this as adjusting event as the company was in process of de-registration prior to 31 December 2022 and no prospect of recovery were at the end of the period.

In the previous year, the Company recognised impairment loss of AU\$543,968,275 on its investments, in Red Hot Australia HoldCo Pty Limited - AU\$536,212,579 and Pepper Group Services Australia Pty Limited - AU\$7,755,696 as the recoverable value of investment is less than its carrying value.

PEPPER GROUP ANZ HOLDCO LIMITED

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For the year ended 31 December 2022

Notes to the Financial Statements (continued)**11 Trade and other payables**

	31 December 2022 AU\$	31 December 2021 AU\$
Accruals	58,141	35,547
	<u>58,141</u>	<u>35,547</u>

12 Intercompany loans and receivables

All intercompany loans and receivables are unsecured and payable on demand. They are measured at amortised cost, and that carrying value approximates its fair value.

	31 December 2022 AU\$	31 December 2021 AU\$
<u>Amounts due from:</u>		
Pepper Global Treasury SLP	14,109,596	13,364,095
Pepper Group Services (Australia) Pty Limited	-	71,696,650
Pepper Global TopCo Limited	79,890,765	-
	<u>94,000,361</u>	<u>85,060,745</u>

13 Intercompany loan and payables

Intercompany loans and payables are unsecured and payable on demand. They are measured at amortised cost, and that carrying value approximates its fair value. The payable to Pepper Global Midco Limited has an average margin 5.46% (subject to monthly change in AONIA), all other intercompany loan payables are interest free.

	31 December 2022 AU\$	31 December 2021 AU\$
<u>Amount due to:</u>		
Pepper Asset Management Pty Ltd	4,251,186	-
Pepper Europe (UK) Limited	42,679	25,246
Pepper Finance H62 Limited	1,939	-
Pepper Global Midco Limited	791,161,500	749,708,787
Pepper Group Services (Australia) Pty Limited	4	-
Pepper Group Limited	297,657	297,657
	<u>795,754,965</u>	<u>750,031,690</u>

PEPPER GROUP ANZ HOLDCO LIMITED

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Notes to the Financial Statements (continued)**14 Called up share capital**

	31 December 2022 AU\$	31 December 2021 AU\$
Authorised, Allotted, called up and fully paid		
100 Ordinary A shares of AU\$1.7 each		
Opening Share capital	170	170
Addition/disposal during the year	-	-
	<u>170</u>	<u>170</u>

Refer to note 15, the Company as part of the Pepper Group undertook a corporate restructure in the previous year. As a part of 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 AU\$1.70. Therefore, after the restructure Pepper Global Midco Limited became the immediate holding company of the Company.

15 Ultimate controlling party

On 29 March 2021, a related party of the Company: Red Hot Australia Holdco Pty Limited (Holdco), the Pepper Group's ultimate holding company at 31 December 2020, and its subsidiaries (collectively the Pepper Group) undertook a corporate restructure.

As part of the restructure, Pepper Global Topco Ltd (Topco), registered in Jersey, acquired 100% of Holdco's shares in exchange for shares issued to the previous Pepper Group shareholders to form the Pepper Global Group (Pepper Global). In accordance with IFRS 10: Consolidated financial statements, Topco obtained control of Holdco and all the entities it controlled at 29 March 2021 (collectively the Pepper Group) and became the ultimate holding company of the Pepper Group.

Topco owned 100% of the shares in Pepper Global Midco Ltd (Midco) before the restructure, and Midco acquired 100% of the shares in the Company.

16 Related party transactions

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

Related Party	Revenue/(expense) – AU\$			
	Dividends	Interest Income and expense on Intergroup Loans	Dividends	Interest Income and expense on Intergroup Loans
	2022		2021	
Pepper Group Limited	-	-	-	2,976,574
Pepper Money Limited Australia	38,348,618	-	22,109,642	-
Red Hot Australia HoldCo Pty Limited	-	-	582,206,790	-
Pepper Global MidCo Limited	(38,348,618)	(41,666,605)	-	-
Pepper Global TopCo Limited	-	3,944,882	-	-
Pepper Global Treasury SLP	-	745,502	-	-
Total	-	(36,866,941)	604,316,432	2,976,574

The Company has received total dividend of AU\$ 38,348,618 from Pepper Group Limited AU\$ 23.96m @ 9% per ordinary share held on the record date of 15 March 2022 and AU\$ 14.38m @ 5.4% per ordinary share held on the record date of 15 September 2022 (2021: AU\$ 604,316,432).

PEPPER GROUP ANZ HOLDCO LIMITED

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Notes to the Financial Statements (continued)

16 Related party transactions (continued)

Refer to note 12 and 13 for a breakdown of intercompany receivable and payable balances. 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.

17 Events after the reporting period

Subsequent to 31 December 2022, the global banking system has been impacted by the collapse of Silicon Valley Bank, Signature Bank and the acquisition of Credit Suisse by UBS Group AG.

As part of the Group's ongoing risk management program Management reviewed exposure to banking, derivative and debt counterparties and were satisfied there is limited impact expected from the events noted (refer to Note 4).

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.