

**JAJA FINANCE HOLDING (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# JAJA FINANCE HOLDING (UK) LIMITED

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# JAJA FINANCE HOLDING (UK) LIMITED

## COMPANY INFORMATION

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Directors	D Chan V A Piplapure M Issa G Spingardi G Lindsay
Company secretary	A S Rushton
Registered number	11990299
Registered office	3rd Floor 3 Valentine Place London SE1 8QH
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

# JAJA FINANCE HOLDING (UK) LIMITED

## GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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### Introduction

The directors present their strategic report for the year ended 31 December 2021.

### Principal activity

The Group is a digital first credit card provider in the UK and its principal activities continue to be the provision of credit card services to prime and near-prime consumers. Jaja Finance Limited currently services a medium-sized portfolio of credit cards consisting of two co-branded cards – Bank of Ireland (UK) and the AA, as well as Jaja-branded credit cards, while Jaja Finance (Investco) Limited holds an investment in a securitised credit card portfolio.

Jaja Finance Ltd is regulated by the Financial Conduct Authority and authorised to issue consumer credit cards in the UK.

### Review of business

The Group generated a loss after tax of £21.3m (2020: £20.7m) for the financial year and the directors consider its performance to be in line with expectations.

Turnover increased from £3.0m to £12.8m reflecting a full year of servicing income following transfer of the Bank of Ireland credit card portfolio in Q4 of 2020, and completion of migration remained the primary focus for Q1. Significant milestones included the successful transfer of the entire customer base to Jaja, a transition between card schemes from MasterCard to Visa, and termination of additional temporary contact center support required to service customers during the transition period.

Ongoing cost reductions and a focus on supporting customers to adopt digital servicing contributed to a steady reduction in net servicing costs during the year. As a result, the Group's gross loss, reflecting net servicing and lending income before operating expenses, reduced significantly from £2.2m for the 3 month period of servicing in 2020 to £1.4m for the 12 months to December 2021.

The Group's continued research and development activities and further investment in service capability contributed to the Group's Trustpilot rating progressively rising to nearly 4 in December 2021.

In anticipation of significant customer growth in 2022, H2 was focused on development of the Group's origination capability, with user testing of the customer application journey and the development of bespoke underwriting technology and acceptance models. The Group continues to invest heavily in recruitment across all areas of the business, notably in technology, analytics and credit risk. Coupled with ongoing investment in technology, such as the chat functionality trialed successfully in Q4, this creates a solid foundation for future growth.

Income from fixed asset investments totalled £2.1m and an impairment charge of £1.5m was recognised against asset-backed securities 2021.

During the year the Group received further equity investment of £15.4m and Group net assets amounted to £18.2m at 31 December 2021.

# JAJA FINANCE HOLDING (UK) LIMITED

## GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Key performance indicators

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

#### Revenue

2021 - £12.8m

2020 - £3.0m

#### Gross loss

2021 - £1.4m

2020 - £2.2m

#### Number of full time employees at end of year

2021 - 111

2020 - 78

### Events after the balance sheet date

In March 2022 the Group received regulatory approval from the Financial Conduct Authority for a change in control following a new £120m subscription agreement undertaken by Jaja Finance Holding (UK) Ltd.

On 31 March 2022 the Group received an initial investment of £40m and issued 400,000,000 Class A shares of £0.001 each in consideration.

In March 2022 the £3.2m loan owed to Honeycomb Investment Trust PLC, and shown in other creditors at 31 December 2021, was repaid in full by Jaja Finance Limited, a fellow group company, on behalf of Jaja Finance (Investco) Limited. Deposits of £0.3m shown in other debtors were offset against this repayment as part of the net settlement.

### Outlook for the future

In 2022, the Group's focus will be the full-scale launch of its own credit card to consumers in the UK.

The Group's distribution strategy includes the development of credit card and unsecured lending partnerships with co-brands and by the end of 2021, was in advanced contract negotiations with two co-brands.

Priorities for 2022 include growth in new customer accounts and securing sufficient liquidity to fund anticipated growth in customers and lending.

# JAJA FINANCE HOLDING (UK) LIMITED

## GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are:

#### Interest rate risk

The Group is currently funding its customer receivables from equity, and accordingly has no interest rate exposure to hedge against. In the future, the Group's funding of customer receivables will be subject to fluctuations in benchmark interest rates but given the expected size of net interest margin between the Group's weighted average interest rate charged to customers and the cost of its debt financing, the Group does not expect to hedge its interest rate exposure.

#### Credit risk

The Group currently does not have significant exposure to credit risk, as customer credit card receivables are low in value and spread across a vast number of customers. However customer growth and lending activities are expected to increase significantly in 2022, and the Group will have a materially greater exposure, with the risk being that any customer may be unwilling or unable to make repayments towards their credit card balance as they fall due. Management carefully manages and mitigates the Group's exposure to such credit risk through its proprietary credit decision engine, lending models and collection activities. Each customer is assessed for their creditworthiness and ability to sustainably afford to repay their debt before any credit is issued, and throughout the cardholder's lifecycle the Group continuously monitors and seeks to mitigate the risk of customers going into payment arrears.

#### Liquidity risk

The Group has historically funded its lending operations through equity investment and share capital, and together with the operational cash flows generated by the business are the key components of its capital management. The Group continuously monitors its cash requirements and projections throughout the year to ensure it has sufficient cash balances at all times to conduct its credit card lending and to meet all of its working capital requirements and liabilities as they fall due.

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

**D Chan**  
Director

Date: 28 July 2022

# **JAJA FINANCE HOLDING (UK) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and the financial statements for the year ended 31 December 2021.

### **Directors**

The directors who served during the year were:

N Aspinall  
D Chan (appointed 31 March 2021)  
J M Hughes  
P Jain  
C S Jones  
V R Leisner (appointed 27 June 2021)  
P M J Trivedi  
N A Radley (resigned 31 March 2021)  
J Svendsen (resigned 18 June 2021)

N Aspinall, J M Hughes, P Jain, C S Jones, V R Leisner and P M J Trivedi resigned as directors on 31 March 2022.

V A Piplapure, M Issa, G Spingardi and G Lindsay were appointed as directors on 31 March 2022.

### **Results and dividends**

The loss for the year, after taxation, amounted to £21,330,054 (2020 - loss £20,692,311) and a review of the business is set out in the Strategic Report on page 2. The directors do not recommend the payment of a dividend for the year (2020: £nil).

### **Matters covered in the Group strategic report**

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

### **Disclosure of information to auditor**

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

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

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

**D Chan**

Director

Date: 28 July 2022

# **JAJA FINANCE HOLDING (UK) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

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

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



# JAJA FINANCE HOLDING (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAJA FINANCE HOLDING (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

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### Opinion

We have audited the financial statements of Jaja Finance Holding (UK) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Profit and loss account, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

### Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the Group's ability to continue as a going concern is reliant on the achievement of ongoing performance targets specified in a £120m subscription agreement which was completed on 31 March 2022. The subscription agreement will allow the Group to draw further funding, both as part of, and subsequent to, the subscription agreement, in order to meet capital adequacy requirements, and to continue to fund operating costs for a period of at least twelve months following the approval of these financial statements. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

# **JAJA FINANCE HOLDING (UK) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAJA FINANCE HOLDING (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# JAJA FINANCE HOLDING (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAJA FINANCE HOLDING (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including FCA permissions and requirements;
- we identified the laws and regulations applicable to the Group through discussions with directors and other management, and from our commercial knowledge and experience of the credit card and payment services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group, including the Companies Act 2006, taxation legislation, FCA requirements, Financial Compensation Scheme rules, data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence, reviewing submissions of regulatory reports to the FCA reviewing correspondence in relation to customer complaints and the mechanisms adopted to address and correct these; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- considering the potential impact of credit card and payment fraud and the controls in place to address this.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

# JAJA FINANCE HOLDING (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAJA FINANCE HOLDING (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the FCA and the Financial Ombudsman Service.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

Nils Schmidt-Soltau (Senior statutory auditor)

for and on behalf of

**Blick Rothenberg Audit LLP**

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

9 August 2022

# JAJA FINANCE HOLDING (UK) LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	12,843,434	2,986,474
Cost of sales		(14,242,311)	(5,163,487)
<b>Gross loss</b>		<b>(1,398,877)</b>	<b>(2,177,013)</b>
Administrative expenses		(20,466,270)	(30,071,636)
Other operating income	5	235,068	14,306,281
<b>Operating loss</b>	6	<b>(21,630,079)</b>	<b>(17,942,368)</b>
Income from fixed asset investments	9	2,070,280	2,401,027
Interest receivable and similar income	10	1,148	14,872
Interest payable and similar expenses	11	(917,163)	(496,764)
Fair value gains and losses	12	(1,543,882)	(5,377,550)
<b>Loss before tax</b>		<b>(22,019,696)</b>	<b>(21,400,783)</b>
Tax on loss	13	689,642	708,472
<b>Loss for the financial year</b>		<b>(21,330,054)</b>	<b>(20,692,311)</b>
<b>Loss for the year attributable to:</b>			
Owners of the parent		<u>(21,330,054)</u>	<u>(20,692,311)</u>

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

The notes on pages 18 to 38 form part of these financial statements.

**JAJA FINANCE HOLDING (UK) LIMITED****CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	14	24,623,602	25,151,438
Tangible assets	15	116,077	130,312
Investments	16	4,517,143	6,061,025
		<u>29,256,822</u>	<u>31,342,775</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	3,716,374	4,676,488
Cash at bank and in hand	18	6,273,727	8,514,673
		<u>9,990,101</u>	<u>13,191,161</u>
Creditors: amounts falling due within one year	19	(20,998,272)	(5,498,504)
<b>Net current (liabilities)/assets</b>		<u>(11,008,171)</u>	<u>7,692,657</u>
<b>Total assets less current liabilities</b>		<u>18,248,651</u>	<u>39,035,432</u>
Creditors: amounts falling due after more than one year	20	-	(14,906,705)
<b>Provisions for liabilities</b>			
Other provisions	21	(89,374)	-
<b>Net assets</b>		<u>18,159,277</u>	<u>24,128,727</u>
<b>Capital and reserves</b>			
Called up share capital	22	61,504	41,739
Share premium account	23	65,439,330	50,098,491
Profit and loss account	23	(47,341,557)	(26,011,503)
<b>Equity attributable to owners of the parent company</b>		<u>18,159,277</u>	<u>24,128,727</u>
<b>Total equity</b>		<u>18,159,277</u>	<u>24,128,727</u>

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

**D Chan**  
Director

Date: 28 July 2022

The notes on pages 18 to 38 form part of these financial statements.

**JAJA FINANCE HOLDING (UK) LIMITED****COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	16	74,018,000	58,212,383
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	1	150,060
Cash at bank and in hand	18	600,000	-
		<u>600,001</u>	<u>150,060</u>
Creditors: amounts falling due within one year	19	(13,931,751)	(9,501)
<b>Net current (liabilities)/assets</b>		<u>(13,331,750)</u>	<u>140,559</u>
<b>Total assets less current liabilities</b>		<u>60,686,250</u>	<u>58,352,942</u>
Creditors: amounts falling due after more than one year	20	-	(10,312,006)
<b>Net assets</b>		<u><u>60,686,250</u></u>	<u><u>48,040,936</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	61,504	41,739
Share premium account	23	65,453,698	50,112,859
Profit and loss account	23	(4,828,952)	(2,113,662)
<b>Total equity</b>		<u><u>60,686,250</u></u>	<u><u>48,040,936</u></u>

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

**D Chan**  
Director

Date: 28 July 2022

The notes on pages 18 to 38 form part of these financial statements.

# JAJA FINANCE HOLDING (UK) LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 January 2020</b>	<b>38,918</b>	<b>48,165,730</b>	<b>(5,319,192)</b>	<b>42,885,456</b>
Loss for the year	-	-	(20,692,311)	(20,692,311)
Shares issued during the year	2,821	1,932,761	-	1,935,582
<b>At 1 January 2021</b>	<b>41,739</b>	<b>50,098,491</b>	<b>(26,011,503)</b>	<b>24,128,727</b>
Loss for the year	-	-	(21,330,054)	(21,330,054)
Shares issued during the year	19,765	15,340,839	-	15,360,604
<b>At 31 December 2021</b>	<b>61,504</b>	<b>65,439,330</b>	<b>(47,341,557)</b>	<b>18,159,277</b>

The notes on pages 18 to 38 form part of these financial statements.



# JAJA FINANCE HOLDING (UK) LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 January 2020</b>	<b>38,918</b>	<b>48,180,098</b>	<b>27,456</b>	<b>48,246,472</b>
Loss for the year	-	-	(2,141,118)	(2,141,118)
Shares issued during the year	2,821	1,932,761	-	1,935,582
<b>At 1 January 2021</b>	<b>41,739</b>	<b>50,112,859</b>	<b>(2,113,662)</b>	<b>48,040,936</b>
Loss for the year	-	-	(2,715,290)	(2,715,290)
Shares issued during the year	19,765	15,340,839	-	15,360,604
<b>At 31 December 2021</b>	<b>61,504</b>	<b>65,453,698</b>	<b>(4,828,952)</b>	<b>60,686,250</b>

The notes on pages 18 to 38 form part of these financial statements.

# JAJA FINANCE HOLDING (UK) LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(21,330,054)	(20,692,311)
<b>Adjustments for:</b>		
Amortisation of intangible assets	3,057,358	4,031,301
Depreciation of tangible assets	80,950	68,023
Impairments of fixed asset investments	1,543,882	3,327,550
Impairment of intangible fixed assets	-	1,695,199
Loss on disposal of tangible assets	35,405	-
Interest paid	917,163	496,764
Interest received	(1,148)	(14,872)
Taxation charge	(689,642)	(708,472)
Decrease/(increase) in debtors	908,476	(1,574,417)
(Decrease)/increase in creditors	(649,034)	3,913,688
Decrease in amounts owed to groups	(112,996)	(132,946)
Increase in provisions	89,374	-
Corporation tax received	741,280	536,977
<b>Net cash generated from operating activities</b>	<b>(15,408,986)</b>	<b>(9,053,516)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(2,529,522)	(2,310,100)
Purchase of tangible fixed assets	(102,120)	(113,619)
Interest received	1,148	14,872
<b>Net cash from investing activities</b>	<b>(2,630,494)</b>	<b>(2,408,847)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	15,360,604	1,935,582
Other new loans	12,750,000	10,312,006
Repayment of other loans	(11,394,907)	(1,921,453)
Interest paid	(917,163)	(496,764)
<b>Net cash used in financing activities</b>	<b>15,798,534</b>	<b>9,829,371</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,240,946)</b>	<b>(1,632,992)</b>
Cash and cash equivalents at beginning of year	8,514,673	10,147,665
<b>Cash and cash equivalents at the end of year</b>	<b>6,273,727</b>	<b>8,514,673</b>

**JAJA FINANCE HOLDING (UK) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	2021	2020
	£	£
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u>6,273,727</u>	<u>8,514,673</u>

The notes on pages 18 to 38 form part of these financial statements.

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1. General information

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

Jaja Finance Holding (UK) Ltd is a private company, limited by shares, incorporated in England and Wales. The address of its registered office is 3rd Floor 3 Valentine Place, London, England, SE1 8QH. The address of its principal place of business is 30 Stamford Street, London, SE1 9LQ.

The financial statements are presented in Sterling (£).

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. In the consolidated financial statements, the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained.

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The Group is in the start-up phase and has incurred losses since inception. It has been dependent historically on investment from its shareholders to meet its short-term working capital and long-term capital needs as well as to meet its other obligations.

In March 2022 the Group completed a £120m subscription agreement and received equity investment of £40m, as the first instalment of the £120m overall investment, as set out in note 29. In April 2022 the Group repaid its loan with Honeycomb Investment Trust PLC and at 12 July 2022 cash at bank amounted to £20.0m.

The directors believe the Group has sufficient cash to meet working capital requirements until September 2022 and that the Group will require further investments of £26.3m to fund working capital requirements, and £47.2m to finance its lending activities, until at least July 2023 while maintaining capital adequacy thresholds required for existing FCA permissions and to avoid breaching covenants relating to a key customer contract. Jaja Finance Holding (UK) Limited's ability to draw funds under the subscription agreement is subject to one of its subsidiaries achieving ongoing performance targets, and although no assurances can be given, the directors remain confident that these performance targets will be achieved and that the Group will be able to obtain additional funding as needed.

The directors are of the opinion that the matter described above is a material uncertainty related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. However the directors have a reasonable expectation that the Group will be successful in achieving its performance targets, and that the Group will be able to obtain sufficient financial support to continue operating for a period of at least 12 months from the date of approval of these financial statements. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

#### 2.4 Revenue

Turnover is generated from the issuance and servicing of credit cards and is comprised of interest, interchange and servicing income.

Interest is calculated using the effective interest rate on daily outstanding balances. Interchange fees are recognised based on transaction date and servicing income is recognised in the period to which it relates.

#### 2.5 Other operating income

Other operating income represents amounts paid to the Group as reimbursements and other incentives in respect of portfolio migration for a key customer.

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### 2.6 Foreign currency translation

##### Functional and presentation currency

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

##### Transactions and balances

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

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

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

#### 2.7 Operating leases: the Group as lessee

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

#### 2.8 Interest income

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

#### 2.9 Finance costs

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

#### 2.10 Borrowing costs

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

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### 2.11 Taxation

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

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

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

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

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

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

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

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### 2.12 Intangible assets

##### **Goodwill**

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

##### **Other intangible assets**

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

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

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

##### **Research and development**

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

##### **Trademarks, patents and licences**

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

#### 2.13 Tangible fixed assets

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



# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### 2.13 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Office equipment	-
	3 years straight line

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

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

#### 2.14 Impairment of fixed assets and goodwill

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

#### 2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.16 Financial instruments

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

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

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

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

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

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

##### Financial liabilities

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

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

##### Impairment of financial assets

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

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

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

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

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Derecognition of financial assets and financial liabilities

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

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

##### Offsetting of financial assets and financial liabilities

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

#### 2.17 Cash and cash equivalents

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

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

#### 2.18 Share capital

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

#### 2.19 Provisions for liabilities

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

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

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

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

#### (i) Ability of the Group to continue as a going concern

Management have considered the Group's working capital requirements and other obligations for a period of at least 12 months from the date these financial statements were approved, and consider it appropriate to prepare these financial statements on a going concern basis. Key judgements include the ability of the Group to meet ongoing performance objectives and availability of funds from the parent company under the subscription agreement as set out in note 2.

#### (ii) Amortisation of software development costs

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

#### (iii) Impairment of software development costs

The Group assesses at each reporting date whether there is any indication that the value of an asset may be impaired. If any such indication exists the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of its fair value less costs to sell, or its value in use. Value in use has been calculated by discounting the estimated future cash flows to their present value using a pretax discount rate. Key judgements include the value of predicted revenue and gross margins, and the discount rate assumptions for a private company with similar risk profile.

#### (iv) Impairment loss on customer receivables

At each balance sheet date, the Group reviews its amounts receivable from customers and provides for impairment losses on receivables based on customer credit risk, payment history and an assessed probability of default. Impairment losses of £250,245 (2020: £242,000) were recognised during the year, and at the balance sheet date provisions for expected credit losses amounted to £508,629 (2020: £267,000). Impairment provisions are an area of management judgement as the actual payment performance of customers could be different.

#### (v) Valuation of fixed asset investments

The Group has invested in a securitised portfolio of credit card receivables which are included in these financial statements at fair value, estimated based upon projected cashflows associated with the underlying portfolio of credit card receivables and a discount rate reflecting the cost of funding. Key judgements include the projection of credit card receivables held in the portfolio, the payment performance of credit card customers and the use of an 8% discount rate.

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 4. Turnover

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

	2021 £	2020 £
Servicing income	12,703,676	2,895,760
Lending income	139,758	90,714
	<u>12,843,434</u>	<u>2,986,474</u>

All turnover arose within the United Kingdom.

### 5. Other operating income

	2021 £	2020 £
Migration of portfolio	<u>235,068</u>	<u>14,306,281</u>

### 6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Exchange differences	57,172	37,657
Other operating lease rentals	720,046	567,140
Audit fees payable to the Group's auditor	72,070	55,300
Non-audit fees payable to the Group's auditor	10,750	12,500
Impairment charge	<u>-</u>	<u>1,695,199</u>

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	<b>Group</b> <b>2021</b> £	Group 2020 £	<b>Company</b> <b>2021</b> £	Company 2020 £
Wages and salaries	<b>7,977,888</b>	4,456,372	-	-
Social security costs	<b>954,314</b>	565,473	-	-
Cost of defined contribution scheme	<b>93,524</b>	43,745	-	-
	<b>9,025,726</b>	5,065,590	-	-

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

	<b>Group</b> <b>2021</b> No.	Group 2020 No.	<b>Company</b> <b>2021</b> No.	Company 2020 No.
Directors and management	<b>16</b>	14	8	7
Commercial	<b>8</b>	5	-	-
Technology	<b>22</b>	11	-	-
Operations	<b>33</b>	12	-	-
Other	<b>29</b>	13	-	-
	<b>108</b>	55	8	7

### 8. Directors' remuneration

	<b>2021</b> £	2020 £
Directors' emoluments	<b>873,817</b>	455,862
Group contributions to defined contribution pension schemes	<b>229</b>	-
	<b>874,046</b>	455,862

During the year retirement benefits were accruing to 1 director (2020 - NIL) in respect of defined contribution pension schemes.

Remuneration costs for the highest paid director include emoluments of £350,000 (2020 - £206,663) and accrued performance related bonuses of £300,000 (2020 - £NIL).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2020 - £NIL).



# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 9. Income from investments

	2021 £	2020 £
Income from asset-backed securities	<u>2,070,280</u>	<u>2,401,027</u>

### 10. Interest receivable

	2021 £	2020 £
Other interest receivable	<u>1,148</u>	<u>14,872</u>

### 11. Interest payable and similar expenses

	2021 £	2020 £
Other loan interest payable	<u>917,163</u>	<u>496,764</u>

### 12. Fair value gains and losses

	2021 £	2020 £
Revaluation of asset-backed securities	1,543,882	3,327,550
Fair value of convertible loans	-	2,050,000
	<u>1,543,882</u>	<u>5,377,550</u>

### 13. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Research and development tax credit	(689,642)	(708,472)
<b>Total current tax</b>	<u>(689,642)</u>	<u>(708,472)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(689,642)</u>	<u>(708,472)</u>



# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 13. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(22,019,696)</u>	<u>(21,400,783)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(4,183,742)	(4,066,149)
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	500,980	500,980
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	255,183	511,409
Capital allowances for year in excess of depreciation	(6,207)	(4,207)
Adjustments to tax charge in respect of prior periods	-	(32,808)
Other timing differences leading to an (decrease)/increase in taxation	(104,538)	103,272
Other research and development adjustments	20,680	55,581
Research and development tax credit	(689,642)	(708,472)
Unrelieved tax losses carried forward	3,517,644	2,931,922
<b>Total tax charge for the year</b>	<u><b>(689,642)</b></u>	<u><b>(708,472)</b></u>

#### Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021.

The Group has tax losses carried forward at 31 December 2022 totalling £44,878,173 (2020: £26,146,490) available for relief against future profits.

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 14. Intangible assets

#### Group and Company

	Development expenditure £	Trademarks, patents and licences £	Website costs £	Goodwill £	Total £
<b>Cost</b>					
At 1 January 2021	6,689,115	1,990	36,259	26,367,373	33,094,737
Additions	2,529,522	-	-	-	2,529,522
At 31 December 2021	9,218,637	1,990	36,259	26,367,373	35,624,259
<b>Amortisation</b>					
At 1 January 2021	3,959,196	796	28,201	3,955,106	7,943,299
Charge for the year	411,369	1,194	8,058	2,636,737	3,057,358
At 31 December 2021	4,370,565	1,990	36,259	6,591,843	11,000,657
<b>Net book value</b>					
At 31 December 2021	4,848,072	-	-	19,775,530	24,623,602
At 31 December 2020	2,729,919	1,194	8,058	22,412,267	25,151,438

Goodwill arose on the acquisition of a subsidiary in 2019. The accounting policy adopted is set out in note 2 and the Group's basis of consolidation is set out in note 2.

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 15. Tangible fixed assets

#### Group

	Office equipment £
<b>Cost or valuation</b>	
At 1 January 2021	249,190
Additions	102,120
Disposals	(90,813)
At 31 December 2021	<u>260,497</u>
<b>Depreciation</b>	
At 1 January 2021	118,878
Charge for the year	80,950
Disposals	(55,408)
At 31 December 2021	<u>144,420</u>
<b>Net book value</b>	
At 31 December 2021	<u>116,077</u>
At 31 December 2020	<u>130,312</u>

### 16. Fixed asset investments

#### Group

	Asset-backed securities £
<b>Cost or valuation</b>	
At 1 January 2021	6,061,025
Revaluations	(1,543,882)
At 31 December 2021	<u>4,517,143</u>

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2021	58,212,383
Additions	16,900,000
Impairment charge	(1,094,383)
	<hr/>
At 31 December 2021	<u>74,018,000</u>

Group fixed asset investments, which relate to asset-backed securities, have been measured at fair value using an internal valuation model as there is no active market equivalent on which to base the fair value calculation. The key sources of estimation uncertainty relating to the internal valuation model are set out in note 3.

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Jaja Finance Ltd	3rd Floor 3 Valentine Place, England, SE1 8QH	Credit card services	Ordinary	100 %
Jaja Finance (Investco) Ltd	3rd Floor 3 Valentine Place, England, SE1 8QH	Investment company	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Jaja Finance Ltd	9,809,879	(17,254,386)
Jaja Finance (Investco) Ltd	1,905,617	181,974

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 17. Debtors

	<b>Group</b> <b>2021</b> £	Group 2020 £	<b>Company</b> <b>2021</b> £	Company 2020 £
Trade debtors	<b>155,029</b>	564,142	-	-
Amounts owed to related undertakings	-	-	<b>1</b>	150,060
Tax recoverable	<b>689,642</b>	741,280	-	-
Prepayments and accrued income	<b>1,836,592</b>	1,875,687	-	-
Other debtors	<b>1,035,111</b>	1,495,379	-	-
	<b><u>3,716,374</u></b>	<u>4,676,488</u>	<b><u>1</u></b>	<u>150,060</u>

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

### 18. Cash and cash equivalents

	<b>Group</b> <b>2021</b> £	Group 2020 £	<b>Company</b> <b>2021</b> £	Company 2020 £
Cash at bank and in hand	<b><u>6,273,727</u></b>	<u>8,514,673</u>	<b><u>600,000</u></b>	-

Included above are balances of £243,079 (2020 - £295,813) held by the Group in a fiduciary capacity as servicer of a key customer.

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 19. Creditors: amounts falling due within one year

	<b>Group</b> <b>2021</b> £	Group 2020 £	<b>Company</b> <b>2021</b> £	Company 2020 £
Convertible loans	<b>13,098,329</b>	-	<b>13,098,329</b>	-
Other loans	<b>3,163,469</b>	-	-	-
Trade creditors	<b>31,419</b>	366,384	-	-
Amounts owed to related undertakings	-	112,996	<b>493,858</b>	1
Other taxation and social security	<b>346,935</b>	332,851	-	-
Other creditors	<b>344,059</b>	300,270	-	-
Accruals and deferred income	<b>4,014,061</b>	4,386,003	<b>339,564</b>	9,500
	<b>20,998,272</b>	<b>5,498,504</b>	<b>13,931,751</b>	<b>9,501</b>

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

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

Amounts shown above in convertible loans relate to two convertible loan agreements. The first loan dated July 2021 amounted to £6,258,082. The key terms are interest of 10% per annum, convertible or repayable on the earlier of a qualifying equity raise or 31 July 2022. The loan was converted in March 2022 via a payment of £4,483,069 and the issue of 1,625,525 preference shares. The second loan dated November 2021 amounted to £6,840,247. The key terms are interest of 8% per annum, convertible or repayable on a qualifying equity raise. The loan was settled by cash in March 2022.

### 20. Creditors: amounts falling due after more than one year

	<b>Group</b> <b>2021</b> £	Group 2020 £	<b>Company</b> <b>2021</b> £	Company 2020 £
Convertible loans	-	10,312,005	-	10,312,006
Other loans	-	4,594,700	-	-
	-	<b>14,906,705</b>	-	<b>10,312,006</b>

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

The convertible loans were exchanged for 11,678,446 preference shares in April 2021.

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 21. Provisions

#### Group

	Onerous contract provision £
Charged to profit or loss	89,374
At 31 December 2021	<u>89,374</u>

At the balance sheet date the Group has recognised provisions of £89,374 (2020 - £nil) representing the remaining minimum payments due by one of the Company's subsidiaries under an onerous supplier contract expiring in July 2022.

### 22. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
15,934,988 (2020 - 16,354,988) Ordinary shares of £0.001 each	15,935	16,355
45,568,757 (2020 - 25,384,450) Preference shares of £0.001 each	45,569	25,384
	<u>61,504</u>	<u>41,739</u>

During the year 20,184,307 preference shares were issued for a total consideration of £15,360,604. The Company also repurchased 420,000 ordinary shares for cancellation from a former director for consideration of £250,000.

### 23. Reserves

#### Share premium account

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

#### Profit and loss account

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

# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 24. Analysis of net debt

	At 1 January 2021 £	Cash flows £	Other non-cash changes £	At 31 December 2021 £
Cash at bank and in hand	8,514,673	(2,240,946)	-	6,273,727
Debt due after 1 year	(14,906,705)	1,431,231	13,475,474	-
Debt due within 1 year	-	(12,750,000)	(3,511,798)	(16,261,798)
	<u>(6,392,032)</u>	<u>(13,559,715)</u>	<u>9,963,676</u>	<u>(9,988,071)</u>

### 25. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £99,328 (2020 - £46,996). Contributions totalling £nil (2020 - £nil) were payable to the fund at the balance sheet date.

### 26. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	212,556	378,086
Later than 1 year and not later than 5 years	-	395,003
	<u>212,556</u>	<u>773,089</u>



# JAJA FINANCE HOLDING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 27. Related party transactions

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

The Group has taken advantage of the exemptions available in Section 33 Related Party Transactions of FRS 102 whereby it has not disclosed transactions with entities that form part of the Jaja Finance Holding (UK) Limited group.

Included within creditors of the Group is an amount of £56,621 (2020: £112,996) owed by Jaja Finance Limited to Jaja Finance Holding AS, a Norwegian company outside of the group which holds an investment in the Jaja Finance Holding (UK) Limited. The balance is repayable on demand and bears interest at a rate of 3.5% per annum. The reduction in the balance during the year is due to fees paid by the Company on behalf of Jaja Holdings AS.

The Group occupied premises in the same London building as Bamboo Limited, a company in which Silverstripe International Holdings LLC also has a significant indirect stake, to 24 September 2021. Bamboo Limited is the tenant of these premises and charged the Group for occupation. The charge in 2021 was £231,396 (2020: £433,288) with £nil outstanding at the end of the year (2020: £nil).

### 28. Contingent liabilities

At the balance sheet date, one of the Company's subsidiaries has issued financial guarantees amounting to £17 million (2020: £21 million) in respect of credit card scheme collateral. Provided on behalf of customers in its capacity as servicer and 100% cash backed by funds provided by Pana Finance UK Plc, the full obligation of any contingent liability is payable by them. The Group has no exposure in respect of these financial guarantees.

### 29. Post balance sheet events

In March 2022 the Company received regulatory approval from the Financial Conduct Authority for a change in control following a new £120m subscription agreement undertaken by the Group.

On 31 March 2022 the Company received an initial investment of £40m and issued 400,000,000 Class A shares of £0.001 each in consideration.

In March 2022 the £3.2m loan owed to Honeycomb Investment Trust PLC, and shown in other creditors at 31 December 2021, was repaid in full by Jaja Finance Limited, a fellow group company, on behalf of Jaja Finance (Investco) Limited. Deposits of £0.3m shown in other debtors were offset against this repayment as part of a net settlement.

### 30. Controlling party

There is no individual ultimate controlling party, immediate or ultimate parent undertaking.



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