

Company registration number 12973786 (England and Wales)

FIINU 2 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

FIINU 2 LIMITED

COMPANY INFORMATION

Directors

D Hopton	
J Liow Yune Loy	(Resigned 31 December 2023)
K Arnold	(Resigned 31 December 2023)
C Sweeney	(Resigned 31 December 2023)
H Evans	(Resigned 31 December 2023)
C Resnick	(Resigned 31 December 2023)
M Sjoblom	(Appointed 31 December 2023)
S Leathers	(Appointed 31 December 2023)

Company number

12973786

Registered office

Ibex House
Baker Street
Weybridge
KT13 8AH

Auditor

F.W. Smith, Riches & Co
15 Whitehall
London
SW1A 2DD

FIINU 2 LIMITED

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FIINU 2 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report for the year ended 31 December 2023.

Strategic Management

Strategy

Fiinu 2 Limited's ("Fiinu") focus remains on raising the necessary capital to support the re-application for a UK banking licence. If successful Fiinu will be in a position to launch a new app-based digital bank.

Ahead of making the re-application in order to ensure the required level of technological and regulatory readiness for the business to re-initiate the process, a hiring process will need to be undertaken by the Board.

The app-based digital bank would have 2 core products, a one-year fixed term deposit and a plug-in overdraft enabled by Open Banking. Following the major regulatory reform in the overdraft market in 2020, Fiinu is championing financial inclusion as it is preparing to launch the world's first plugin overdraft in the UK without anyone needing to switch their bank.

Business Model

The Plug-In Overdraft consists of a simplified Personal Current Account (PCA) where only the overdraft facility is offered. In brief, the 'life history' of a Fiinu overdraft can be summarised in three core steps:

- Firstly, a customer applies for a Fiinu current account, which does not differ from the process of applying for any other PCA.
- Secondly, subject to creditworthiness and affordability assessments the firm grants an overdraft limit and prices the risk to the customer according to its risk appetite.
- Thirdly, the customers give Fiinu a consent to monitor, top-up and receive repayment from their primary PCA via the Open Banking API. This extension of overdraft credit will be marketed as a 'Plugin Overdraft', but the linking of accounts itself is the standardised Open Banking API which is already widely used in the banking market.

Vision and Values

"Pioneering smarter solutions to create financial fairness & freedom."

- Pioneering - We are leading the way with what we do, by creating intelligent solutions, leveraging technology and open banking. Building a better solution for the customer's need.
- Smarter - Thinking differently. Constructive disruption. It means better. Having smarter technology to be different. Delivering better outcomes. We remove complexity. Our Plugin Overdraft is smart because it monitors and manages your linked account for you.
- Solutions - To create better solutions and outcomes for everyday customer needs. Addressing consumer pain points and empowering customers, offering a combination of value for money, speed, accessibility, responsiveness etc. All for the customer good, building rational trust along the way.
- Financial fairness & freedom - Ensuring financial choice for people with limited choice

Empowering customers, helping them to manage their household's budget and dealing with the ups and downs of everyday life. Thereby building, both rational and emotional trust. Putting the needs of the customer at the centre of everything we do, creating fairness and freedom.

Business Environment

Trends and factors

Due to the regulatory changes to overdrafts in 2019, some customers will have fewer options available to them in meeting their short-term financial needs.

FIINU 2 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

At the time most incumbent banks had notified their customers that they were no longer going to offer unarranged overdrafts, free buffers and that payments will be rejected if the customer did not have sufficient funds in their PCA. This resulted in a number of displaced consumers who looked to other sources of credit, including credit cards and non-bank high-cost short term credit to address the funding gap.

The cost-of-living crisis has added significant pressure on the prices for everyday essential items, with significant increases to energy, fuel and groceries.

There is a significant and growing financially underserved population with an un-met need for credit. The incumbent banks appear to be less interested in providing suitable solutions following their withdrawal from the unauthorised overdraft market in 2020 and we have seen significant growth in 'costly' non-bank short term credit e.g. Buy Now Pay Later in response to the consumer need for alternative short-term credit products.

Principal risks and uncertainties

At such time as the company is in a position to reapply for its banking licence, it will be subject to a number of regulatory risks. However, these are not considered relevant for the current annual report.

Environmental, social and governance (ESG)

Enabling responsible behaviour by playing a positive role in the communities in which we live and work.

We are committed to:

- managing our business in an ethical and responsible way
- delivering positive outcomes for customers, employees, investors and society
- supporting our stakeholders to embrace our culture

At Fiinu we understand the importance of community and our impact, both positive and negative, on our environment. ESG matters to us. The Board is responsible, for developing and embedding our ESG over the medium term.

We expect to report more information in the future as we recognise we are part of something larger than ourselves and have a responsibility to make positive change through our citizenship and business activities.

Business performance and position

Analysis of the performance and position

The Company underwent a turbulent 2023 as it was technically and operationally ready to launch its product but then had to resort to cost-cutting program to remain a going concern. As part of the cost cutting program, the Company had to take some difficult decisions to preserve cash and to give the Company every chance to source the additional funding to re-apply for the banking licence without going through mobilisation again. It is currently at a position where subject to funding being raised, it can relatively quickly re-apply for a banking licence.

Key performance indicators:

Cash at bank as at 31 December 2023 £1,138,650 (31 December 2022 £6,805,028).

Average staff numbers as at 31 December 2023 23 (31 December 2022: 11).

The Board and senior management of the company frequently meet and discuss the progress being made to raise the necessary capital to support a re-application for a UK banking licence and the steps required to make the re-application and ensure the required level of technological and regulatory readiness. Allied with this is the need to maintain tight controls over cash resources and the variable costs of the business. As the business develops past its start-up phase, a wider range of more detailed indicators that will assist in the management of steady state business activities will be developed.

FIINU 2 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Employee gender diversity

Diversity of opinion and a collaborative culture is the core to our ongoing success as it drives better employee morale, creativity and productivity. We foster this by valuing diversity of gender, sexual orientation, race and age; striving to create an environment and working practices which supports everyone in reaching their full potential.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 – 'Duty to promote the success of the company'.

As a Board of Directors we consider, both collectively and individually, that we have acted in the way we consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 31 December 2023. In particular by reference to the approval of our multi-year strategy our consideration of this and other principal decisions is detailed below.

As a Board of Directors, we have always taken decisions for the long term. Our aim is always to uphold the highest standards of conduct and to behave responsibly to ensure that management also operate the business in a responsible manner. We understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our key stakeholders: our regulators and colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. This is reflected in our values and behaviours, and how we manage our relationships with some stakeholders.

Fiinu (part of Fiinu Plc group) aims to be a company in which people want to invest, from which people want to procure services, with which people want to partner and for which people want to work. This requires the Board, Executive Committee, senior managers, and other employees to maintain an approach to strategic, financial and operational decision-making that is values-based and sustainable in approach, and therefore aligned to the requirements and expectations of Section 172. Sustainable success and delivery of our strategy is dependent on the skills, talent and values of employees. Fiinu is committed to being a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

Decision-making requires a long-term perspective, and this is typified by our continued investment in supporting the build of the banking and lending platform to drive long-term value for the company, whilst minimising the impact of our business operations on the environment. Our strategy takes into account the impact of the company's operations on the community and environment and our wider social responsibilities, and in particular how we operate in banking and provide financial inclusion to a currently underserved market.

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our strategy.

Continued access to capital is important for our business. We work to ensure that our shareholders, potential shareholders and their representatives have a good understanding of our strategy, business model, opportunity and culture. We achieve this by regular and active engagement through the AGM, the Annual Report and Accounts and the Corporate website.

FIINU 2 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Principal decisions

We define principal decisions as both those that are material to the business, but also those that are significant to any of our key stakeholder groups. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members.

Principal decision - deciding our purpose and vision

We understand the material importance to the future success of our business of clearly setting out our business purpose, vision and values, as this impacts all of our stakeholders.

Brief summary of the decision

We set out to develop a clear vision and purpose for the company, something that will unite and inspire us all and maximise the potential of our people in order to fully realise our vision and drive long term sustainable value. We believe that our wider role in society and realising the impact that we have on the environment is core to our purpose. Impacts on the long-term sustainable success of the company, include:

- I. Clear guiding purpose that underpins everything we do
- II. Impact on the Company's reputation for high standards of business conduct
- III. Impact on the culture of our people and unites us in a common goal

Actions the company plans to / has implemented to mitigate any potential negative impact on the long-term success

During the year we delegated responsibility for establishing the Company's ESG framework to the members of the executive team. This involved establishing ESG project teams to take in the views of Board members, senior management, and representation from all departments across the Company. A clear purpose and vision, guided by our ESG priorities, will reduce strength our brand, better distinguishing us in our market.

How impacts on that stakeholder group have been considered

Our vision and purpose and will act to clarify our mission and goals, where employees may otherwise not have a unifying focus, but rather act as individuals, in their silos, maximising their initiative and innovation.

This report was approved by the Board of Directors and signed on its behalf by:

On behalf of the board

M Sjoblom
Director
22 April 2024

FIINU 2 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of Fiinu remains on raising the necessary capital, to support the re-application for a UK banking licence. If successful Fiinu will be in the position to launch as a new app-based digital bank. Ahead of making the re-application in order to ensure the right level of technological and regulatory readiness for the business to re-initiate the process, a hiring process will need to be undertaken by the board.

Results and dividends

The results for the year are set out on page 11.

During the year ordinary dividends of £25,998 were paid (2022: nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Hopton	
J Liow Yune Loy	(Resigned 31 December 2023)
K Arnold	(Resigned 31 December 2023)
C Sweeney	(Resigned 31 December 2023)
H Evans	(Resigned 31 December 2023)
C Resnick	(Resigned 31 December 2023)
M Sjoblom	(Appointed 31 December 2023)
S Leathers	(Appointed 31 December 2023)

Going concern

The financial statements have been prepared on a going concern basis. In assessing going concern, the Directors have considered the current statement of financial position, the financial projections, longer-term strategy of the business and the capital and liquidity plans, including stress tests and plans for future capital injections.

During the year, the Fiinu Plc group (the 'Group') reported that it was facing challenges in raising the full amount of funding required for Fiinu Bank Limited to launch without regulatory restrictions and commence its banking operations in the UK. Accordingly, Fiinu Bank Limited applied to withdraw its banking licence with the aim of re-applying once the Board would be able to attest to the regulators that the funding is secured.

Following the withdrawal of the banking licence application, Fiinu Bank changed its name to Fiinu 2 Limited and the group initiated controlled cost reductions in order to provide additional time to determine the best way forward for shareholders.

As at 31 December 2023 the company had available cash resources of £1.1 million, with the Group's cash standing at £1.3 million. The Directors have prepared forecasts for the Group for a period of at least 12 months from the date of signing of these financial statements. Based on the current projection, the Directors believe that there are sufficient funds for the Group's forecast expenditure for at least the next 12 months. However, it is anticipated that the group will need to raise capital beyond this period in order to proceed with its operational strategy and to continue to fund its subsidiaries. This represents a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. However, the Directors have a reasonable expectation that this uncertainty can be managed to a successful outcome, and based on that assessment, the company will have adequate resources to continue in operational existence for the foreseeable future.

The financial statements do not reflect any adjustments that would be required to be made if they were to be prepared on a basis other than the going concern basis.

FIINU 2 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial risk management

The principal risks for Fiinu are shown within the Strategic Report.

The main financial risks arising from our financial instruments are liquidity risk, credit risk and market risks (price and interest rate risk). This is shown in Note 19 to the annual financial statements.

Future Developments and Research and development

In 2024 we will focus on raising the necessary capital to support the re-application for a UK banking licence and executing our strategy and launching the product into the market.

Statement of directors' responsibilities

The directors are responsible for preparing the Director's report and Strategic 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 have elected to prepare the financial statements in accordance with UK – adopted international accounting standards and 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 the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' liabilities

The Directors who served on the Board up to the date of this report have benefited from qualifying third-party indemnity provisions by virtue of deeds of indemnity entered into by the Directors and the Company. The deeds indemnify the Directors to the maximum extent permitted by law and by the Articles of Association of the Company, in respect of liabilities (and associated costs and expenses) incurred in connection with the performance of their duties as a Director of Fiinu and any associated company, as defined by section 256 of the Companies Act 2006.

Fiinu also maintains Directors' and Officers' liability insurance which provides appropriate cover for legal actions brought against its Directors. The Directors intend to keep the level of cover provided under annual or more frequent review if appropriate.

FIINU 2 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:
so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself 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.

On behalf of the board

M Sjoblom

Director

22 April 2024

FIINU 2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIINU 2 LIMITED

Opinion

We have audited the financial statements of Fiinu 2 Limited (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1.3 in the financial statements, which indicates that whilst the Directors believe that there are sufficient funds available within its group to fund the company's forecast expenditure for a period of at least 12 months from the date of signing of these financial statements, it is anticipated that the group will need to raise capital beyond this period in order to proceed with its operational strategy and to continue to fund its subsidiaries. As stated in note 1.3, these events or conditions, along with the other matters set forth in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

FIINU 2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FIINU 2 LIMITED

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 Strategic Report and the Directors' Report for the financial year for which financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

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 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.

FIINU 2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FIINU 2 LIMITED

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.

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:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

Following the withdrawal of the company's status as an authorised person by the Prudential Regulation Authority there are no laws and regulations considered to be fundamental to the operating aspects of the business.

Those laws and regulations considered to have a direct effect on the financial statements include UK adopted international accounting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud may be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Jane Lowden (Senior Statutory Auditor)
for and on behalf of **F.W. Smith, Riches & Co.**
Chartered Accountants & Statutory Auditor
London

22 April 2024

FIINU 2 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December 2023 £	Period ended 31 December 2022 £
Administrative expenses	Notes	(4,042,298)	(1,654,382)
Other operating income		-	90,509
Operating loss	5	(4,042,298)	(1,563,873)
Finance income		46,141	11,551
Finance costs	7	(250)	-
Loss before taxation		(3,996,407)	(1,552,322)
Income tax income	8	-	246,628
Loss and total comprehensive loss for the year		(3,996,407)	(1,305,694)

The notes on pages 15 - 25 form part of these financial statements.

FIINU 2 LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 £	2022 £
Current assets			
Trade and other receivables	10	191,287	399,926
Amounts owed by group undertakings	12	4,443,348	310,261
Cash and cash equivalents		1,138,650	6,805,028
		<u>5,773,285</u>	<u>7,515,215</u>
Current liabilities			
Trade and other payables	11	258,320	127,422
Amounts owed by group undertakings	12	1,225,874	326,297
		<u>4,289,091</u>	<u>7,061,496</u>
Net current assets		<u>4,289,091</u>	<u>7,061,496</u>
Net assets		<u>4,289,091</u>	<u>7,061,496</u>
Equity			
Called up share capital	14	1	8,800,000
Retained earnings		4,289,090	(1,738,504)
Total equity		<u>4,289,091</u>	<u>7,061,496</u>

The notes on pages 15 - 25 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 22 April 2024 and are signed on its behalf by:

M Sjoblom
Director

Company registration number 12973786 (England and Wales)

FIINU 2 LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2022		1	(432,810)	(432,809)
Period ended 31 December 2022:				
Loss and total comprehensive loss		-	(1,305,694)	(1,305,694)
Transactions with owners:				
Issue of share capital	14	8,799,999	-	8,799,999
Balance at 31 December 2022		8,800,000	(1,738,504)	7,061,496
Period ended 31 December 2023:				
Loss and total comprehensive loss		-	(3,996,407)	(3,996,407)
Transactions with owners:				
Issue of share capital	14	1,250,000	-	1,250,000
Dividends	9	-	(25,998)	(25,998)
Reduction in shares	14	(10,049,999)	10,049,999	-
Balance at 31 December 2023		1	4,289,090	4,289,091

The notes on pages 15 - 25 form part of these financial statements.

FIINU 2 LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	17	(2,971,379)		(1,545,352)	
Interest received		46,141		11,551	
Interest paid		(250)		-	
Income taxes refunded		246,628		-	
Net cash outflow from operating activities		<u>(2,678,860)</u>		<u>(1,533,801)</u>	
Financing activities					
Proceeds from issue of shares		-		7,300,000	
Cash received from fellow group companies		265,110		1,381,429	
Cash repaid to fellow group companies		<u>(3,252,628)</u>		<u>(342,600)</u>	
Net cash (used in)/generated from financing activities		<u>(2,987,518)</u>		<u>8,338,829</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(5,666,378)</u>		<u>6,805,028</u>	
Cash and cash equivalents at beginning of year		6,805,028		-	
Cash and cash equivalents at end of year		<u>1,138,650</u>		<u>6,805,028</u>	

The notes on pages 15 - 25 form part of these financial statements.

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Material accounting policy information

Company information

Fiinu 2 Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ibex House, Baker Street, Weybridge, Surrey, KT13 8AH.

The company's principal activities remains on raising the necessary capital to support the re-application for a UK banking licence. If successful the company will be in a position to launch its new app-based digital bank. Ahead of making the re-application in order to ensure the required level of technological and regulatory readiness for the business to re-initiate the process, a hiring process will need to be undertaken by the Board.

The company is part of a wider group, with its immediate parent company being Fiinu Holdings Limited and its ultimate parent company being Fiinu Plc.

During the year, on 22 June 2023 the company changed its name from Fiinu Bank Limited to Fiinu 2 Limited.

1.1 Reporting period

The accounting period is 12 months to 31 December 2023.

The prior period of accounts is for the 9 months to 31 December 2022 and so the comparative results may not be entirely comparable.

1.2 Accounting convention

The financial statements have been prepared in accordance with UK - adopted International Accounting standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The material accounting policy information adopted is set out below.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In assessing going concern, the Directors have considered the current statement of financial position, the financial projections, longer-term strategy of the business and the capital and liquidity plans, including stress tests and plans for future capital injections.

During the year, the Fiinu Plc group (the 'Group') reported that it was facing challenges in raising the full amount of funding required for Fiinu Bank Limited to launch without regulatory restrictions and commence its banking operations in the UK. Accordingly, Fiinu Bank Limited applied to withdraw its banking licence with the aim of re-applying once the Board would be able to attest to the regulators that the funding is secured.

Following the withdrawal of the banking licence application, Fiinu Bank changed its name to Fiinu 2 Limited and the group initiated controlled cost reductions in order to provide additional time to determine the best way forward for shareholders.

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Material accounting policy information

(Continued)

Going concern (continued)

As at 31 December 2023 the company had available cash resources of £1.1 million, with the Group's cash standing at £1.3 million. The Directors have prepared forecasts for the Group for a period of at least 12 months from the date of signing of these financial statements. Based on the current projection, the Directors believe that there are sufficient funds for the Group's forecast expenditure for at least the next 12 months. However, it is anticipated that the group will need to raise capital beyond this period in order to proceed with its operational strategy and to continue to fund its subsidiaries. This represents a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. However, the Directors have a reasonable expectation that this uncertainty can be managed to a successful outcome, and based on that assessment, the company will have adequate resources to continue in operational existence for the foreseeable future.

The financial statements do not reflect any adjustments that would be required to be made if they were to be prepared on a basis other than the going concern basis.

1.4 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

The company classifies financial assets on the basis of both the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost 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 directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.5 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Material accounting policy information

(Continued)

1.7 Taxation

The tax expense represents the sum of the current and deferred tax.

Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Research and Development (R&D) tax credits are recognised as income in the period in which the R&D income is receivable.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.10 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Material accounting policy information

(Continued)

1.11 Other income

Other income is in relation to costs recharged to other group companies for expenditure incurred on development of the platform for the operation of the Plug-In overdraft.

Income is recognised in line with when the expenditure has been occurred.

1.12 New and amended standards

The company has applied the following amendments for the first time for the annual reporting period commencing 1 January 2023:

- *Insurance Contracts – Amendments to IFRS 17*
- *Presentation of Financial Statements – Amendments to IAS 1*
- *Making Materiality Judgements – Disclosure of Accounting Policies – Amendments to IFRS Practice statement 2*
- *Income Tax – Amendments to IAS 12*
- *Accounting Policies, Changes in Accounting Estimates and Errors – Amendments to IAS 8.*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

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

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28*
- *Classification of Liabilities as Current or Non-current - Amendments to IAS 1*
- *Non-current Liabilities with Covenants - Amendments to IAS 1*
- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*
- *Lease Liability in a Sale and Leaseback - Amendments to IFRS 16*

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

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any key sources of estimation uncertainty.

Critical judgements

Going concern has been assessed and reflected in note 1.3.

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

3 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	12,500	40,000

Auditor's remuneration for the year ended 31 December 2023 is due to F.W. Smith, Riches & Co (2022: Mazars LLP).

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Operational	18	6
Management	5	5
Total	23	11

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	2,339,719	1,180,310
Social security costs	298,395	155,808
Pension costs	49,320	18,772
	2,687,434	1,354,890

5 Operating loss

	2023	2022
	£	£
Operating loss for the period is stated after charging/(crediting):		
Staff costs	2,687,434	1,054,076
Equity incentive	-	300,814
Contractor & consultancy costs	118,775	140,717
Legal & professional costs	3,121	22,305
Other costs	77,056	66,382
Recharges	825,528	(90,509)
Irrecoverable VAT	212,327	-
Recruitment costs	-	55,850
IT software & consumables	118,057	14,239

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	898,981	612,128
Company pension contributions to defined contribution schemes	1,491	587
	<u>900,472</u>	<u>612,715</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (31 December 2022: 1)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	<u>485,385</u>	<u>430,814</u>

7 Finance costs

	2023 £	2022 £
Other interest payable	<u>250</u>	<u>-</u>

8 Income tax expense

	2023 £	2022 £
Current tax		
Other tax reliefs	-	(246,628)
	<u>-</u>	<u>(246,628)</u>

The credit for the year can be reconciled to the loss per the income statement as follows:

	2023 £	2022 £
Loss before taxation	<u>(3,996,407)</u>	<u>(1,552,322)</u>
Expected tax credit based on a corporation tax rate of 23.50% (2022: 19.00%)	(939,156)	(294,941)
Unutilised tax losses carried forward	939,156	294,941
Research and development tax credit	-	(246,628)
Taxation charge/(credit) for the period	<u>-</u>	<u>(246,628)</u>

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Income tax expense

(Continued)

The company has unused trading losses of £5,239,499 (31 December 2022: £1,398,309) carried forward at the period end. No deferred tax asset has been recognised at the period-end due to the uncertainty of sufficient profits in the foreseeable future. This resulted in a potential deferred tax asset of £1,309,875 not being recognised in the company (31 December 2022: £349,577).

9 Dividends

	2023 per share £	2022 per share £	2023 Total £	2022 Total £
Amounts recognised as distributions:				
Ordinary shares				
Interim dividend paid	25,998	-	25,998	-

10 Trade and other receivables

	2023 £	2022 £
Corporation tax recoverable	-	246,628
Other receivables	188,042	89,535
Prepayments	3,245	63,763
	<u>191,287</u>	<u>399,926</u>

Due to the short-term nature the carrying value approximates the fair value.

11 Trade and other payables

	2023 £	2022 £
Trade payables	-	9,656
Accruals	61,020	29,050
Social security and other taxation	188,042	80,160
Other payables	9,258	8,556
	<u>258,320</u>	<u>127,422</u>

Due to the short-term nature the carrying value approximates the fair value.

12 Amounts owed from/to group undertakings

	31 December 2023 £	31 December 2022 £
Amounts due from/(to) Fiinu Plc	(1,225,874)	(326,297)
Amounts due from/(to) Fiinu Holdings Limited	4,443,348	310,261

Amounts due from/(to) group companies are considered repayable on demand and have no interest attached.

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

12 Amounts owed from/to group undertakings

(Continued)

Due to the short-term nature the carrying value approximates the fair value.

13 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £49,320 (31 December 2022 - £18,772)

Amounts due in relation to the defined contribution pension scheme as at 31 December 2023 were £9,258 (31 December 2022: £2,530)

14 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1	8,800,000	1	8,800,000

Each share is entitled to one vote, has equal rights to dividends and is entitled to participate in a distribution arising from a winding up of the company.

Reconciliation of movements during the year:

	Ordinary Number
At 1 April 2022	1
Issue of fully paid shares	8,799,999
At 31 December 2022	8,800,000
At 1 January 2023	8,800,000
Issue of fully paid shares	1,250,000
Capital reduction	(10,049,999)
At 31 December 2023	1

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

14 Share capital

(Continued)

During the year the company issued the following classes of shares:

- Ordinary shares - 1,250,000 value £1 each issued at par value.

Further to a downscaling of activity within the group, a capital reduction was undertaken to bring the share capital as at 31 December 2022 down to £1.

15 Capital management

For the purposes of capital management, capital includes issued share capital and all other equity reserves attributable to the holders of the company. The primary objective of the directors capital management is to ensure that the company will be able to continue as a going concern while sustaining the future development of the business.

16 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2023 £	2022 £
Short-term employee benefits	898,981	612,128
Post-employment benefits	1,491	587
	<u>900,472</u>	<u>612,715</u>

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales	Net amounts paid by/(to) Fiinu 2 Ltd		
	2023	2022	2023	2022
	£	£	£	£
Fiinu Holdings Ltd	-	-	(2,909,086)	(319,417)
Fiinu plc	-	-	(42,953)	1,495,639
	<u>-</u>	<u>-</u>	<u>(2,952,039)</u>	<u>1,176,222</u>

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

16 Related party transactions

(Continued)

	Recharges from/(to) Fiinu 2 Ltd		Amounts capitalised and dividends	
	2023 £	2022 £	2023 £	2022 £
Fiinu Holdings Ltd	-	(90,509)	1,224,002	(330,658)
Fiinu plc	942,529	-	-	(1,169,342)
	<u>942,529</u>	<u>(90,509)</u>	<u>1,224,002</u>	<u>(1,500,000)</u>

The following amounts were outstanding at the reporting end date:

	2023 £	2022 £
Amounts due to related parties		
Fiinu Holdings Ltd	(4,443,348)	(310,261)
Fiinu plc	1,225,874	326,297
	<u>(3,217,474)</u>	<u>16,036</u>

17 Cash absorbed by operations

	2023 £	2022 £
Loss for the year after income tax	(3,996,407)	(1,305,694)
Adjustments for:		
Taxation charged/(credited)	-	(246,628)
Finance costs	250	-
Finance income	(46,141)	(11,551)
Non-cash expenses paid by fellow group companies	35,480	137,390
Non-cash recharges from/(to) fellow group companies	942,529	(90,509)
Movements in working capital:		
Increase in trade and other receivables	(37,988)	(135,491)
Increase in trade and other payables	130,898	107,131
Cash absorbed by operations	<u>(2,971,379)</u>	<u>(1,545,352)</u>

FIINU 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

18 Reconciliation of Group Undertakings' liabilities arising from financing activities

	31 December 2022	Cash flows	Non-cash changes			31 December 2023
			Capitalised loan & dividends	Invoices paid by group companies	Recharges and reversals	
Amounts due from Fiinu plc	(326,297)	19,090	-	23,862	(942,529)	(1,225,874)
Amounts due from/(to) Fiinu Holdings Ltd	310,261	2,968,429	1,224,002	(59,344)	-	4,443,348
	<u>(16,036)</u>	<u>2,987,519</u>	<u>1,224,002</u>	<u>(35,482)</u>	<u>(942,529)</u>	<u>3,217,474</u>

19 Financial risk management

Risk is an inherent part of the business activities. The company seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities, focusing on activities during the re-application process for a UK banking licence in accordance with defined policies and procedures. A key component of our approach to capital management is to ensure that the company's policies are aligned with the company's overall strategy, business plans, risk management framework and risk appetite.

The main financial risks arising from our financial instruments are liquidity risk, credit risk and market risks (price and interest rate risk).

Liquidity risk is the risk that the company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The company maintains adequate levels of liquidity and ensures that it maintains sufficient levels of liquidity to meet foreseeable and unexpected needs. Policies and procedures are in place to manage liquidity risk. Limits for the level, type and maturity of liquidity are set by the Board Risk & Compliance Committee (BRCC). Independently, the Finance and Risk departments monitor compliance with these limits. The level of liquidity is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cash flow movements and fluctuations in funding, enabling us to meet all financial obligations and to support anticipated growth.

Credit risk is the risk of financial loss to the company if a counterparty fails to meet its contractual obligations to repay the company in accordance with agreed terms. Credit risk is managed in relation to its cash reserves and intercompany debt to reduce the risk of financial loss. The risk is managed by review and diversification of where bank deposits are held where possible and by monitoring the position in relation to the satisfaction of debt balances.

20 Controlling party

The immediate parent company is Fiinu Holdings Limited and the ultimate parent company is Fiinu Plc. Fiinu Plc is the ultimate controlling party by virtue of its controlling interest in Fiinu Holdings Limited. Fiinu Plc heads the largest and smallest group for which consolidated accounts are produced. The group's financial statements can be obtained by contacting the company secretary at the registered office of Fiinu Plc being Ibex House, Baker Street, Weybridge, Surrey, KT13 8AH

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.