Company No. B197497

Garfunkelux Holdco 2 S.A.

Report and Consolidated Financial Statements

For The Year Ended 31 December 2025

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GARFUNKELUX HOLDCO 2 S.A.
OFFICERS, PROFESSIONAL ADVISORS AND AUDITORS
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DIRECTORS

J Wilson
F Duculot (appointed 7 October 2025)
S Rey (appointed 7 October 2025)
P Gonzalez (appointed 23 December 2025)
L Rodriguez (appointed 23 December 2025)
C Pedoni (resigned 23 December 2025)
E Perrier (resigned 23 December 2025)
P Copley (appointed 23 December 2025 and resigned 24 April 2026)

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Luxembourg

SOLICITORS

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GARFUNKELUX HOLDCO 2 S.A.
MANAGEMENT REPORT
YEAR ENDED 31 DECEMBER 2025

The Directors present their annual report and the audited consolidated financial statements of Garfunkelux Holdco 2 S.A. ("the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2025. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards" or "IFRS") as adopted by the European Union.

BUSINESS AND GENERAL CONDITIONS

The Company was incorporated on 1 June 2015. The Group acquired Lowell Financial Services GmbH and its subsidiaries ("DACH") on 30 June 2015 and Metis Bidco Limited and its subsidiaries ("UK") on 13 October 2015.

On 31 May 2016, the Group acquired a 100% share in IS Group Management GmbH and its subsidiaries ("IS Inkasso") through Lowell Financial Services GmbH, an indirect subsidiary of the Company.

On 30 September 2016, the Group acquired a 100% share in DC Holding GmbH and its subsidiaries ("Tesch") through Lowell Financial Services GmbH, an indirect subsidiary of the Company.

On 20 March 2018, the Group acquired a 100% share in Lindorff Sverige AB, Fair Pay Please AS and subsidiaries through Lowell Nordics Oy, an indirect subsidiary of the Company, together the "Carve-Out Business" ("Nordics").

On 25 October 2022, the Group acquired a 100% share in Hoist Finance UK Limited and subsidiaries ("Hoist UK") through Metis Bidco Limited, an indirect subsidiary of the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the provision of credit management services: the acquisition and collection of non-performing consumer debt portfolios ("DP"); and the provision of third-party collection services ("3PC").

FINANCIAL PERFORMANCE

GROUP OVERVIEW

Lowell Group is one of the largest Credit Management Service ("CMS") providers in Europe, by revenue and Estimated Remaining Collections ("ERC"), and has leading positions across the UK, DACH and Nordic regions; three of the largest consumer credit markets in Europe.

The Group deployed approximately £300m of capital on non-performing loans across its regions in 2025, in line with guidance to deploy at levels above its internally calculated ERC Replacement Rate; sustainably deploying capital from cash flow generated and other liquidity sources. Investments have continued at attractive returns, with the 2025 vintage remaining strong with a priced net Internal Rate of Return ("IRR") in excess of 20% on all cash flows (gross expected collections net of variable collection costs), whilst IRR was in excess of 22% for Group owned cashflows (excluding IRR on 3rd party cashflows). The Group continues to benefit strongly from its long-standing, and mutually beneficial forward flow agreements, which accounted for ~75% of its 2025 purchases.

Collection performance on assets owned has been challenging across 2025, delivering at 95% of the Group's balance sheet expectation at December 2024, principally driven by underperformance in the UK. This reflected careful liquidity management across 2025 ahead of the Group's balance sheet refinancing, as the Group was more selective on new portfolio acquisitions and litigation spend performance across all three regions:

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FINANCIAL PERFORMANCE (continued)

GROUP OVERVIEW (continued)

- UK, which is the Groups largest in terms of debt purchase, delivered at 95% across 2025 when comparing to its balance sheet expectation at December 2024 for the next 12 months;

- DACH, collections performance adjusted for the assets sold during the year totalled 91% of December 2024 for the next 12 months expectation; and

- Nordics, collection performance remained strong, delivering at 104% in 2025.

The Group's underlying Cash EBITDA margin has fallen slightly at 50% in 2025 versus 51% in 2024 when adjusting for Balance Sheet Velocity ("BSV") proceeds. This reflected the derecognition of Wolf I and Wolf IV's portfolios off the Group's balance sheet following completion of the Wolf IV transaction. As with the other BSV transactions, the portfolios continue to be serviced by Lowell and contribute to the servicing income in the UK. This is margin dilutive as the capital light nature of the servicing revenue is at a significantly lower margin than DP. Despite the Cash Income reduction, the Group has shown resilience and delivered strong cost control, benefitting from additional cost reduction actions to mitigate collections challenges. The Group also completed a number of additional transactions in line with its strategic objectives;

- Quarter 1 2025: the Nordic region completed a new on-balance sheet client securitisation structure with a Nordic bank across Sweden and Finland, which allowed Lowell to innovatively access new clients and markets; assisting 3rd parties with their balance sheet efficiency.

- Quarter 2 2025: Announcement of Nordic co-invest structure with Hoist Finance for the joint purchase of assets in the Nordics, enabling Lowell to tender in a wider range of deals in the Nordic region, thereby accessing a greater market opportunity.

- Quarter 2 2025: Wolf I & IV transaction completed in June 2025 as part of Group's BSV programme. Transaction utilised UK assets and resulted in £230m of day one gross proceeds. Lowell has retained 5% ownership and continues to service all accounts on its leading UK platform.

- In addition, the DACH region group sold a portion of the back book for cash proceeds of £12m (€14m).

Further to these, the Group was able to announce the refinancing of existing bonds with maturity dates extended to 2028 and a £450m reduction in secured debt, whilst also renegotiating its revolving credit facility and agreeing a new Asset Backed Security ("ABS") facility in Q4.

FINANCIAL ANALYSIS

The Group continued to deploy capital across all regions and a variety of sectors during 2025 including financial services, telecommunications and retail, with the majority of spend being on assets originating from the financial services sector.

As at 31 December 2025, 120-month ERC decreased to £3.0bn (2024: £3.6bn). This being a result of the impact of Wolf I and IV BSV transaction completed in the UK during 2025 (£0.5bn), despite modest levels of capital deployment at replacement rate.

The Group's diversified service offering also continues to facilitate the further embedding of strategic client relationships through the management of collection of debt on behalf of over 350 clients through our 3PC offering.

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FINANCIAL ANALYSIS (continued)

Total income for the year has fallen to £398.2m (2024: £492.7m). This was principally driven by the requirement to restate the UK collection curves at Q3 which led to a net portfolio write-down in the year.

The Group made an operating profit of £20.7m in the year ended 31 December 2025 (2024: £107.2m). Including interest related to the Group's funding structure, taxation and the loss from discontinued operations, the loss for the year ended 31 December 2025 was £345.0m (2024: £358.5m).

The UK region holds the largest proportion of the Group's total portfolio investments. The UK region reported an operating profit of £60.9m (2024: £172.7m) with resilient performance across the majority of channels.

The Nordics region achieved an operating profit of £35.4m in the year ended 31 December 2025, an increase from the prior year operating profit of £22.0m. This increase reflects ongoing efficiency improvements and increases in returns and growing servicing revenue.

At 31 December 2025 the Group had £359.9m drawn on its RCF (2024: £371.8m), which as from June 2025, after amendment and restatement of the previous facility, now consists of two super senior facilities, being a revolving facility drawn at £50m and term loan drawn at £309.9m. The Group had £670.4m drawn on its securitisation facilities at 31 December 2025 (2024: £572.1m). The Group continues to monitor and manage its liquidity as disclosed in note 1.

The Group benefits from its ability to generate strong cash flows from operating activities before portfolio acquisitions. In the year to 31 December 2025, the Group generated £595.7m of cash from operating activities before portfolio acquisitions, with these cash flows available to service debt, pay income taxes and discretional deployment of capital into new portfolio acquisitions for growth. This has declined from December 2024 of £577.7m, principally due to impact of Wolf Ib & IV moving off balance sheet and a subsequent fall in collections.

ERC and Cash EBITDA are non-IFRS Accounting Standards financial measures but are widely used by investors to measure a company's asset base, ability to generate cash flow and operating performance. Analysts and investors use ERC and Cash EBITDA as supplemental measures to evaluate the overall operating performance of companies in our industry. Both measures are used by management to understand business performance and indeed are key required disclosures under the terms of the Group's Notes. Cash EBITDA is reconciled to operating profit on page 88.

Cash EBITDA is defined as cash collections on acquired portfolios plus service revenue, other revenue and other income less collection activity costs and other expenses (which together equal operating costs) and before exceptional items, depreciation, amortisation and impairment of non-performing loans. Cash EBITDA for the year ended 31 December 2025 was £423.2m (2024: £601.8m).

Cash income in the table on page 6 is defined as cash collections on acquired portfolios plus income from 3PC services.

These measurements may not be comparable to those of other companies and may be calculated differently from similar measurements under the indenture governing the Group's Notes. Reference to these non-IFRS Accounting Standards financial measures should be considered in addition to IFRS Accounting Standards financial measures but should not be considered a substitute for results that are presented in accordance with IFRS Accounting Standards.

OUTLOOK

The Group expects to continue its focus on cost control, with ambition to improve collection efficiency whilst maximising its overhead base further to reduce or maintain costs as the topline grows.

Focus on balance sheet strength remains a key priority and the Group aims to maintain leverage at a sustainable level through capturing attractive portfolio returns on levels of spend supported from cash generated alongside increasing margin efficiency. These actions, together with the Group's expectations and track record of delivery on collections, strongly position Lowell for sustainable and balanced growth.

The Group intends to continue to develop all its service lines, capitalising on its competitive advantage with regards to diversification of origination, scale of data assets and use of forward flow arrangements. The Group expects growth in its core markets, investing in-line with its calculated ERC replacement rate, on-boarding new servicing clients and increasing its share of wallet with existing clients.

The Group anticipates the continuation of the strong inflow in volume of DP opportunities across the UK and Nordics, consistent with wider macro developments. This continuation of flow alongside wider market conditions provides a healthy backdrop to the DP market where the Group can deploy capital at returns it believes are both attractive and accretive to the business.

Originators continue to manage balance sheets tightly owing to regulatory and liquidity pressures and as a trusted CMS partner, Lowell is well placed across Europe's largest credit markets to provide CMS solutions and participate in anticipated significant market flows.

The Group expects to maintain its market leading positions across its geographies and continue to develop the business for the long-term and in the best interests of all its stakeholders.

Underlying growth in our markets is expected to continue, driven by key trends:

- Macroeconomic impact from cost-of-living pressures on consumers across Europe. This is expected to lead to an increase in consumer defaults, alongside growth in consumer finance, should drive an increase in NPLs brought to market from originators.

- Structural change in the landscape of financial services whereby new offerings for financial products are coming to market from non-traditional financial services providers using digital and innovative distribution channels and who regularly outsource their debt servicing to service providers like Lowell. Such structural change already serves as a growth driver for our business and will continue to do so as the new entrants win market share in a growing market.

- Regulatory changes, together with credit originators viewing credit management as a non-core activity, will increase pressure to outsource or sell to trusted partners. This will lead to increased use of debt management and debt purchase services.

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KEY PERFORMANCE INDICATORS (KPIs)

	31 December 2025	31 December 2024[5]
Non-IFRS Metrics[4]		
Portfolios acquired	£300.2m	£390.0m
Gross collections (in total) [3]	£2,022.5m	£2,130.6m
Gross collections (DP) [3]	£666.0m	£878.9m
Gross collections (3PC)	£1,356.5m	£1,251.7m
Cash EBITDA[1]	£423.2m	£601.8m
UK cash EBITDA	£306.7m	£347.9m
Nordics cash EBITDA	£107.3m	£98.7m
Holding companies cash EBITDA	(£32.4m)	(£56.0m)
DACH cash EBITDA	£41.6m	£211.2m
120-month ERC	£3,025.0m	£3,602.0m
IFRS Metrics[5]		
Service revenue	£99.9m	£77.5m
Yield income from portfolio investments	£330.1m	£359.3m
Fair value gain	£3.6m	£6.6m
Operating profit	£20.7m	£107.2m
Loss for the year[2]	(£345.0m)	(£358.5m)

(1) Cash EBITDA is defined as cash collections on acquired portfolios plus service revenue, other revenue and other income less collection activity costs and other expenses (which together equal operating costs) and before exceptional items, depreciation, amortisation and impairment of non-performing loans
(2) Inclusive of goodwill impairment charge for the DACH region (2025: £nil; 2024: £74.1m)
(3) Includes £12m relating to BSV in 2025 (2024: £157m)
(4) Non-IFRS metrics include DACH region
(5) IFRS metrics exclude DACH region in line with held for sale treatment in financial statements

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PRINCIPAL RISKS AND UNCERTAINTIES

As a result of its normal business activities, the Group has exposure to the principal risks outlined below. For further detail on the financial risks, as well as mitigation and controls, please refer to note 30.

The Group continues to operate within the same risk framework, underlying processes and overall governance structure in accordance with the three lines model. The Group operates a common risk framework across its markets to achieve a consistent approach to risk management, whilst allowing for local operating practices, and to ensure compliance with local legal and regulatory requirements.

The core objectives of the risk framework are to: (i) support the achievement of strategic objectives, (ii) enable effective oversight and governance, (iii) promote a strong risk and ethics culture based on customer care, conduct principles and integrity; and (iv) ensure compliance with our obligations to regulators, customers, clients, investors and other stakeholders.

The first line of defence (Operational Management) owns, manages and is accountable for the risk associated with its activities. The 1st line is responsible for identifying, measuring, assessing, controlling, mitigating and reporting on current and emerging risks, issues or incidents associated with its activities.

The second line of defence (Risk & Compliance functions) oversees risk management. It establishes, implements and maintains an effective risk management programme under the direction of the Investor Board, Regional Boards, Senior Management and Risk Committees.

The third line of defence (Internal Audit) acts as an independent assurance function in accordance with the Institute of Internal Auditors Standards. This assurance covers how effectively the organisation assesses and manages its risks including the effectiveness of the 1st and 2nd lines.

Governance and risk oversight are provided across the Group through legal entity Boards with shareholder oversight through the Investor Board and its Board sub-committees: (i) Group Risk Committee, (ii) Group Audit Committee, (iii) Group Remuneration Committee and (iv) Group Sustainability Committee.

The Investor Board sets the strategic aims of the Group, ensures that the necessary resources are in place for the Group to meet its obligations, and is responsible for the allocation and raising of capital, setting and monitoring of risk appetite alongside reviewing business and financial performance.

Its sub-committees provide oversight and advice to the Investor Board within their specific remits. For the Group Risk Committee on risk exposure, adherence to risk appetite and effectiveness of the risk management framework. For the Group Audit Committee on accounting policies, financial reporting and the internal control framework in conjunction with the Group Risk Committee. For the Group Remuneration Committee on remuneration policies designed to support long term business strategy and promote effective risk management. For the Group Sustainability Committee on matters relating to Environment, Social and Governance strategy, goals and related activities.

Executive Management further strengthens the overall oversight through key management committees; nominally the Regional Risk Committees & the Group Asset & Liability Committee ("ALCO").

Strategic risk

There is a risk to earnings resulting from poor or lack of clear strategy and execution, adverse business decisions, and inadequate anticipation of emerging changes in the broader business, economic, regulatory and political environment, including changing competitive threats and disruptive innovations.

The Group continues to pursue its growth and change agenda but is also mindful of the existing economic conditions that require an increased focus on maintaining collection performance and financial discipline. There remains a risk that the Group will not be able to execute on these strategies and a failure to do so could place it at a competitive disadvantage to its peers.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Strategic risk (continued)

Whilst the Group has chosen to operate within markets that it believes to be economically stable, the global impact of macro-economic factors creates volatility in both customer affordability and capital markets.

Whilst Group analysis shows no evident correlation between individual economic trends and collections performance, there remains a risk that significant collective economic and societal stresses can impact collection performance.

The Group recognises that whilst the Group hybrid working model is well established, there remain broader economic and social trends that have led to tight labour markets and some skill shortages. This may create emerging risks, such as employee engagement and retention, which the Group continues to monitor.

The Group has chosen to operate in well-regulated and mature credit markets as it believes this fosters good practices and portfolio stability, as well as barriers to entry. These risks are actively monitored and managed within the individual regions and at a Group level through Risk Committees with ownership identified for key risks.

Financial risk

There is a risk to earnings arising from the inability to meet contractual or contingent financial obligations and/or refinance at a reasonable cost; from decisions made based on incorrect models; and economic loss from changes in market risk factors such as interest rates, foreign currency exchange rates, credit ratings, counter-parties, market liquidity dynamics (including a lack of liquidity sufficient to allow for new investment) and other potential impacts to solvency.

Notwithstanding the current refinance considerations, there also remains a risk the Group may not be able to access such capital markets in the medium term if it fails to deliver on its strategic objectives, deploys significant capital ineffectively or if its financial performance deteriorates materially.

The Group continues to monitor its funding requirements and has established alternative funding initiatives such as securitisations to build wider diversification of options. Alongside this, capital allocation, underwriting discipline and ongoing portfolio reviews continue to maintain a strong focus on portfolio profitability & returns.

The Group is exposed to market risk both through floating rate and non-Sterling denominated debt. The Group performs scenario planning as part of its budgeting process and these exposures are monitored and mitigated through the ALCO and Board Committees on an ongoing basis.

Compliance risk

There is a risk of legal or regulatory sanctions (including permissions being revoked or the suspension of the Group’s ability to trade), financial loss or reputation damages resulting from failure to comply with laws, regulations, ethical standards, prescribed practices, internal policies and procedures and from fraud, corruption or bribery.

The Group operates in regulated markets and with regulated clients and consumer protection remains an area where regulation is subject to change across European markets. The Group takes its regulatory commitments extremely seriously and actively seeks to engage with both regulators and policy makers.

The EU Directive on Credit Servicers and Credit Purchasers and amendments to credit management Directives apply to non-performing loans (NPLs) transferred on and after the entry into force and/or service arrangements for such transferred NPLs. The Directive affects the Group both as a credit acquirer and as a credit servicer.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Compliance risk (continued)

The Directive has been implemented through local legislation in all EU countries in which the Group operates. Denmark, Germany, and Sweden received the required licenses in 2024 and Finland in 2025. The Austrian business did not require a license in 2025. Norway, as a non-EU country, has not implemented the Directive.

The licensed businesses must meet additional requirements to ensure a high level of compliance within technology, security, information, data privacy, outsourcing, and consumer protection risk management.

In the UK, the main regulatory oversight bodies are the Financial Conduct Authority (FCA), overseeing the debt purchase and debt collection activities; and the Solicitors Regulation Authority (SRA), overseeing litigation activities. The ultimate penalty would be the withdrawal of authorisation to provide financial services.

There remains a risk that regulations will change and could negatively impact the Group’s operations or that the Group could fail to comply with existing regulations and face increased scrutiny or eventual sanction. These risks are actively monitored and managed through rigorous horizon scanning, overseen by Risk Committees with ownership identified for key risks.

In accordance with the Walker Guidelines for Disclosure and Transparency in Private Equity (“Walker Guidelines”), as monitored by the Private Equity Reporting Group (“PERG”), Lowell has reviewed the scope criteria set out in Part V of the Walker Guidelines and considers that, for the year ended 31 December 2025, it meets the enhanced reporting thresholds for revenue and UK employment (on the basis of information available at the date of this statement).

The Walker Guidelines operate on a comply or explain basis, under which portfolio companies within scope are encouraged to provide enhanced narrative and governance disclosures as part of their annual reporting.

As part of Lowell’s ongoing commitment to transparency, it has been publishing annual Sustainability Reports since 2021. These reports include much of the information required by the Walker Guidelines and are available on www.lowell.com/sustainability.

As this is the first year in which Lowell has met the quantitative scope criteria for the Walker Guidelines, and in light of the timing of its existing reporting cycle and internal reporting processes, the company has not yet fully aligned its annual report and audited financial statements with all of the enhanced disclosure components set out in the Walker Guidelines for financial year.

If Lowell continues to fall into the scope criteria for the Walker Guidelines in future years it is committed to adopting the reporting practices that align its spirit and objectives. Management and the Board will continue to review Lowell’s reporting processes and work with its private equity owners to meet stakeholder expectations for disclosure in line with the Walker Guidelines, as relevant, going forward.

Operational risk

Operational risk is defined by the Company as the risk arising from inadequate or failed internal systems, processes, controls, people or resulting from internal/external events affecting the operation of the Group. The Group maintains a register of operational risks and controls, which are subject to regular assessment and testing.

Our approach to operational risk extends to information risk, affecting data management, data protection, and cybersecurity. The information and data risks are greatest in the case of a security or privacy breach and failure to comply with data protection regulations. Cyber threats are continuously evolving, and the risk of cyber-attacks is increasingly material, due to the rise in the volume and complexity of external threats. We continue to take proactive steps to manage security risks and enhance our cyber and technology controls.

The Group depends on third parties providing services including technology, communications, and some operational activities. If these third parties fail to deliver their obligations, the Group may experience a

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational risk (continued)

disruption to the services it provides. The Group seeks to minimise the risk by assessing and monitoring third parties through its third-party risk framework and associated procedures.

Operational Resilience is defined by the Group as the ability to prevent, adapt, respond to, recover, and learn from operational disruptions. The Group considers dependencies and implements business continuity, disaster recovery, and crisis response plans for the restoration of services should they be impacted through a continuity event.

The Company recognises that the complete elimination of operational risk is unlikely and economically prohibitive. When incidents occur, they are promptly reported in our risk system of record, ensuring we address impacts and root causes, communicate clearly with impacted customers, and take action to minimise reoccurrence.

RISK MANAGEMENT

The Group has an active risk management programme in place which is overseen by the Investor Board and Group Risk Committee and driven forward by the Group Chief Risk Officer, Group Chief Executive Officer and the Group Executive team.

Risk management in the Group is intended to:

- Support senior Management in achieving strategic objectives and priorities;
- Enable board members to carry out risk oversight responsibilities and governance duties;
- Promote a strong risk and ethics culture based on customer care and conduct principles; and
- Ensure compliance with our obligations to customers, regulators, investors and other stakeholders.

This is achieved throughout the Group via the following, all underpinned by an effective "three lines" model:

- A strong risk culture, values and ethics;
- A clear risk strategy and objectives;
- A defined and embedded Risk Appetite Statement;
- A comprehensive risk governance structure; and
- An effective risk framework.

Lowell's Corporate Governance arrangements are based on best practices as defined in the UK Corporate Governance Code 2018 and the Wates Corporate Governance Principles for Large Private Companies 2018 and the Group does this in the following ways:

Investor Board: Group oversight and strategy is provided by an Investor Board that comprises our Chairman, Executive Directors and Non-Executive Directors and our ultimate equity holders. Beneath this Board sit Group Risk and Audit Committees, the Group Remuneration Committee, the Group Sustainability Committee and a Group Executive Committee. The Investor Board has overall accountability for risk management.

Group Risk Committee: The Group Risk Committee provides oversight and advice to the Investor Board in relation to: (i) current and potential future risk exposures of the Group and future risk strategy, including determination of risk appetite; and (ii) the effectiveness of the risk management framework and, in conjunction with the Group Audit Committee, internal controls required to manage risk. Furthermore, the Group Risk Committee assists on such other matters as may be referred to it by the Investor Board and promotes a risk awareness culture across the Group. The Group Risk Committee meets quarterly.

Group Audit Committee: The Group Audit Committee provides oversight to the Investor Board regarding the completeness and accuracy of financial statements and effectiveness of internal control systems. The Group

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Governance and oversight (continued)

Audit Committee also ensures an independent, objective and effective Internal Audit function is in place. The Group Audit Committee meets at least quarterly.

Group Remuneration Committee: The Group Remuneration Committee provides oversight and advice to the Investor Board relating to remuneration policies and practices, considering equity and promoting the long-term success of the Group.

Group Sustainability Committee: The Group Sustainability Committee provides oversight and advice to the Investor Board relating to Lowell's Environment, Social and Governance strategy, goals and related activities to ensure we are adhering to regulation, managing ESG risks and advancing opportunities.

Group Executive Committee: The Group Executive Committee is responsible for the delivery of strategy as agreed by the Investor Board. The Group Executive Committee is provided with monthly reports on the development of earnings, liquidity and the key performance indicators. On the basis of this management information, the Group Executive Committee monitors the business development of all companies within the Group on an ongoing basis and regularly discusses the current business situation with the directors of the subsidiaries.

RESEARCH AND DEVELOPMENT

Development costs capitalised during the year total £12.0m, which includes work on internally generated software (2024: £14.2m).

Approved by the Board of Directors and signed on behalf of the Board by:

Jamie Wilson
Director
08 May 2026

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Qualified Opinion

We have audited the consolidated financial statements of Garfunkelux Holdco 2 S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Qualified Opinion

In 2022, the Group experienced a significant amount of change in terms of both the volume of corporate activity and business change. This has increased both the complexity of the accounting in the Group, the volume of transactional activity and financial reporting considerations; it continued also in 2024 and 2025. Further, the Group was subject to a cyber-attack in the DACH region (being the Lowell Financial Services GmbH company and its subsidiaries) in March 2022, which resulted in a temporary pause in the access to accounting and transactional records for approximately four to six months which the Group is still recovering from.

These are circumstances which, combined with time constraints related to the financial reporting, prevented management from compiling all required information to support balances in the consolidated financial statements. This in turn prevented us from obtaining sufficient appropriate audit evidence over several financial statement captions and our audit opinion on the consolidated financial statements for the year ended 31 December 2024 dated 2 May 2025 was modified accordingly.

Our opinion on the current period's consolidated financial statements is also modified because of the possible effects of this matter since we still have not been able to obtain sufficient appropriate audit evidence over below financial statement captions included in the consolidated financial statements for the year ended 31 December 2025:

Assets classified as held for sale (DACH region), namely:

- *Trade and other receivables* in amount of GBP 76.7 million as at 31 December 2025;

Liabilities classified as held for sale (DACH region), namely:

- *Trade and other payables* in amount of GBP 30.3 million as at 31 December 2025.

We were also unable to confirm or verify the above amounts and related tax impacts, if any, by alternative means.

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 1. *Accounting policies. Going Concern* of the consolidated financial statements, which indicates that the Group is engaged in recapitalisation discussions with the Group's stakeholders. From Director's perspective, the recapitalization forms part of the Group's longer term financing strategy and is intended to underpin the resilience and stability of the Group's operations over time. Although a deal is expected to be reached in the near term, it has not yet been finalised. As stated in Note 1. *Accounting policies. Going Concern*, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated report including the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

As described in the “Basis for Qualified Opinion” section above, we were unable to obtain sufficient appropriate audit evidence regarding the amounts shown in the consolidated financial statements as at and for the year ended 31 December 2025 for *Trade and other receivables, and* Trade *and other payables (both related to the DACH region),* as a result of the matter described in this section. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d'entreprises agréé” to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d'entreprises agréé”. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Except for the matter described in the *Basis for Qualified Opinion* section of our report, the consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 8 May 2026

KPMG Audit S.à r.l.
Cabinet de révision agréé

Digitally signed
by Ruslan
TUMANSHIN

R. Tumanshin

GARFUNKELUX HOLDCO 2 S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December 2025 £000	Represented[1] Year ended 31 December 2024 £000
Income			
Income from portfolio investments	15, 16	330,148	359,288
Service revenue		99,882	77,478
Net portfolio write (down)/up	15	(38,300)	46,105
Fair value gain	16	3,550	6,586
Other revenue		2,954	3,252
Total income		**398,234**	**492,709**
Operating expenses			
Collection activity costs		(193,475)	(192,310)
Other operating expenses	5	(184,093)	(193,229)
Total operating expenses		**(377,568)**	**(385,539)**
Operating profit from continuing operations		**20,666**	**107,170**
Finance income	6	7,250	3,667
Finance costs	7	(335,026)	(291,191)
Loss for the year, before tax		**(307,110)**	**(180,354)**
Tax credit/(charge)	8	125	(52,943)
Loss for the year from continuing operations		**(306,985)**	**(233,297)**
Loss for the year from discontinued operations	22	**(38,001)**	**(125,198)**
Loss for the year		**(344,986)**	**(358,495)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains on pension plans from continuing operations		-	2
Actuarial gains on pension plans from discontinued operations		-	314
		-	**316**
Items that will or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		32,321	26,919
Fair value gain on asset backed securities		-	1,419
Other comprehensive income, net of tax		**32,321**	**28,338**
Total comprehensive expenditure for the year		**(312,665)**	**(329,841)**

[1] The comparative consolidated statement of profit or loss and other comprehensive income is re-presented on the basis of the classification of DACH operations as discontinued.

The notes on pages 20 to 88 form part of these consolidated financial statements.

GARFUNKELUX HOLDCO 2 S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 DECEMBER 2025

	Note	31 December 2025 £000	31 December 2024 £000
Assets			
Non-current assets			
Goodwill	10	783,157	779,014
Intangible assets	11	57,877	69,513
Other investments		151	-
Property and equipment	12	27,883	73,498
Portfolio investments	15	971,114	1,251,953
Asset backed securities	16	15,710	26,105
Other financial assets	20	48	1,204
Deferred tax assets	9	73,712	84,776
Total non-current assets		**1,929,652**	**2,286,063**
Current assets			
Portfolio investments	15	438,446	492,861
Asset backed securities	16	20,016	20,372
Trade and other receivables	19	31,704	109,608
Other financial assets	20	10,138	22,249
Derivatives	30	429	1,390
Assets for current tax		399	22,121
Cash and cash equivalents	21	127,852	216,003
Assets classified as held for sale	22	279,532	9,623
Total current assets		**908,516**	**894,227**
Total assets		**2,838,168**	**3,180,290**
Equity			
Share capital	27	4,385	4,385
Share premium and similar premiums		1,109,586	1,109,586
Reserves	28	(76,614)	(107,516)
Retained deficit		(1,688,074)	(1,344,507)
Total equity		**(650,717)**	**(338,052)**
Liabilities			
Non-current liabilities			
Borrowings	23	2,883,369	1,240,419
Provisions for pension	33	661	5,300
Provisions	25	2,684	4,903
Other financial liabilities	13,26	26,125	60,157
Deferred tax liabilities	9	6,953	30,069
Total non-current liabilities		**2,919,792**	**1,340,848**
Current liabilities			
Trade and other payables	24	89,138	109,619
Provisions	25	3,651	6,865
Borrowings	23	386,395	1,984,371
Other financial liabilities	13,26	2,772	58,325
Current tax liabilities		(828)	18,314
Liabilities classified as held for sale	22	87,965	-
Total current liabilities		**569,093**	**2,177,494**
Total equity and liabilities		**2,838,168**	**3,180,290**

The notes on pages 20 to 88 form part of these consolidated financial statements.

GARFUNKELUX HOLDCO 2 S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2025

	Share Capital	Share premium & similar premiums	Capital Reserve	Translation reserve	Valuation reserve	Retained deficit	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2024	**4,385**	**1,109,586**	**(8,291)**	**(128,449)**	**570**	**(986,012)**	**(8,211)**
Loss for the year	-	-	-	-	-	(358,495)	(358,495)
Actuarial gain on pension	-	-	-	-	316	-	316
Exchange differences	-	-	-	26,919	-	-	26,919
Fair value movement on asset backed securities	-	-	-	-	1,419	-	1,419
Total comprehensive income/(expenditure) for the year	**-**	**-**	**-**	26,919	1,735	(358,495)	(329,841)
Balance at 31 December 2024	**4,385**	**1,109,586**	**(8,291)**	**(101,530)**	**2,305**	**(1,344,507)**	**(338,052)**
Loss for the year	-	-	-	-	-	(344,986)	(344,986)
Exchange differences	-	-	-	32,321	-	-	32,321
Fair value movement on asset backed securities	-	-	-	-	(1,419)	1,419	-
Total comprehensive income/(expenditure) for the year	**-**	**-**	**-**	**32,321**	**(1,419)**	**(343,567)**	**(312,665)**
Balance at 31 December 2025	**4,385**	**1,109,586**	**(8,291)**	**(69,209)**	**886**	**(1,688,074)**	**(650,717)**

The notes on pages 20 to 88 form part of these consolidated financial statements.

GARFUNKELUX HOLDCO 2 S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Net cash generated by operating activities	**31**	**265,194**	**162,699**
Thereof discontinued operations		31,530	36,655
Investing activities			
Purchase of property and equipment	**12**	(1,146)	(2,962)
Purchase of intangible assets	**11**	(12,986)	(15,127)
Proceeds from disposal of property and equipment		-	913
Net cash used in investing activities		**(14,132)**	**(17,176)**
Thereof discontinued operations		(3,083)	(4,374)
Financing activities			
Proceeds from loans and borrowings	**32**	1,984,087	3,062,995
Transaction cost related to borrowing		(49,057)	-
Repayment of borrowings	**32**	(2,072,047)	(2,885,170)
Payment of lease liabilities		(12,366)	(41,264)
Derivative settlement		(216)	6,367
Interest paid	**32**	(189,814)	(215,872)
Net cash (used in) financing activities		**(339,413)**	**(72,944)**
Thereof discontinued operations		(9,175)	(11,880)
Net (decrease)/increase in cash and cash equivalents		**(88,351)**	**72,579**
Cash and cash equivalents at beginning of year		216,003	143,083
Effect of movements in exchange rates on cash held		200	341
Cash and cash equivalents at end of year*	**21**	**127,852**	**216,003**

*Cash and cash equivalents at 31 December 2025 contains £69.6m of restricted cash (2024: £91.0m). See note 21 for further details.

The notes on pages 20 to 88 form part of these consolidated financial statements.

1. Accounting policies

Corporate information

The consolidated financial statements of Garfunkelux Holdco 2 S.A. ("the Company") and its subsidiaries (together "The Group") for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of Directors on [xx] 2026. Under Luxembourg Law, the consolidated financial statements are approved by the shareholder at the Annual General Meeting. Garfunkelux Holdco 2 S.A. (the Company or the parent) is incorporated as an S.A. (Société Anonyme) and domiciled in Luxembourg. The registered office is located at 488 Route de Longwy, L-1940 Luxembourg.

The Group is principally engaged in the provision of credit management services. Information regarding the Group structure is presented in note 14. Information on other related party transactions is presented in note 34.

General information and basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") as adopted by the European Union (hereinafter referred to as "IFRS Accounting Standard"). The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and asset backed securities ("ABS"); certain portfolio investments that have been measured at amortised cost; and assets held for sale that have been measured at the lower of their carrying value or fair value less costs to sell. Those standards have been applied consistently to the historical periods. The financial year equates to the calendar year.

Basis of consolidation

The Group consolidated financial statements consolidate the financial statements of Garfunkelux Holdco 2 S.A. and all its subsidiary undertakings for the year ended 31 December 2025.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing voting rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable return from its involvement with the investee; and
- The ability to use its power over the investee to affect its return.

Generally, there is a presumption that holding majority voting rights results in control. To support its presumption and when the Group has less than majority of such voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:

- The contractual arrangements with the other investee;
- Rights arising from the contractual arrangements; and
- The Group voting rights and potential voting rights.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1. Accounting policies (continued)

New accounting pronouncements to be adopted on or after 1 January 2025

The following amendments have been issued by the IASB, are effective for annual periods beginning on or after 1 January 2025.

- Amendments to IAS 21 (Lack of exchangeability) – The effects of changes in foreign exchange rates.

  The amendments require entities to apply a consistent approach in assessing when a currency is exchangeable into another currency and when is it not. When a currency is not exchangeable, entities are required to determine the exchange rate to apply and to provide additional relevant disclosures.

No impact arises from the adoption of the amendments to IAS 21.

New and revised IFRS Accounting Standards in issue but not yet effective.

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

Endorsed by EU:

- IFRS 18 (Presentation and disclosures in financial statements) – effective 1 January 2027

The impact of the above is under assessment and is considered to have a material impact on the consolidated Group financial statements for the year ending 31 December 2027.

Not Endorsed by the EU:

- Amendments to the Classification and Measurement of Financial instruments (IFRS 7 and IFRS 9) – effective 1 January 2026
- Annual improvements to IFRS Accounting Standards – Volume 11 – effective 1 January 2026
- IFRS 19 (Subsidiaries without public accountability: disclosures) – effective 1 January 2027

The directors have not fully assessed the impact of adoption of these, but do not expect them to have a material impact on the financial statements of the Group in future periods.

Functional and presentation currency

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its "Functional Currency"). For the purposes of these consolidated financial statements, the results are prepared in GBP Sterling, (the Group's "Presentational Currency"). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The Group's business and activities are set out in the Consolidated Statement of Comprehensive Income ("SCI") and Consolidated Statement of Financial Position ("SFP") on pages 16 and 17 respectively. In addition, note 30 to these consolidated financial statements includes the Group's financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Directors have made a going concern assessment for the Company, covering a period of at least 12 months from the date of approval of these financial statements. This assessment included considerations of forecasts prepared by Garfunkelux Holdco 2 S.A. ("GH2") and its subsidiaries (together "the Group").

1. Accounting policies (continued)

Going concern (continued)

The Group's result for the year ended 31 December 2025 was an operating profit of £20.7m (year ended 31 December 2024: operating profit of £107.2m) and a net liability position of £651m at 31 December 2025 (31 December 2024: net liability position of £338m). Taking finance income and costs into consideration the Group's loss before tax for the year ended 31 December 2025 was £307m (31 December 2024: loss £180m).

The business as a whole is cash generative before portfolio acquisitions, portfolio disposals, interest and tax, generating cash of £339m in the year to 31 December 2025 (year ended 31 December 2024: £73m), with operating cash outflow after portfolio acquisitions and tax being £88m (year ended 31 December 2024 inflow £73m). The Group continually monitors its cash flow requirements to ensure that enough cash is available to meet its commitments.

Although, the Group successfully completed the refinancing of the Group's existing high yield bonds and the Revolving Credit Facility ("RCF") in 2025, as part of the committed funding of €200m secured in November 2025, key creditors have supported the view that the Group's debt needs to be addressed to provide a sustainable foundation from which to support the forecast growth. As such, the Group are fully engaged in discussions with the Group's stakeholders and it is expected for a deal to be concluded in the near term.

Based on the Group's current view of the recapitalisation, there is an expectation that there is sufficient funding for the growth plans whilst also maintaining a minimum liquidity balance ahead of minimum liquidity balance thresholds. Even if the recapitalisation takes more time, the Group expects to have sufficient liquidity during the next 12 months through the management of UK DP levels which can be managed to meet liquidity needs accordingly.

In assessing whether the going concern basis is appropriate to adopt, the Directors have undertaken a review of forecast cash flow models and severe but plausible scenarios, including a significant reduction in collections, for a period in excess of 12 months from the date of approval of these financial statements. The scenarios consider the impact of cash flow reductions of 10% across the UK and the Nordics, with the Group maintaining c.£30m of liquidity in the next 18 months under the most severe scenario considered. This assessment indicated that the Group would maintain sufficient liquidity and cash reserves even in downside scenarios.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the ongoing recapitalisation discussions indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the respective Functional Currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the Functional Currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the SCI. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the Functional Currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to GBP Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the Foreign Currency Translation Reserve, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a non-Sterling denominated subsidiary whilst retaining control, the relevant proportion of the accumulated exchange difference is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a non-Sterling denominated operation whilst retaining significant influence or joint control, the relevant proportion of the cumulative amount of exchange difference is reclassified to profit or loss.

1. Accounting policies (continued)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of completion) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. At acquisition, non-controlling interest ("NCI") is measured at fair value. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Changes in fair value or measurement period adjustments may change the fair value of the assets recognised (see below).

All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS Accounting Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Business Combinations) are recognised at their fair value at the acquisition date, except that of deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements that are recognised and measured in accordance with IAS 12 (Income Taxes) and IAS 19 (Employee Benefits) respectively.

On a business combination the portfolio investments are recalculated to fair value using an appropriate discount rate at the date of acquisition, calculated based on actual performance and forecasts at that date.

Business combinations

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year from the date of acquisition.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Total goodwill is tested for impairment at least annually. If there is evidence of impairment in any CGU, goodwill allocated to that CGU is also tested for impairment.

The Group calculates the recoverable amount of each CGU by determining the higher of its fair value less costs to sell, and value in use. Certain assumptions are made in relation to the value in use calculation including forecast cash flows, growth rates, future portfolio acquisitions and an appropriate pre-tax discount rate.

1. Accounting policies (continued)

Goodwill (continued)

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rated basis in relation to the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the goodwill attributable to that subsidiary is included when calculating the profit or loss on disposal.

Revenue recognition and effective interest rate method

Income from portfolio investments and asset backed securities held at amortised cost

Income from portfolio investments, including asset backed securities, represents the yield from acquired portfolio investments, net of VAT where applicable. Acquired portfolio investments are held to collect contractual cash flows of payments of solely principal and interest, recognising them at amortised cost and in line with IFRS 9.

The effective interest rate ("EIR") is the rate that exactly discounts the day one estimated future cash receipts of the acquired portfolio asset to the net carrying amount at initial recognition, (i.e. the price paid to acquire the asset). These estimated future cash receipts are reflective of the estimated remaining life of the portfolios of 120 months.

Acquired portfolio investments are acquired at a deep discount and classified as purchased or originated credit impaired ("POCI") in line with IFRS 9. As a result, the estimated future cash flows and hence EIR, reflect the expected lifetime credit losses within each portfolio.

Increases in portfolio carrying values can and do occur should forecasted cash flows be deemed greater than previous estimates and because of the rolling nature of the period to derive future cash receipts. The difference in carrying value following an enhanced collection forecast is recognised in the net portfolio write up line item within income, with subsequent reversals also recorded in this line. This line represents the net impairment gains or losses on portfolio investments.

The portfolio fair value release represents the unwinding of this fair value uplift (see note 15). This uplift is being unwound in line with the standard profile of a gross ERC curve of these portfolios.

Fair value gains on acquired portfolio investments and asset backed securities at Fair Value Through Profit or loss ("FVTPL")

Fair value gains on portfolio investments at FVTPL represents all the income and expenses relating to the Group's ABS investments which are classified as FVTPL. The line item includes fair value changes and interest.

Financial assets measured at Fair Value Through Other Comprehensive Income ("FVOCI")

Financial assets that are held to collect contractual cash flows and for subsequent sale where those cash flows represent solely payments of principal and interest are recognised in the balance sheet at their fair value, inclusive of transaction costs. Interest calculated using the effective interest method and foreign exchange gains and losses on assets denominated in foreign currencies are recognised in the income statement. All other gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the financial asset is either sold or matures, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the income statement.

1. Accounting policies (continued)

Revenue recognition and effective interest rate method (continued)

Service revenue

Service revenue represents amounts receivable for tracing and debt collecting services (commissions and fees) provided to third party clients including collection lawyers, net of VAT where applicable. Performance obligations within service contracts are the collection of cash and hence these are satisfied when the Group collects on debt. Payment is due from clients shortly after cash is collected on their behalf. Revenue is recognised when performance obligations are satisfied.

Impairment of acquired portfolio investments

Acquired portfolio investments are reviewed for indications of impairment in accordance with the IFRS 9 forward looking expected credit loss ("ECL") model. As the Group's portfolio investments are classified as POCI assets, lifetime ECL is included in the calculation of EIR. Impairment represents changes to carrying values, discounted at the EIR, of the portfolio investments because of reassessments of the estimated future cash flows. These are recognised in net portfolio write up in the SCI.

The impairment adjustment is calculated by discounting regularly revised cash flow forecasts developed for each individual portfolio investment, at the initially set EIR. The cash flow forecasts, which represent the undiscounted value of the ERC of the portfolio investments at a given point in time, are calculated over the portfolio expected useful life, based on previous month's collections and portfolio performance information collated.

Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Group's Consolidated SFP when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified at amortised cost, FVTPL, or FVOCI.

Classification

Amortised cost financial assets

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Portfolio investments held at amortised cost are acquired from institutions at a substantial discount from their face value. The portfolios are initially recorded at their fair value, being their acquisition price, and are subsequently measured at amortised cost using the EIR method.

The Group has forward flow agreements in place in relation to the future acquisition of portfolio investments. The fair value and subsequent amortised cost of portfolios acquired under these agreements are determined on the same basis as the Group's other acquired portfolio investments.

1. Accounting policies (continued)

Financial instruments (continued)

The portfolio investment is analysed between current and non-current in the SFP. The current asset is determined using the expected cash flows arising in the next twelve months after the SFP date. The residual amount is classified as non-current.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Trade and other receivables'. Trade and other receivables are measured at amortised cost using the EIR method, less any impairment. Interest income would be recognised by applying the effective interest rate, however the Group only holds short-term receivables for which the recognition of interest would be immaterial.

Financial assets and liabilities at fair value through profit or loss

This category relates to financial assets and liabilities that must be recognised at fair value through profit or loss. Such assets or liabilities are initially recognised at transaction price, which at this point equates to fair value. They must be measured subsequently at fair value.

The main assets and liabilities in the Group falling into this category are portfolio investments held at FVTPL and derivative financial instruments that do not fall under the scope of hedge accounting in accordance with IFRS 9.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss or fair value through other comprehensive income, are required to have an ECL allowance recognised at initial recognition. ECLs are calculated as an unbiased and probability-weighted estimate using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Group at the point of default after taking into account the value of any collateral held, repayments, or other mitigants of loss and including the impact of discounting using the effective interest rate.

At initial recognition of the financial asset, an allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk since origination, an allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are Stage 1; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit-impaired are allocated to Stage 3. An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. Should an asset be deemed unrecoverable, it would be written-off to the P&L as an impairment.

The Group does not have a large exposure to non-POCI amortised cost instruments and the ECL model is proportionate to its requirements.

Other financial assets are assessed for impairment using the expected credit loss model under IFRS 9. An impairment loss is recognised when there is a significant increase in credit risk or objective evidence of credit impairment, resulting in a reduction in the expected future cash flows of the asset

1. Accounting policies (continued)

Financial instruments (continued)

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered POCI. The only material assets in this category are the portfolio investments held at amortised cost. The lifetime ECL is incorporated into the estimated future cash flows on initial recognition, therefore it is not possible to separate this from a 'gross carrying amount' of these assets. As such, although ECL is incorporated into the carrying amount, a separate loss allowance is not held for POCI financial assets.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in Other Comprehensive Income ("OCI") is recognised in profit or loss.

If the terms of the financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value less any eligible transaction costs.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and recognises collateralised borrowings for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

All financial liabilities held by the Group are measured at amortised cost using the EIR method, except for those measured at fair value through the SCI, e.g. derivative assets. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group does not hold derivative instruments for trading purposes.

Derivative financial instruments have been used for economic hedging in securitisation vehicles. As of the balance sheet date, they relate to hedges taken out to mitigate the risk of variability in cash flows.

Derivatives are initially recognised at fair value on the date which the derivative instrument is contracted and subsequently re-measured at their fair value at each reporting date. The resulting gain or loss is recognised in the SCI immediately. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

1. Accounting policies (continued)

Fair value measurements

The fair value of financial instruments is determined in accordance with IFRS 13 (Fair Value Measurement), as described in note 30.

Assets held for sale

The Group classifies non-current assets as held for sale when their carrying amounts will be recovered principally through sale rather than through continuing use. To be classified as held for sale, the non-current asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets, and the sale must be highly probable. For a sale to be highly probable, the appropriate level of management must be committed to a plan to sell the assets and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify as a completed sale within one year from the date of classification and actions required to complete the plan should indicate it is unlikely that significant changes to the plan will be made.

Non-current assets held for sale

Held for sale assets are measured at the lower of their carrying value and fair value less costs to sell. If the carrying value of the non-current asset is greater than the fair value less costs to sell, an impairment loss for any initial or subsequent write-down is recognised. Any such impairment loss is first allocated against the non-current assets that are in scope of IFRS 5 for measurement.

Management judgement is required in determining whether the IFRS 5 held for sale criteria are met.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, if it is probable that the Group will be required to settle that obligation and if a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the SFP date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the discounted present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

1. Accounting policies (continued)

Pensions

Defined benefit pensions

The Group provides defined benefit pension plans through some of its German and Nordic subsidiaries. Provisions for pensions are calculated pursuant to IAS 19. Actuarial models are used to calculate the provisions for pensions and the related pension expenses. These calculations use various assumptions such as current actuarial probabilities (discount factors, increase in cost of living etc.), assumptions regarding turnover based on age and years of service as well as experience-based assumptions concerning the probability of occurrence of pension payments, annuity payments or endowment payments. Changes in assumptions result in actuarial gains and losses being recognised in OCI. The probabilities used in the inputs may deviate from actual developments due to changes in market and economic conditions. Sensitivity analysis is used to determine the financial effects of the deviations in the significant inputs.

Defined contribution pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payables are charged to the SCI in the period they are payable.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the SCI because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end.

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 the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each SFP 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.

1. Accounting policies (continued)

Taxation (continued)

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 based on tax laws and rates that have been enacted or substantively enacted at the SFP date. Deferred tax is charged or credited in the SCI, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

VAT

Income, expenses and assets are recognised net of VAT, except:
- Where the VAT incurred on purchased goods and services cannot be reclaimed from the tax authorities, in which case the VAT is recognised as part of the cost of the asset or as an expense.
- Receivables and liabilities are stated with the amount of VAT included.

The VAT amount reclaimable from, or payable to, the tax authorities is reported under receivables or liabilities in the balance sheet.

Collection activity costs

Collection activity costs represent direct staff costs and the direct third-party costs in providing services as a debt collection agency or collecting debts on acquired portfolio investments; examples include printing and postage, third party commissions, search and trace costs, litigation, telephone and SMS costs. Costs are recognised when they are incurred.

Current versus non-current classification

The Group presents assets and liabilities in the SFP based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no substantive right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

1. Accounting policies (continued)

Consolidation

When an entity is controlled by the Group, it is consolidated. The assessment of control requires judgement of factors including having power over the entity, if it is exposed to, or has rights to, variable returns from its involvement with the entity, and can affect those returns through its power over the entity. The Group consolidates an entity only when all the above three elements of control are present.

Structured entities in which the Group holds an economic interest are usually operated according to predetermined criteria that are part of the initial design of the entity. The Group uses structured entities in the normal course of business to facilitate acquisitions of portfolios in accordance with local law, to allow co-investment with other parties, or to implement the financing required to acquire portfolios. A structured entity established as part of securitisation or co-investment transaction is not consolidated by the Group in cases where third party investors have the exposure, or rights, to all of the variability of returns from the performance of the entity.

Share-based payments

Some employees (including senior executives) of the Group receive remuneration in the form of share-based payments settled by the main shareholder of the Group as described in note 29.

IFRS 2 Share-based Payment requires an entity to account for a transaction in which it either:

- Receives goods or services when another entity in the same group (or a shareholder of any group entity) has the obligation to settle the share-based payment transaction; or
- Has an obligation to settle a share-based payment transaction when another entity in the same group receives the goods or services;

unless the transaction is clearly for a purpose other than payment for goods or services supplied to the entity receiving them.

Equity-settled transactions

To the extent a cost is recognised, the cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognised in employee benefits expense together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the SCI for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

In the consolidated financial statements of the Group, the share-based payment arrangements described in note 29 have been classified as equity settled transaction because the Group has no obligation to settle the transaction with the employees for services it receives.

1. Accounting policies (continued)

Cash and cash equivalents comprise cash in hand and bank deposits with a term from inception of three months or less, less bank overdrafts where there is a right to offset.

The Group holds cash on behalf of third parties as part of its collection activities and its securitisation facilities. This restricted cash is shown within cash with a corresponding liability recognised in other payables.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Hardware	3 to 5 years
Office equipment	3 to 15 years
Leasehold improvements	Life of lease (1 to 15 years)

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the SCI.

Borrowing costs are added to the costs of an asset provided it is a qualifying asset pursuant to IAS 23.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Separately acquired or internally generated intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised only if technical feasibility has been demonstrated such that the asset will be available for use or sale, that there is an intention and ability to use or sell the asset, that it will generate future economic benefit, and that the expenditure attributable to the asset during its development can be measured. Where no internally generated intangible asset can be recognised, development expenditure is expensed as incurred.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 to 5 years	Straight line
Licences	1 to 5 years	Straight line
Trademarks	15 years	Straight line
Customer relationships	5 to 10 years	Expected life of the underlying contract (collection profile)

Development costs are not amortised until the project they relate to is complete and goes live. Once the project is live the costs are moved from development costs to the relevant category and amortised over the applicable useful economic life.

1. Accounting policies (continued)

Intangible assets (continued)

Assets are reviewed for signs of impairment at least annually and more frequently if necessary. Impairments are recognised where the carrying value of the asset exceeds the future economic benefit.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leases and Right-of-use assets

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. This is the case if the contract gives the right to control the use of an asset for a period of time in exchange for consideration. This right to control is established if:

- The Group has the right to obtain substantially all the economic benefits from use of the asset; and
- The Group has the right to direct the use of the asset.

The identified asset should be physically distinct or be implicitly specified at the time the asset is made available. Even if the asset is specified, the Group does not have the right to use the asset if the supplier has the substantive right to substitute the asset throughout the period of use. If the contract is for use of a portion of an asset that is not physically distinct, it is not an identified asset unless it represents substantially all the capacity of that asset.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received plus any initial direct costs and an estimate of restoration costs.

The lease liability is measured at present value, discounted at the incremental borrowing rate, and includes fixed payments, variable lease payments linked to an index or rate and the exercise price under a purchase option that the Group is reasonably certain to exercise. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Each lease payment is allocated against the lease liability. A finance cost is charged to profit or loss over the lease period using the incremental borrowing rate, to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture with a market value, when new, of less than £/€5,000.

2. Significant accounting estimates and judgements

The reported results of the Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the Group's financial statements. IFRS Accounting Standards require the Directors, in preparing the Group's financial statements, to select suitable accounting policies, apply them consistently, and make judgements and estimates that are reasonable.

The judgements and estimates used in applying the Group's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial position are detailed below. The use of estimates, assumptions or models that differ from those adopted by the Group would affect its reported results.

Business model

Financial assets are classified at initial recognition based on the Group's business model for managing the assets and the contractual cash flow characteristics of the financial assets.

Financial assets are measured at amortised cost where they are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI test).

Portfolio investment valuation

Portfolio investments are acquired from institutions at a substantial discount from their face value and are subsequently measured at amortised cost using the EIR method.

The calculation of the EIR for each portfolio is based on the estimation of future cash flows, known as ERCs. These ERCs are based upon historical collections data from other portfolios with similar features such as type and quantum of debt, or age. The calculation of the ERC for each portfolio investment is inherently judgemental as it involves the estimation of future cash flows based upon collections data from the individual debt owed.

Actual cash flows are regularly compared to estimates to assess the accuracy of previous forecasts. Future collections may differ from those estimated at the reporting date, and if they do differ, an adjustment is recorded to the carrying value of the portfolio and is included as a net portfolio write up or write down within income.

The ERC of the portfolio investments has been assessed at the period-end on a regional basis. Management have considered the observable information available in forming judgements for each region.

At 31 December 2025, management has re-evaluated its underlying portfolio-level ERC in line with the Group's revaluation policy to assess the future collections expectation in relation to timing of collections and quantum of collections and concluded that the portfolio investments carrying value is appropriate.

This key judgement and the associated assumptions regarding cash flow forecasts are management's best estimate of future performance based on current market status and customer insights available.

Management continues to monitor collections performance and customer behaviour considering cost-of-living pressures and other macroeconomic factors.

2. Significant accounting estimates and judgements (continued)

Non-current assets held for sale classification

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, forms part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Non-current assets and disposal groups are classified as held for sale when their carrying amounts will be recovered principally through a sale transaction rather than through continuing use; the sale is highly probable; management is committed to a plan to sell; the assets are available for immediate sale in their present condition; and the sale is expected to be completed within twelve months of classification.

The Group's DACH business (Germany, Austria and Switzerland) has been classified as a discontinued operation following the approval and execution of a plan to dispose of the business, as it represents a separate geographic area of operations.

Immediately prior to classification as held for sale, the assets and liabilities of the DACH business were measured in accordance with the Group's applicable accounting policies. After classification, non-current assets (or disposal groups) held for sale were measured at the lower of carrying amount and fair value less costs to sell.

The assets and liabilities of the DACH business are presented separately on the balance sheet as "assets classified as held for sale" and "liabilities classified as held for sale".

The net of tax results of the discontinued operation is presented as a single amount in the income statement under "loss from discontinued operations (net of tax)". The comparative income statement is re-presented to show the DACH business as a discontinued operation for all years presented.

Cash flows attributable to the discontinued DACH business are disclosed separately and analysed into operating, investing and financing activities on the face of the cash flow statement.

Assets and liabilities of the discontinued DACH business denominated in foreign currencies are translated in accordance with the Group's foreign currency accounting policy. Any cumulative foreign currency translation differences relating to the DACH business would be recognised in profit or loss on disposal.

Assets held for sale

During 2023, management reviewed the portfolios within the DACH region and determined its intention to sell a significant portion of the book during 2024, reclassifying these assets to held for sale at 31 December 2023. The majority of these assets were sold in 2024. The remaining portfolios that were not sold in 2024 were classified as held for sale at 31 December 2024 and subsequently sold in January 2025.

Derecognition – Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cashflows in a transaction which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

2. Significant accounting estimates and judgements (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI, is recognised in profit or loss.

If the terms of the financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs.

Goodwill and valuation of intangible assets

The Group recognises goodwill on the acquisition of businesses. Goodwill is the excess of the cost of an acquired business over the fair value of its net assets. The determination of the fair value of acquired net assets requires the exercise of management judgement, particularly for those financial assets or liabilities for which there are no quoted prices, or assets such as acquired investment portfolios where valuations reflect estimates of future cash flows.

Goodwill is not amortised but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. Debt purchase cashflows form the principal cash flows along with 3PC revenue for the CGUs.

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. Calculation of the value in use requires an estimate of future cash flows expected to arise from each CGU after a suitable discount rate has been applied to calculate present value. This inherently involves several judgements in that cash flow forecasts are prepared for periods that are beyond the normal requirement of management reporting, and the appropriate discount rate relevant to the business is an estimate. Additional sensitivities of key metrics are presented in note 10.

The Group's significant estimate in the cash flow analysis underpinning the impairment review is the level of portfolio acquisitions that can be achieved over the forecast period within each CGU, based on the future profitability and funding profile of the Group.

Goodwill on acquisitions is not tested separately for impairment but is assessed as part of the carrying amount of the investment.

3. Segmental reporting

Segmentation

IFRS 8 requires operating segment reporting to be based on information provided to the chief operating decision maker which, in this case, is the Group Executive Committee. Information is presented to the Group Executive Committee based on the three main regions within which the Group operates – the UK, DACH (Germany, Austria and Switzerland) and Nordic (Sweden, Norway, Denmark and Finland) regions. This is in line with the management of the Group. Holding company costs include amounts recognised in relation to holding companies introduced to the Group on the acquisitions of the UK, DACH and Nordic regions.

As at 31 December 2025, DACH region is classified as held for sale and presented as a discontinued operation in the consolidated financial statements. Further information is presented in note 22.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Segmental reporting (continued)

The UK and Nordic operating segments derive revenues from the acquisition and collection of consumer debt portfolios and receivables management.

All revenues are derived from external customers.

Segmental results

Year ended 31 December 2025	**UK**	**Nordics**	**Holding companies**	**Total**
	£000	**£000**	**£000**	**£000**
Total income	234,286	162,816	1,132	398,234
Collection activity costs	(122,659)	(62,525)	(8,291)	(193,475)
Other operating expenses[1]	(44,574)	(49,100)	(68,473)	(162,147)
Operating profit before depreciation, amortisation and impairment	**67,053**	**51,191**	**(75,632)**	**42,612**
Depreciation, amortisation and impairment	(6,186)	(15,760)	-	(21,946)
Operating profit/(loss)	**60,867**	**35,431**	**(75,632)**	**20,666**
Finance income				7,250
Finance costs				(335,026)
Loss before tax				**(307,110)**
Income tax				125
Loss from discontinued operations				(38,001)
Loss for the year				**(344,986)**

[1] Other operating expenses excludes depreciation, amortisation and impairment.

3. Segmental reporting (continued)

Segmental results (continued)

Year ended 31 December 2024	UK	Nordics	Holding companies[1]	Total
	£000	£000	£000	£000
Total income	350,953	141,756	-	492,709
Collection activity costs	(133,121)	(58,743)	(446)	(192,310)
Other operating expenses	(39,009)	(48,040)	(87,020)	(174,069)
Operating profit before depreciation, amortisation and impairment	**178,823**	**34,973**	**(87,466)**	**126,330**
Depreciation, amortisation and asset impairment	(6,141)	(13,019)	-	(19,160)
Operating profit/(loss)	**172,682**	**21,954**	**(87,466)**	**107,170**
Finance income				3,667
Finance costs				(291,191)
Loss before tax				**(180,354)**
Income tax				(52,943)
Loss from discontinued operations				(125,198)
Loss for the year				**(358,495)**

[1] Other operating expenses in Holding companies relate to central costs.

	Year ended 31 December 2025	Year ended 31 December 2024
	£000	£000
Total assets		
UK	1,745,257	2,005,688
Nordics	738,866	693,994
Holding companies	74,513	148,782
DACH	279,532	331,826
Total assets	**2,838,168**	**3,180,290**
Total liabilities		
UK	616,239	1,504,563
Nordics	166,247	324,430
Holding companies	2,618,433	1,275,783
DACH	87,965	413,566
Total liabilities	**3,488,884**	**3,518,342**

3. Segmental reporting (continued)

Segmental results (continued)

Secondary segment

In addition to the primary geographical segment on which the chief operating decision maker reviews the performance of the Group, data is also reviewed on a business line basis. These principally comprise:

- The acquisition and collection of non-performing consumer debt portfolios ("DP"); and
- The provision of third-party collection services ("3PC").

	Year ended 31 December 2025	Year ended 31 December 2024
	£000	£000
Income		
Net income from portfolio investments	295,398	411,979
Service revenue	99,882	77,478
Other income	2,954	3,252
Total income	**398,234**	**492,709**

4. Loss before tax

	Year ended 31 December 2025	Year ended 31 December 2024
	£000	£000
Loss for the year is after charging:		
Depreciation and impairment of property and equipment (note 12 & 13)	6,119	3,742
Amortisation and impairment of intangible assets (note 11)	15,827	11,851
Staff costs (note 5c)	164,491	145,898

5. Staff costs and other operating expenses

a) Other operating expenses

	Year ended 31 December 2025 £000	Year ended 31 December 2024 Represented £000
Staff costs (note 5c)	76,496	64,114
Depreciation of property and equipment (note 12 & 13)	6,119	3,742
Amortisation of intangible assets (note 11)	15,827	11,859
Loss on disposal of property and equipment and intangible assets	-	102
Licences and maintenance for IT equipment	44,402	52,832
Building and facility costs	4,976	8,842
Other operating expenses	36,272	51,738
Total other operating expenses	**184,092**	**193,229**

Other operating expenses include primarily office costs, consultancy, professional fees and change programme costs.

b) Auditor's remuneration

	Year ended 31 December 2025 £000	Year ended 31 December 2024 Represented £000
Audit fees of Parent company and consolidated financial statements	783	713
Audit fees of financial statements of subsidiaries	2,549	1,736
Other services(1)	-	-
Total auditor's remuneration	**3,332**	**2,449**

(1) Prior year balance has been restated.

Other services comprise interim review fees and assurance fees in connection with financing.

The extent of non-audit services fees payable are reviewed by the Audit Committee in the context of the fees paid by the Group to its other advisors during the period. The Committee also reviews the nature and extent of the non-audit services to ensure that independence is maintained.

5. Staff costs and other operating expenses (continued)

c) Staff costs

	Year ended 31 December 2025	Year ended 31 December 2024 Represented
	£000	£000
Collection activity costs	87,995	81,784
Other expenses	76,496	64,114
Total staff costs	**164,491**	**145,898**

	Year ended 31 December 2025	Year ended 31 December 2024 Represented
	£000	£000
Wages and salaries	140,853	119,809
Social security costs	13,610	14,582
Pension costs to defined contribution schemes	9,630	10,938
Pension costs to defined benefit schemes	398	569
Total staff costs	**164,491**	**145,898**

The average number of employees during the year was:

	Year ended 31 December 2025	Year ended 31 December 2024
	Number	Number
Operational staff	2,020	2,260
Business support	555	546
Total average number of employees	**2,575**	**2,806**

The year end number of employees during the year was:

	Year ended 31 December 2025	Year ended 31 December 2024
	Number	Number
Operational staff	1,818	2,207
Business support	547	550
Total number of employees at year end	**2,365**	**2,757**

5. Staff costs and other operating expenses (continued)

d) Directors' remuneration

In accordance with Article 65(1) of the Luxembourg law of 10 August 1915, as amended, the Company has made use of the exemption from disclosing directors' remuneration, as such disclosure would allow individual directors to be readily identified.

Emoluments paid to other key employees who are not directors of this Company but are directors of subsidiaries of the Company are detailed in note 34. Seven employees are paid by subsidiary undertakings of the Company for their services as directors to the Group.

6. Finance income

	Year ended 31 December 2025	Year ended 31 December 2024 Represented
	£000	£000
Bank interest	4,158	1,873
Other interest income	3,092	1,794
Total finance income	**7,250**	**3,667**

7. Finance costs

	Year ended 31 December 2025	Year ended 31 December 2024 Represented
	£000	£000
Interest payable on the senior secured notes	137,046	132,508
Fees payable on borrowings	11,345	9,899
Interest and fees payable on revolving credit facility	23,336	19,927
Interest payable on shareholder loan	63,486	57,988
Interest payable on securitisation	60,368	46,492
Other interest payable	10,846	7,341
Interest expense from lease liabilities	1,739	2,032
Derivative fair value loss	1,177	5,834
Foreign exchange loss	25,683	9,170
Total finance costs	**335,026**	**291,191**

8. Income tax

a) Amounts recognised in the Statement of Comprehensive Income

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000 Represented
Current taxation		
Corporation tax	(2,621)	5,857
Adjustment in respect of prior years	17	47
Total current tax (credit)/charge	**(2,604)**	**5,904**
Deferred tax		
Origination and reversal of temporary differences	(6,298)	57,872
Adjustment in respect of prior years	8,777	(10,833)
Total deferred tax (credit)/charge (note 9)	**2,479**	**47,039**
Total tax (credit)/charge	**(125)**	**52,943**

b) Reconciliation of effective tax rate

The standard average effective rate of corporation tax in Luxembourg is 24.94%. However, as the Group is located in different countries, the standard average effective rate of corporation tax for the Group is 25% (2024: 25%). The tax credit assessed for the period is lower than this and the differences are explained below:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Loss on ordinary activities before tax	**(307,110)**	**(180,354)**
Transfer to held for sale	**38,001**	**-**
Tax credit on loss on ordinary activities at a combined countries rate of 25% (2024: 25%)	(76,778)	(45,088)
Effects of:		
Net of expenses not deductible and income not taxable	(5,888)	62,958
Adjustment in respect of prior deferred taxes	8,794	(10,833)
Change in recognition of deferred tax	73,747	45,031
Adjustment in respect of prior years current taxes	-	47
Tax rate differences	-	828
Total tax (credit)/charge	**(125)**	**52,943**

9. Deferred tax

Deferred tax assets and liabilities are attributable to the following as at 31 December 2025 and 31 December 2024.

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Recognised in profit or loss		
Intangible assets	(8,876)	(15,264)
Portfolio investments	-	(24,663)
Tax losses carried forward	75,785	89,028
Other	(150)	5,606
Net tax assets	**66,759**	**54,707**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The movement in deferred tax balances throughout the period are as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
SCI effect	2,479	63,110
Movement in the year	**2,479**	**63,110**

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Deferred tax asset	73,712	84,776
Deferred tax liability	(6,953)	(30,069)
Net deferred tax asset	**66,759**	**54,707**

At 31 December 2025 deferred tax assets of £115m (2024: £55.7m) have not been recognised in respect of tax losses because it is not probable that future taxable profit will be available against which the losses can be utilised. Tax losses recognised are expected to be offset against future taxable profits.

10. Goodwill

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Cost		
At 1 January	1,236,716	1,248,948
Effect of currency translation	4,143	(12,232)
At 31 December	**1,240,859**	**1,236,716**
Accumulated impairment		
At 1 January	(457,702)	(383,634)
Impairment charge	-	(74,068)
At 31 December	**(457,702)**	**(457,702)**
Net book value		
At 31 December	**783,157**	**779,014**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to three aggregated CGUs on the basis that these represent the lowest level at which goodwill is monitored for internal management purposes. The CGUs identified are:

- UK, comprising of all subsidiary companies operated in the UK owned by Simon Holdco Limited;
- Nordics, consisting of all subsidiary companies operated in the Nordic region owned by Lowell Nordics Oy.
- DACH, consisting of all subsidiary companies operated in DACH owned by Lowell Holding GmbH; the DACH region is classified as held for sale.

Foreign currency denominated goodwill is retranslated at each balance sheet date and gives rise to the currency translation effect shown above.

Impairment testing

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The DACH CGU was fully impaired in 2024.

10. Goodwill (continued)

Impairment testing (continued)

The recoverable amount of the CGUs is determined as the higher of fair value less cost to sell and value in use. The Group's goodwill impairment review at 31 December 2025 determines value in use as the CGUs recoverable amount.

The most significant assumptions for the value in use calculation are the level of portfolio acquisitions during the forecast period and the discount rate applied. Other key assumptions are those regarding the growth rates and expected changes to collections and direct costs during the forecast period. The Group uses cash flow forecasts from the latest budgets, prepared for the next five years. A terminal value is calculated into perpetuity, using the following growth rates:

Growth rate	**UK**	**Nordics**
2025	2.0%	2.0%
2024	2.0%	2.0%

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The forecast cash flows for each of the CGU's are discounted using a rate specific to that CGU's weighted average cost of capital ('WACC') and using inputs from sector peers and the broader market, as set out in the table below:

Pre-tax WACC rate	**UK**	**Nordics**
2025	9.93%	9.14%
2024	10.01%	11.29%

The Group prepares cash flow forecasts derived from the latest budget, as approved by the Board of Directors in December 2025. The forecasts assume growth rates in acquisitions which in turn drive the forecast collections and cost figures.

The Group has conducted a sensitivity analysis on the impairment test of the CGU's carrying value. Each sensitivity has assessed execution risk of collections performance and cost initiatives.

	UK	**Nordics**
Value-in-use	1,623,058	789,347
Carrying amount of CGU	1,320,735	676,901
Headroom	**302,323**	**112,446**

The recoverable amount of the UK and Nordics CGUs exceed their carrying amounts. As such, no impairment has been recognised.

10. Goodwill (continued)

Impairment testing (continued)

Sensitivity analysis

The Group has conducted a sensitivity analysis on the impairment test of the UK and Nordics CGU's carrying value. A severe-but-plausible downside scenario has been prepared assuming a 10% reduction in net cashflow. Several sensitivities have been performed independently, keeping other parameters constant.

Under the severe-but-plausible downside scenario the value in use of both the UK and Nordics CGUs continues to exceed the respective carrying amounts. In order to determine whether the sensitivity analysis performed could indicate that an impairment was required for the UK and Nordics CGUs further analysis has been performed to identify the breakeven point for each of the CGUs.

The following table summarises the break-even values of the key inputs stressed individually:

	UK	Nordics
Pre-tax WACC rate	11.34%	10.32%
Forecasted cashflows	78%	68%
EBITDA growth rate	0.1%	0.5%

11. Intangible assets

	Software and licences £000	Development costs £000	Customer relationships £000	Trademarks £000	Total £000
Cost					
At 1 January 2025	131,289	10,988	78,086	9,718	230,081
Additions	954	12,032	-	-	12,986
Reclassification	10,241	(10,241)	-	-	-
Currency exchange differences	5,472	850	1,558	(5)	7,875
Transfer to held for sale	(71,254)	2,883	(39,110)	(1)	(107,482)
At 31 December 2025	**76,702**	**16,512**	**40,534**	**9,712**	**143,460**
Accumulated amortisation					
At 1 January 2025	(116,668)	10,953	(48,752)	(6,101)	(160,568)
Charge for the year	(12,309)	-	(7,522)	(620)	(20,451)
Of which transfer to held for sale	4,624		-	-	4,624
Reclassification	10,953	(10,953)	-	-	-
Currency exchange differences	(4,159)	-	(660)	6	(4,813)
Transfer to held for sale	62,960	-	32,666	(1)	95,625
At 31 December 2025	**(54,600)**	**-**	**(24,267)**	**(6,716)**	**(85,583)**
Net book value					
At 31 December 2025	**22,102**	**16,512**	**16,267**	**2,996**	**57,877**
At 31 December 2024	**14,621**	**21,941**	**29,334**	**3,617**	**69,513**

11. Intangible assets (continued)

Development costs are generally software and licences. When development projects go live, they are transferred to software and licences.

Intangible assets acquired through the acquisition of subsidiaries are included in cost at their fair value at the time of the acquisition.

	Software and licences £000	Development costs £000	Customer relationships £000	Trademarks £000	Total £000
Cost					
At 1 January 2024	50,808	87,160	80,120	9,734	227,822
Additions	971	14,156	-	-	15,127
Reclassification	89,853	(89,853)	-	-	-
Disposals	(10,343)	(475)	-	-	(10,818)
Currency exchange	-	-	(2,034)	(16)	(2,050)
At 31 December 2024	**131,289**	**10,988**	**78,086**	**9,718**	**230,081**
Accumulated amortisation					
At 1 January 2024	(48,152)	(46,610)	(28,296)	(5,497)	(128,555)
Charge for the year	(17,956)	(3,518)	(21,602)	(618)	(43,694)
Reclassification	(60,871)	60,871	-	-	-
Disposals	10,311	210	-	-	10,521
Currency exchange	-	-	1,146	14	1,160
At 31 December 2024	**(116,668)**	**10,953**	**(48,752)**	**(6,101)**	**(160,568)**
Net book value					
At 31 December 2024	**14,621**	**21,941**	**29,334**	**3,617**	**69,513**
At 31 December 2023	**2,656**	**40,550**	**51,824**	**4,237**	**99,267**

12. Property and equipment

The following items are included within 'Property and equipment' on the balance sheet:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Assets owned by the Group	6,299	10,113
Right-of-use assets (note 13a)	21,584	63,385
Total	**27,883**	**73,498**

Property and equipment acquired through the acquisition of subsidiaries are included in cost at their fair value at the time of the acquisition.

	Leasehold improvements £000	Hardware £000	Office equipment £000	Total £000
Cost				
At 1 January 2025	1,489	5,013	19,757	26,259
Additions	479	511	156	1,146
Reclassification	-	266	(266)	-
Currency exchange	68	200	599	867
Transfer to held for sale	(1,296)	(1,675)	(10,789)	(13,760)
At 31 December 2025	**740**	**4,315**	**9,457**	**14,512**
Accumulated depreciation				
At 1 January 2025	(1,282)	(1,841)	(13,023)	(16,146)
Charge for the year	(155)	(1,034)	(1,887)	(3,076)
Of which transfer to held for sale	80	493	186	759
Reclassification	-	(131)	131	-
Currency exchange	(57)	(67)	(479)	(603)
Transfer to held for sale	1,132	(353)	10,074	10,853
At 31 December 2025	**(282)**	**(2,933)**	**(4,998)**	**(8,213)**
Net book value				
At 31 December 2025	**458**	**1,382**	**4,459**	**6,299**
At 31 December 2024	**207**	**3,172**	**6,734**	**10,113**

12. Property and equipment (continued)

	Leasehold improvements £000	Hardware £000	Office equipment £000	Total £000
Cost				
At 1 January 2024	1,382	6,888	21,757	30,027
Additions	-	1,977	985	2,962
Disposals	-	(2,020)	(2,738)	(4,758)
Currency exchange	107	(1,832)	(247)	(1,972)
At 31 December 2024	**1,489**	**5,013**	**19,757**	**26,259**
Accumulated depreciation				
At 1 January 2024	(1,048)	(4,196)	(12,895)	(18,139)
Charge for the year	(126)	(1,115)	(1,661)	(2,902)
Disposals	-	1,881	1,864	3,745
Currency exchange	(108)	1,589	(331)	1,150
At 31 December 2024	**(1,282)**	**(1,841)**	**(13,023)**	**(16,146)**
Net book value				
At 31 December 2024	**207**	**3,172**	**6,734**	**10,113**
At 31 December 2023	**334**	**2,692**	**8,862**	**11,888**

13. Leases

The Group's leases represent right-of-use assets and their corresponding lease liabilities in respect of its office properties, car leases and office equipment.

a) Right-of-use assets

Amounts recognised on the balance sheet

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Leasehold Property	21,231	39,802
Cars	200	721
Office equipment	153	22,862
Total	**21,584**	**63,385**

Right-of-use assets related to Leasehold property do not meet the definition of investment property and are included within 'Property and equipment' in the balance sheet.

Additions to right-of-use assets during the 2025 financial year was £nil (2024: £9.5m) to leasehold property and £0.2m (2024: £28.8m) to cars and office equipment (of which £0.1m relates to DACH region).

During 2025, assets with a carrying value of £26.6m were classified as held for sale.

There were no impairments to right-of-use assets in the year (2024: £nil).

13. Leases (continued)

b) Lease liabilities

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Non-current	26,125	60,157
Current	2,772	8,708
Total	**28,897**	**68,865**

Included in the line item 'Other financial liabilities' in the consolidated statement of financial position.

During 2025, liabilities with a carrying value of £30.5m were classified as held for sale.

c) Amounts recognised in the consolidated statement of comprehensive income

Depreciation for right-of-use assets	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Leasehold Property	6,607	6,303
Cars	345	1,058
Office equipment	5,089	4,681
Subtotal	***12,041***	***12,042***
Transfer to held for sale	(8,240)	(10,827)
Total	**3,801**	**1,215**

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Finance costs		
Interest expense	1,739	2,032
Other expenses		
Expense relating to short-term leases (included in other expenses)	-	19
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-	1
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	-	308

The total cash outflow for leases in 2025 was £4.9m (2024: £5.9m) of which £1.7m (2024: £2.0m) relates to interest expense and £3.2m (2024: £3.9m) relates to the payment of lease liabilities.

14. Group structure

The Group includes the following subsidiary undertakings. All subsidiaries, except for Wolf Receivables Financing Plc, Wolf Receivables Financing 3 Plc, Wolf Receivables Financing 4 Plc, Wolf Receivables Financing 5 Plc in the UK and Lowell Portfolio Investment DK S.à r.l. in Luxembourg are included in the consolidation:

Name	Principal place of business	Ordinary share holding % as at 31 December 2025	Ordinary share holding % as at 31 December 2024
Lowell Group Management GmbH	Austria	100	100
Lowell Inkasso Service GmbH	Austria	100	100
Lowell Portfoliomanagement GmbH	Austria	100	100
Lowell Danmark A/S	Denmark	100	100
Lowell Finans A/S	Denmark	100	100
Lowell Investment Nordic Oy	Finland	100	-
Lowell Nordics Oy	Finland	100	100
Lowell Suomi Oy	Finland	100	100
Apontas GmbH & Co KG	Germany	100	100
Apontas Verwaltungs GmbH	Germany	100	100
DC Portfolien GmbH	Germany	100	100
Deutsche Multiauskunftei GmbH	Germany	100	100
GFKL Collections GmbH	Germany	100	100
GFKL PayProtect GmbH	Germany	100	100
IBW Verwaltungsund - und Beteiligungs GmbH	Germany	100	100
Inkasso Becker Wuppertal Gmbh & Co. KG	Germany	100	100
Lowell Digital Hub GmbH	Germany	100	100
Lowell Financial Services GmbH	Germany	100	100
Lowell Holding GmbH	Germany	100	100
Lowell Investment GmbH	Germany	100	100
Lowell Service Centre GmbH	Germany	100	100
Proceed Collection Services GmbH	Germany	100	100
Proceed Credit & Collections Services GmbH	Germany	100	100
Sirius Inkasso GmbH	Germany	100	100
Tesch Inkasso Finance GmbH	Germany	100	100
Tesch Inkasso Forderungsmanagement GmbH	Germany	100	100
Tesch Service GmbH	Germany	100	100
Zyklop Inkasso Deutschland GmbH	Germany	100	100
Simon Holdco Limited	Jersey	100	100
Garfunkelux Holdco 3 S.A.	Luxembourg	100	100
Lowell Portfolio Investment DK S.à r.l.	Luxembourg	100	100
Lowell AS	Norway	100	100
Lowell Finans AS	Norway	100	100
Lowell Norge AS	Norway	100	100
Lowell Sverige AB	Sweden	100	100
CL Finance Limited	UK	100	100

14. Group structure (continued)

Name	Principal place of business	Ordinary share holding % as at 31 December 2025	Ordinary share holding % as at 31 December 2024
Fredrickson International Limited	UK	100	100
Hansa Holdco Limited	UK	100	100
Hoist Finance UK Limited	UK	100	100
Lowell Finance UK Holdings 1 Limited	UK	100	100
Lowell Finance UK Holdings 2 Limited	UK	100	100
Lowell Finance UK Holdings 3 Limited	UK	100	100
Lowell Financial Limited	UK	100	100
Lowell Group Limited	UK	100	100
Lowell Group Shared Services Limited	UK	100	100
Lowell Legal Limited	UK	100	100
Lowell Portfolio I Limited	UK	100	100
Lowell Portfolio IV Limited	UK	100	100
Lowell Receivables Financing 1 Limited	UK	100	100
Lowell Receivables Financing 2 Limited	UK	100	100
Lowell Receivables Financing 3 Limited	UK	100	100
Lowell Receivables Financing 4 DAC	Ireland	-*	-*
Nordic Receivables Financing Finland DAC	Ireland	-*	-
Nordic Receivables Financing Sweden DAC	Ireland	-*	-
Lowell Receivables Financing 5 Designated Activity Company	Ireland	-*	-
Lowell Nordic Portfolio Financing DAC	Ireland	-*	-
Lowell Treasury Co. Limited	UK	100	100
Lowell UK Shared Services Limited	UK	100	100
Metis Bidco Limited	UK	100	100
MKDP Limited	UK	100	100
Overdales Legal Limited	UK	100	100
Robinson Way Limited	UK	100	100
Simon Bidco Limited	UK	100	100
Simon Midco Limited	UK	100	100
Wolf Receivables Financing 3 Plc	UK	100	100
Wolf Receivables Financing 4 Limited	UK	100	100
Wolf Receivables Financing 5 Plc	UK	100	100
Wolf Receivables Financing Plc	UK	100	100
Lowell Inkasso Service GmbH	Switzerland	100	100

*consolidated SPV

All of the entities incorporated in Germany, as set out in above (except Proceed Credit & Collections Services GmbH), have availed of the exemptions regarding (i) the preparation, audit and disclosure of individual financial statements pursuant to Section 264 (3) of the German Commercial Code (for entities in the legal form of a GmbH) and (ii) to the extent required, the preparation, audit and disclosure of consolidated accounts pursuant to Section291 of the German Commercial Code.

15. Portfolio investments

The valuation of portfolio assets involves estimation uncertainty in forecasting future cash collections by vintage and region. UK valuations reflect reforecasting of older vintages, delayed litigation activity, and stronger performance in more recent vintages. In the Nordics, overall performance is strong, with valuation risk concentrated in certain Swedish banking portfolios, while portfolio transfers during the year did not impact profit or loss. In DACH, valuations reflect underperformance driven by operational constraints, with restatements recognised to align carrying values with supportable future cash flows. Changes in assumptions could result in material adjustments to portfolio carrying values. Refer to group overview for further details

	Year ended l December 2025 £000	Year ended 31 December 2024 £000
Non-current	971,114	1,251,953
Current	438,446	492,861
Total	**1,409,560**	**1,744,814**

The movements in amortised cost acquired portfolio investment were as follows:

	Continuing operations year ended 31 December 2025 £000	Discontinued operations year ended 31 December 2025 £000	Total year ended 31 December 2025 £000	Year ended 31 December 2024 £000
At start of year	**1,634,126**	**110,688**	**1,744,814**	**1,635,895**
Portfolios acquired during the year	269,923	32,450	302,373	383,078
Collections in the year	(581,011)	(62,314)	(643,325)	(712,616)
Proceeds from BSV	(231,277)	(11,967)	(243,244)	-
Income from portfolio investments	329,437	42,819	372,256	416,173
Net portfolio write (down)/up	(38,300)	(12,069)	(50,369)	38,089
Net foreign exchange movement	26,662	15,088	41,750	(15,805)
Transfer to assets held for sale	-	(114,695)	(114,695)	-
At end of year	**1,409,560**	**-**	**1,409,560**	**1,744,814**

16. Asset backed securities

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Non-current		
Amortised cost	5,869	2,429
Fair value through P&L (FVTPL)	9,560	17,185
Fair value through OCI (FVOCI)	281	6,491
Total non-current	**15,710**	**26,105**
Current		
Amortised cost	3,948	1,692
Fair value through P&L (FVTPL)	16,068	18,680
Total current	**20,016**	**20,372**
Total	**35,726**	**46,477**

Amortised cost:

The movements in amortised cost Asset Backed Security ("ABS") investments were as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
At start of year	**4,121**	**5,975**
ABS acquired during the year	8,444	-
Collections in the year	(3,459)	(2,270)
Income from ABS investment	711	416
At end of year	**9,817**	**4,121**

The movements in fair value acquired portfolio investments were as follows:

Fair value through P&L:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
At start of year	**35,865**	**27,207**
ABS acquired during the year	8,864	7,393
Collections in the year	(5,762)	(7,275)
Net foreign exchange movement	(512)	1,954
Fair value gain	4,057	6,586
Disposal	(17,534)	-
Reclass	650(1)	-
At end of year	**25,628**	**35,865**

(1) Reclass of balance from other financial assets to FVTPL

16. Asset backed securities (continued)

Fair value through OCI:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
At start of year	**6,491**	**8,250**
Collections in the year	(1,450)	(3,178)
Fair value (loss)/gain	(507)	1,419
Recycled to income statement	911	-
Disposal	(5,164)	-
At end of year	**281**	**6,491**

17. Involvement with unconsolidated structured entities

Unconsolidated structured entities are entities that the Group has an interest in but does not control. The Group uses structured entities in the normal course of business to facilitate acquisitions of portfolios in accordance with local law, to allow co-investment with other parties, or to implement the financing required to acquire portfolios. Servicing activities are charged at market rates, on terms normal for the industry, and are a typical customer/supplier relationship per the meaning of this term set out in 'IFRS 12 – Disclosure of Interests in Other Entities'.

Nature and risks associated with Group interests in unconsolidated structured entities:

	UK 2025	Luxembourg 2025	Nordics 2025	UK 2024	Luxembourg 2024	Nordics 2024
Number of entities at 31 December	3	1	3	2	1	3
ABS Portfolio investments						
Amortised cost	£9.8m			£4.1m	-	-
Fair value through the P&L	£5.21m	£16.1m	£4.3m	£19.4m	£8.7m	£5.7m
Fair value through OCI	£0.3m			£6.5m	-	-
Total assets at 31 December	£15.3m	£16.1m	£4.3m	£30.0m	£8.7m	£5.7m

The maximum exposure to loss is the carrying value of the instruments summarised above, due to the nature of the Group's holdings and the fact that no additional support has been provided or committed to the vehicles.

Unconsolidated structured entities in which the Group holds an interest are typically financed by a form of junior profit participation note, and in some instances also have senior secured or senior unsecured liabilities to which the junior positions are subordinated.

During 2025, the Group entered into securitisation arrangements involving the sale of UK assets. Under the securitisation transaction, certain UK assets were sold by the Group to securitisation vehicles. Funding for the transaction was provided by the Group and two external third-party funding providers. The Group continues to act as servicer of the securitised assets under a servicing agreement.

During 2024, the Group entered into a securitisation transaction in the Nordic regions with Resurs Bank AB. Assets were transferred from Resurs Bank AB with both Resurs Bank AB and the Group providing funding to the structured entities, and the Group acting as servicer.

18. Transfer of financial assets

In the ordinary course of business, the Group enters transactions that result in the transfer of financial assets, primarily loan receivables. In accordance with the accounting policy set out in Note 1, the transferred financial assets continue to be recognised in their entirety or to the extent of the Group's continuing involvement or are derecognised in their entirety.

Transferred financial assets that are not derecognised in their entirety

Sales to consolidated structured entities
During the year, the Group sold additional assets to Lowell Receivables Financing 2 Ltd and Lowell Receivables Financing 3 Ltd in the UK. The assets sold were not derecognised by the Group, and the structured entities are consolidated by the Group.

Sales to unconsolidated structured entities
Certain securitisation transactions undertaken by the Group result in the Group derecognizing transferred assets in their entirety. This is the case when the Group transfers the ownership of the financial assets to the unconsolidated securitisation vehicle which the Group does not control. Where the financial assets are derecognised in their entirety, then the interest in the unconsolidated securitisation vehicles that the Group receives as part of the transfer plus the servicing arrangement, represent the continuing involvement with those assets.

During the year, the Group sold £278.5m of assets to unconsolidated securitisation vehicles that resulted in a net loss of £2.7m (2024: nil).

During the year ended 31 December 2025, the Group recognised income of £3.6m (2024: £6.6m) in profit or loss on its junior note holdings. The cumulative income on the notes held on 31 December 2025 was £15.9m (2024: £12.3m). Servicing contracts are discussed below.

The following table sets out the details of the assets that represent the Group's continuing involvement with the transferred assets that are derecognised in their entirety:

Type of continuing involvement	2025	2024
Securitisations	£35.7m	£46.5m

The amount that best represents the Group's maximum exposure to loss from its continuing involvement in the form of notes issued by unconsolidated securitisation vehicles is their carrying amount.

As part of certain securitisation transactions that result in the Group derecognizing the transferred financial assets in their entirety, the Group retains servicing rights in respect of the transferred financial assets. Under the servicing arrangements, the Group collects the cash flows on the transferred loan receivables on behalf of the unconsolidated securitisation vehicle. In return, the Group receives a fee that is expected to compensate the Group adequately for servicing the related assets. Consequently, the Group accounts for servicing arrangements as executory and has not recognised an asset/liability. The servicing fee is based on a fixed percentage of the cash flows that the Group collects as an agent on the transferred loan receivables. Potentially, a loss from servicing activities could occur if the costs that the Group incurs in performing the servicing activities exceed the fees receivable or if the Group does not perform in accordance with the servicing arrangements.

Transferred financial assets that are derecognised in their entirety

The servicing arrangement does not give rise to the Group having control over the securitisation vehicle and the Group therefore acts as an agent.

19. Trade and other receivables

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Trade receivables	7,679	23,550
Prepayments and accrued income	12,993	7,484
Other receivables	7,962	73,695
Tax receivable	3,070	4,879
Total	**31,704**	**109,608**

Trade receivables are primarily made up of amounts due from clients for services provided. This figure includes gross receivables of £8.4m (2024: £28.3m), and an allowance for bad debt of £0.7m (2024: £2.3m).

20. Other financial assets

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Non-current		
Receivables from affiliated companies	41	41
Other	7	1,163
Total non-current	**48**	**1,204**
Current		
Other	10,138	22,249
Total current	**10,138**	**22,249**
Total other financial assets	**10,186**	**23,453**

Receivables from affiliated companies relate to loans made to Garfunkelux Nominee S.à r.l. and Garfunkelux Holdco 4 S.à r.l. together with accrued interest.

21. Cash and cash equivalents

	Year ended 31 December 2025 £000	**Year ended 31 December 2024 £000**
Cash and bank balances	58,237	125,003
Restricted cash balances	69,615	91,000
Total cash and equivalents	**127,852**	**216,003**

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

The Group holds cash on behalf of third parties as part of its collection activities, and in relation to its securitisation facilities. These restricted cash balances are shown within cash.

22. Assets classified as held for sale and discontinued operation

The Group's DACH business (Germany, Austria and Switzerland) has been classified as a discontinued operation following the approval and execution of a plan to dispose of the business, as it represents a separate geographic area of operations.

As such it is deemed appropriate to report this operating segment as an asset held for sale in these accounts.

Financial information relating to the discontinued operation is as follows:

	Year ended 31 December 2025 £000	**Year ended 31 December 2024 £000**
Income	97,721	127,964
Expenses	(155,378)	(239,186)
Loss from discontinued operations before taxes	**(57,657)**	**(111,222)**
Tax credit/(charge)	19,656	(13,976)
Loss from discontinued operations after taxes	**(38,001)**	**(125,198)**

	Year ended 31 December 2025 £000	**Year ended 31 December 2024 £000**
Net cash from operating activities	31,530	36,655
Net cash used in investing activities	(3,083)	(4,374)
Net cash used in financing activities	(9,175)	(11,880)
Net increase in cash and cash equivalents from discontinued operations	**19,272**	**20,401**

22. Assets classified as held for sale and discontinued operation (continued)

	31 December 2025 £000
Assets	
Non-current assets	
Intangible assets	7,231
Property and equipment	28,784
Portfolio investments	69,224
Other financial assets	543
Total non-current assets	**105,782**
Current assets	
Portfolio investments	45,471
Trade and other receivables	76,676
Other financial assets	7,410
Assets for current tax	23,710
Cash and cash equivalents	20,483
Total current assets	**173,750**
Total assets held for sale	**279,532**
Liabilities	
Non-current liabilities	
Provisions for pension	3,314
Provisions	1,418
Other financial liabilities	21,343
Total non-current liabilities	**26,075**
Current Liabilities	
Trade and other payables	30,255
Provisions	10,697
Other financial liabilities	16,440
Current tax liabilities	4,498
Total current liabilities	**61,890**
Total liabilities held for sale	**87,965**

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
At start of year	9,623	-
Disposals in the year	(9,623)	-
Carrying value of assets transferred to held for sale	319,063	9,623
Assets held for sale	**319,063**	**9,623**

During 2024, management completed the sale of a proportion of portfolios within the DACH region, with net proceeds totalling c.€186m. During the year 2025, the Group completed the sale of the remaining assets held for sale for c.£12m.

23. Borrowings

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Non-current		
Unsecured borrowings at amortised costs		
Shareholder loan owed to Garfunkelux Holdco S.à r.l.	720,351	657,759
Total unsecured	**720,351**	**657,759**
Secured borrowings at amortised cost		
Senior secured notes	1,403,626	521,336
Prepaid costs on senior secured borrowings	(18,381)	(1,972)
Securitisation loans	481,885	63,296
Discount on securitisation loans	(13,990)	-
Revolving credit facility	309,878	-
Total secured	**2,163,018**	**582,660**
Total borrowings due for settlement after 12 months	**2,883,369**	**1,240,419**
Current		
Unsecured borrowings at amortised cost		
Other interest payable	138	3,656
Total unsecured	**138**	**3,656**
Secured borrowings at amortised cost		
Senior secured notes	136,341	1,076,484
Interest on senior secured notes	23,336	28,232
Prepaid costs on senior secured borrowings	(8,762)	(4,656)
Revolving credit facility	49,987	371,823
Securitisation loans	188,550	508,832
Prepaid costs on securitisation loans	(3,195)	-
Total secured	**386,257**	**1,980,715**
Total borrowings due for settlement before 12 months	**386,395**	**1,984,371**
Total borrowings	**3,269,764**	**3,224,790**

On 25 June 2025, the Group completed a comprehensive recapitalisation transaction. The Group repaid £200,000,000 Notes and Revolving credit facility ("RCF") and reinstated a portion of the existing Notes into new subordinated €292,000,000 10.5% Holdco PIK Notes due 1 May 2030 issued by Garfunkelux Holdco 4 S.A., a new holding company. The remaining Notes were reinstated into €967,562,961 at 9.5% Senior Secured Notes due 1 November 2028 and €466,931,106 at Euribor+7.446% Senior Secured Floating Rate Notes due 1 May 2029 (together the "New Opco Notes").

All borrowings are measured at amortised cost using the effective interest rate method. The other principal features of the Group's borrowings are as follows:

The interest on the aggregate €968m floating rate notes is payable semi-annually on 1 May and 1 November, commencing on 1 November 2025. The notes will mature on 1 November 2028, though the Group may redeem some or all the notes at an earlier date.

The interest on the aggregate €467m floating rate notes is payable quarterly on 1 February, 1 May, 1 August and 1 November, commencing on 1 August 2025. The notes will mature on 1 May 2029, though the Group may redeem some or all the notes at an earlier date.

23. Borrowings (continued)

There are two covenant measures under the terms of the Senior Secured Notes; Fixed Charge Coverage Ratio, which must be at least 2:1 and Consolidated Senior Secured Leverage Ratio, which cannot exceed 3.75:1. These are incurrence covenants only, which would only need to be satisfied should the Group intend to raise additional senior secured financing.

The Senior Secured Notes are secured on the assets, share pledges and intra-group receivables of the Group and are listed on The International Stock Exchange (TISE).

The Group repurchased £199.1m in 2025 (2024: £nil) which reduced the notional amounts of the notes by £199.1m (2024: £nil).

Revolving Credit Facility ("RCF")

There was an amendment and restatement of the existing super senior RCF into two super senior facilities consisting of a £50,000,000 revolving facility and a €355,516,000 term facility due 1 August 2028 and Issuance of €250,000,000 at 9.0% New Money Notes due 1 September 2028 ranking senior to the New Opco Notes and junior to the amended RCF proceeds of which shall be and have been used for the purposes of debt management, including potentially one or multiple tender offers to purchase New Opco Notes, and result in positive to neutral impact on the Group's leverage.

The RCF has a variable interest rate linked to SONIA/EURIBOR (subject to a 0% floor) and a commitment fee calculated on the undrawn facility. Any material company or other member of the Group, which becomes a guarantor of the RCF is required (subject to agreed security principles) to grant security over certain of its material assets and (if wholly owned by another member or members of the Group) to have its shares (or equivalent ownership interests) secured in favour of the Security Agent.

The RCF includes two quarterly-tested maintenance covenants. First, if aggregate utilisation across the RCF and Securitisation facilities exceeds 35%, an event of default will occur unless remedied. Second, if the Leverage Ratio exceeds 6.0x, further drawings under the facility are restricted.

Securitisation Loans

On 22 November 2018 the Group entered a £255m securitisation facility through its subsidiary Lowell Receivables Financing 1 Limited ("LRF1"). The facility had an interest rate of 1-month SONIA + 3.5% margin and, prior to being liquidated in 2025, had a balance outstanding of £89.8m.

On 17 June 2021, the Group entered into a £225m securitisation facility through Lowell Receivables Financing 2 Limited ("LRF2") with the facility being increased to £425m. The facility is due to mature in June 2030 and bears interest at 1-month SONIA+ 4.7% margin.

In August 2022, the Group entered into a five-year £170m securitisation facility through its subsidiary Lowell Receivables Financing 3 Limited ("LRF3"). In December 2023, LRF3 repaid the outstanding senior note and the facility was reduced to £nil. During 2025, the facility was subsequently increased to £50m. The facility has a five-year legal maturity and bears interest at 1-month SONIA plus a margin of 4.25%.

In November 2025, the Group entered into a five-year £113m securitisation facility through its subsidiary Lowell Nordic Portfolio Financing DAC, under which, certain Nordic portfolios were securitized.

23. Borrowings (continued)

Shareholder Loan

The Group entered into a loan facility in October 2015 for €260.4m with its holding company Garfunkelux Holdco 1 S.à r.l. The Group increased this facility in May 2016 to €287.4m. A further loan was issued in March 2018 of €28.9m as part of the acquisition of the Carve-out Business from Intrum.

On 5 November 2020 the aggregate amount outstanding on the Shareholder Loans was €490.4m. On this date the Shareholder Loans were re-denominated into £447.3m and continue to accrue interest at a rate of 9.66% (2024: 9.66%), which can be paid or capitalised on an annual basis.

The shareholder loan has a maturity date that falls six months following the maturity of the latest maturing of any outstanding Senior debt of the Company.

During 2025, the shareholder loan was assigned from Garfunkelux Holdco 4 S.à r.l. to Garfunkelux Holdco 1 S.à.r.l the new immediate parent company.

The weighted average interest rates during the year were as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Notes	8.67%	7.85%
RCF – Revolving	7.31%	7.46%
RCF – Term Loan	6.79%	-
Shareholder loan owed to Garfunkelux Holdco 1 S.à r.l.	9.66%	9.66%
Securitisation loans	8.69%	8.47%

24. Trade and other payables

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Trade payables	6,182	10,205
Other taxes and social security	5,893	3,691
Accruals and deferred income	48,225	54,750
Other payables	28,838	40,973
Total	**89,138**	**109,619**

Other payables includes amounts due of £1.3m in respect of portfolios purchased but not yet paid at 31 December 2025 (2024: £7.7m) and £20.0m of 3PC collections due to be transferred to clients (2024: £65.3m).

25. Provisions

	Tax provision £000	Site restoration provision £000	Employee related provision £000	Other provision £000	Total £000
At 1 January 2025	**963**	**2,561**	**5,396**	**2,848**	**11,768**
Provisions made during the year	84	41	81	10,712	**10,918**
Provisions utilised during the year	(14)	(297)	(2,606)	(727)	**(3,644)**
Provisions reversed during the year	-	(15)	-	(842)	**(857)**
Transfer to held for sale	(1,504)	(548)	(2,516)	(7,547)	**(12,116)**
Exchange differences	555	7	(355)	58	**266**
At 31 December 2025	**84**	**1,749**	**-**	**4,502**	**6,335**
Non-current	-	1,749	-	935	**2,684**
Current	84	-	-	3,567	**3,651**
Total	**84**	**1,749**	**-**	**4,502**	**6,335**

Other provisions contain onerous contract provisions of £nil as at 31 December 2025 (2024: £nil).

The remaining amounts provided for relate to several individually immaterial provisions.

26. Other financial liabilities

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Non-current		
Lease liabilities	26,125	60,157
Total non-current other financial liabilities	**26,125**	**60,157**
Current		
Lease liabilities	2,772	8,708
Other financial liabilities	-	49,617
Total current other financial liabilities	**2,772**	**58,325**

Other financial liabilities consist of accounting treatment differences on purchases of portfolio assets.

27. Share capital

	£000
In issue at 31 December 2025 and 31 December 2024	**4,385**

	Number
Called up, allotted and fully paid – par value €0.01 each	**500,000,005**

The rights attached to the ordinary shares are as follows:

Voting

Each Shareholder shall have one vote for every share held. Each Shareholder and Beneficiary Unit ("BU") holder (note 28), where applicable, may vote through voting forms in the manner set out in the convening notice in relation to a Shareholders' Meeting. The Shareholders and the BU holders may only use voting forms provided by the Company and which contain at least the place, date and time of the meeting, the agenda of the meeting, the proposal submitted to the decision of the meeting, as well as for each proposal three boxes allowing the Shareholder and the BU holder to vote in favour, against, or abstain from voting on each proposed resolution by ticking the appropriate box.

Return of Capital

In the event of a dissolution and liquidation of the Company, any liquidation surplus shall be distributed in the following order:

- The holders of the BUs shall receive an amount corresponding to: a) the Issue Price of the BUs held by them plus; b) the amount of any accrued but unpaid BU Entitlement; and
- Subject to the terms of any Arrangement, any remaining liquidation surplus shall be distributed to Shareholders pro-rata to the number of shares held by them.

Distributions

From net profits of the Company determined in accordance with Luxembourg Law, 5% shall be deducted and allocated to a legal reserve fund. That deduction will cease to be mandatory when the amount of the legal reserve fund reaches one tenth of the Company's nominal capital.

Subject to the provisions of Luxembourg Law, the Company Articles and any Arrangement, the Company may by Shareholders' Resolution declare distributions to Shareholders pro rata to the number of shares held by them.

Subject to the provisions of Luxembourg Law, the Company Articles and any Arrangement, the Board of Directors may pay interim dividends to Shareholders pro rata to the number of shares held by them.

The Shareholders and the BU holders, where applicable, are entitled to participate in a Shareholders' Meeting by videoconference or by telecommunications means allowing their identification and are deemed to be present for the calculation of quorum and majority conditions and voting.

28. Reserves

Capital reserve

The changes in capital reserves can be seen in the consolidated statement of changes in equity.

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
At start of year	**(8,291)**	**(8,291)**
At end of year	**(8,291)**	**(8,291)**

Beneficiary Units

The issue price of any Beneficiary Unit shall be allocated to a special reserve (the "BU reserve") within the capital reserve. The BU and the BU reserve shall not form part of the share capital of the Company and shall carry those rights set out below.

The BU reserve shall be distributable only upon repurchase or redemption of the BUs or upon liquidation of the Company.

At 31 December 2025 and 31 December 2024, there were 333m beneficiary units in issue and the BU reserve totalled €25,000 (£21,250).

Rights

The BUs shall not carry voting rights except that each BU carries one vote at any shareholders' meeting called to resolve the appointment or removal of Director(s) of the Company.

Each holder of BUs shall be entitled to receive an annual distribution corresponding to 0.1% of the Issue Price of the BUs held (the "BU Entitlement") payable annually upon decision of the Shareholders' Meeting, at repurchase or redemption of the BUs or upon liquidation of the Company. Any BU Entitlement not paid in a year, shall continue to accrue until it is paid.

Subject to the terms of any arrangement, the Company, through its Board of Directors, shall have the right to redeem the BUs by providing written notice to the holder(s) of the BUs that within one business day (or such time as the notice may specify, including, without limitation, immediately), all of the BUs shall be fully redeemed by the Company for a price equal to the Issue Price of the BUs plus any accrued but unpaid BU entitlement.

Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Valuation reserve

The valuation reserve comprises the actuarial gains/losses and deferred tax movements on the Group's defined benefit pension schemes.

29. Share-based payments

On 13 October 2015 and 4 November 2020, the main shareholder of the Company – Garfunkelux Holdco 1 S.à r.l. entered share-based payment arrangements with certain managers of the Group (the "Garfunkelux Group managers").

Under these agreements, the Garfunkelux Group managers entered into nominee agreements with Garfunkelux Nominee S.à r.l. ("Nominee"), pursuant to which the Nominee is the registered shareholder of the shareholder instruments as nominee for the Garfunkelux Group managers and these managers are the beneficial owners of the shareholder instruments held by Nominee. The Garfunkelux Group managers subscribed for shares in Garfunkelux Holdco 1 S.à r.l. at prices that approximated the market price of the underlying shares at the dates of grant.

The Garfunkelux Group managers further agreed, in the same agreement, to sell back to Garfunkelux Invest S.à r.l., the main shareholder of Garfunkelux Holdco 1 S.à r.l., the shares owned in Garfunkelux Holdco 1 S.à r.l. in the event they cease to be an employee and/or a corporate officer of the Group. The selling price of the shares is determined on the basis of a number of conditions including the service period and whether the Garfunkelux Group manager qualifies as a good leaver or a bad leaver. The sale price of the shares in Garfunkelux Holdco 1 S.à r.l. owned by the Garfunkelux Group managers will be settled in cash.

In the consolidated financial statements of the Group, this arrangement has been classified as equity settled transaction because the Group has no obligation to settle the transaction with the Garfunkelux Group managers. However, since amounts paid by the Garfunkelux Group managers for the subscription of the shares in Garfunkelux Holdco 1 S.à r.l. are at fair value, the awards have no material fair value at grant date and therefore there is no expense recognised in the SCI for the year or previous year.

30. Financial instruments

Categories of financial instruments

	Year ended 31 December 2025 £000	**Year ended 31 December 2024 £000**
Financial assets		
Cash and cash equivalents	127,852	216,003
Portfolio investments	1,409,560	1,744,814
Asset backed securities	35,726	46,477
Trade and other receivables	31,704	109,608
Other financial assets	10,186	23,453
Derivatives	429	1,390
Financial liabilities		
Borrowings – Notes	1,563,303	1,626,052
Borrowings – RCF	359,865	371,823
Borrowings – Shareholder loan	720,351	657,759
Borrowings – Securitisation loan	670,435	572,128
Borrowings – other	138	3,656
Trade and other payables	89,138	109,619
Other financial liabilities	28,897	118,482

30. Financial instruments (continued)

Material accounting policies

Details of the material accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

Financial risk management objectives

As a result of its normal business activities, the Group has exposure to the following risks:

- **Strategic risk** (including Major Initiatives risk, Strategic Planning risk, Investor Relations risk, Market Dynamics risk, Mergers & Acquisitions risk and Pricing & Modelling risk);
- **Financial risk** (including Credit & Counterparty risk, Liquidity & Capital risk, Market risk (including Interest Rate risk and Foreign Exchange risk), Insurance risk, Tax risk and Reporting & Forecasting risk);
- **Compliance risk** (including Regulatory risk, Financial Crime risk, Legal risk and ESG & Ethics risk); and
- **Operational risk** (including IT risk, People risk, Conduct risk, Third Party risk, Business Operations & Processes risk, Business Continuity risk and Physical Security risk);
- **Information & data risk** (including Information Security & Cyber Crime risk, Data Management risk and Data Privacy risk).

This note presents information about the exposure of the Group to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements. The Group manages these risks through the Group Executive Committee, Regional & Group Risk Committees and the Investor Board.

The Group has no exposure to equity markets and does not hold any speculative equity positions.

Strategic risk management

Strategic risk is the risk to earnings resulting from poor or lack of clear strategy and execution, adverse business decisions, and inadequate anticipation of emerging changes in the broader business, economic and political environment, including changing competitive threats and disruptive innovations, internal or external. This includes the risk of changes caused by market variables such as prices, type and timing of debt coming to the market, i.e. the cost of consumer debt portfolios.

In bidding for consumer debt portfolios, the Group seeks to achieve a sufficient yield to cover both the cost of collection and overhead costs, thereby minimising the risk of not recovering the cost of these portfolios. The Group uses sophisticated pricing models along with extensive market data to establish the profitability of portfolios coming to market. The Group monitors its pricing assumptions through Investment Committees (subsets of the Executive Committee).

30. Financial instruments (continued)

Strategic risk management (continued)

The Group manages the unpredictability of the market through various financing structures. The Group has in place €968m (2024: €1,425m) and €467m (2024: £440m) of Senior Secured loan Notes, €250m (2024: €nil) New Money Notes, €293m (2024: €nil) New Holdco PIK Notes, plus a €355m RCF term loan and revolving RCF totalling £50m (2024 total RCF: €455m). At 31 December 2025 the UK securitisation and RCF facilities were £867m drawn (2024: £882m). These facilities allow the Group the flexibility to bid on portfolios as and when they come to market and are not restricted by cash flow constraints. The Group is also able to jointly purchase portfolios with another party through its co-investment strategic partnership.

Financial risk management

Credit and counterparty risk management

Credit and counterparty risk is the risk to earnings, financial loss arising from a counterparty default on contractual obligations or risk to earnings, financial loss or capital impact from a customer failure to meet a contractual repayment schedule.

The risk from the concentration of debtor credit risk is limited due to the high number of individual customer balances and the relatively low value of each of the individual's debts.

The Group's principal activity is the acquisition and management of underperforming consumer debt portfolios. All portfolios by their nature are impaired on acquisition and the Group continually monitors cash collections. Carrying values are impaired when and if the underlying performance indicates that future cash flows will not meet initial expectations. The on-going risk is managed through utilising a comprehensive portfolio valuation model and building current expectations of recoverability from information on debt types and customers into pricing assumptions and models.

An Investment Committee is in place which is attended by members of the Executive Committee as well as other key individuals from across the business.

This committee is in place to scrutinise all aspects of a portfolio acquisition from reputational and compliance risk through to the financial assumptions and maximum bid price.

The carrying amount of financial assets recorded in the consolidated financial statements, which are net of impairment losses, represents the Group's exposure to credit risk.

The Group's most significant exposure to credit risk is to portfolio investments.

The carrying value by geography is shown below:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
UK[1]	983,843	1,240,672
Nordics	425,717	393,454
Subtotal	**1,409,560**	**1,634,126**
DACH[2]	114,695	110,688
Total	**1,524,255**	**1,744,814**

[1]UK portfolio as at 31 December 2025 included a Fair Value Through Profit or Loss instrument of £nil m (2024: £30.7m) which is now presented separately. Refer to Note 15.
[2]DACH portfolio assets have reduced by £9.6m (2024: £182m) following the transfer to held for sale assets. Refer to Note 22 for further details.

30. Financial instruments (continued)

Financial risk management (continued)

Liquidity and capital risk management

Liquidity risk refers to the potential inability (or at excessive funding costs) to meet contractual or contingent financial obligations as they arise and could potentially impact the Group's condition or overall safety and soundness. Capital risk relates to the risk of holding insufficient capital to absorb unexpected loss. The approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. At 31 December 2025, the Group had available undrawn committed borrowing facilities, including available cash at bank, of £127.9m (2024: £216.0m). See note 23 for further details on borrowings.

The following tables show the Group's gross undiscounted contractual cash flows of financial liabilities including interest payments at the Statement of Financial Position ("SFP") date:

As at 31 December 2025

	Weighted average interest rate %	Carrying amount £000	Contractual cash flows £000	0-6 months £000	6-12 months £000	1-5 years £000	Over 5 years £000
Notes[1]	9.60	1,563,303	2,052,048	59,873	60,169	1,932,006	-
RCF - Revolving	7.81	50,000	50,000	-	-	50,000	-
RCF – Term Loan	6.79	309,865	309,865	-	-	309,865	-
Shareholder loan[2]	9.66	720,351	720,351	-	-	720,351	-
Securitisation loans	8.64	670,435	884,522	97,700	99,200	635,307	52,315
Lease liabilities	6.55	28,897	42,626	2,638	2,354	16,597	21,037
Total liabilities		**3,342,851**	**4,059,412**	**160,211**	**161,723**	**3,664,126**	**73,352**

[1] Includes loan principal outstanding and accrued interest (note 23)
[2] Interest can either be paid or capitalised on an annual basis

30. Financial instruments (continued)

Financial risk management (continued)

Liquidity and capital risk management (continued)

As at 31 December 2024

	Weighted average interest rate %	Carrying amount £000	Contractual cash flows £000	0-6 months £000	6-12 months £000	1-5 years £000	Over 5 years £000
Notes[1]	7.85	1,626,052	1,772,640	63,317	1,166,916	542,407	-
RCF	7.46	371,823	371,823	371,823	-	-	-
Shareholder loan[2]	9.66	657,759	657,759	-	-	657,759	-
Securitisation loans	8.47	572,128	604,966	51,982	51,618	501,366	-
Lease liabilities	5.95	68,865	82,442	6,240	5,962	41,047	29,193
Total liabilities		**3,296,627**	**3,489,630**	**493,362**	**1,224,496**	**1,742,579**	**29,193**

[1] Includes loan principal outstanding and accrued interest (note 23)
[2] Interest can either be paid or capitalised on an annual basis

Other liabilities include "Trade and other payables", "Derivatives", "Other financial liabilities" and "Other interest payable".

Ultimate responsibility for liquidity risk management rests with the Group Executive Committee, which has established an appropriate liquidity risk management approach for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by monitoring the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

Group financing facilities

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
RCF[1]		
Amount used	49,862	371,823
Amount unused	138	5,306
Total	**50,000**	**377,129**

[1] The Group's RCF totalled £359.9m, with £359.8m drawn at the reporting date, comprising of £49.9m on the RCF and £309.9m on the term loan. Movements reflect foreign exchange effects arising from facilities denominated in euros and sterling.

30. Financial instruments (continued)

Financial risk management (continued)

Capital risk management

The Group's objective in managing capital is to maintain a strong capital base to support current operations and planned growth and so to maintain investor, creditor and market confidence. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 23 after deducting cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity ("SOCIE").

Interest rate risk management

Interest rate risk is the risk to earnings, income, and valuation arising from changes in interest rates. The Group has minimised its risk against changes in interest rates by following a balanced approach to funding by using fixed rate Notes, floating rate Notes and share capital.

The Group's RCF Term Loan and Revolving Loan have a variable interest rate and as at 31 December 2025 both of these were fully drawn, with the Revolving Loan at £50m and Term Loan £310m (2024: £372m). Interest is payable on the RCF at a maximum of 4.75% + SONIA/EURIBOR (2024: 3.5% + SONIA/EURIBOR). The Group also had one floating rate note issuance in place as at 31 December 2025 with an outstanding principal of €467m (2024: €626m), and an interest rate of 7.45% + EURIBOR (2024: 6.25% + EURIBOR) subject to a 0% floor.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the SFP date. A 2.5 percentage point increase or decrease represents Management's assessment of the reasonably possible change in interest rates. If interest rates had been 2.5 percentage points higher for the full year and all other variables were held constant, the Group's losses would increase for the year ended 31 December 2025 by £20.5m (2024: £35.1m). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

Foreign exchange derivative contracts

The derivatives recognised at 31 December 2025 and 31 December 2024 relate to OTC ("Over the Counter") interest rate derivatives that the Group transacts with its banking partners. To recognise the fair value of these derivatives, the fair value calculation performed by the Group as of the balance sheet date is used, which is based on the customary market method and is regularly compared with fair value calculations provided by the counter parties.

30. Financial instruments (continued)

Financial risk management (continued)

Foreign exchange risk management

The Group has exposure to foreign exchange risk through its investments in overseas operations which have functional currencies other than Sterling and foreign currency denominated assets/liabilities and transactions. The Group is principally exposed to Euro (EUR), Swedish krona (SEK), Norwegian krone (NOK) and Danish krone (DKK) and minimises its foreign currency risk by having both assets and liabilities in functional currencies other than Sterling. As the assets and liabilities are matched where practical, the Group monitors and manages its exposure. The carrying values of the Group's principal foreign currency denominated net assets are as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Net assets		
EUR	(2,218,853)	(1,957,292)
SEK	15,214	129,058
NOK	39,939	32,660
DKK	106,218	102,610
Total	**(2,057,483)**	**(1,692,964)**

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase against Sterling exchange rates. This represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated financial instruments and adjusts their translation at the year-end only for a change in foreign currency rates, holding all other variables constant.

	2025 £000	2024 £000
(Increase)/decrease in loss before tax		
EUR	(33,826)	(23,401)
SEK	(394)	130
NOK	559	(213)
DKK	886	(53)
(Decrease)/increase in equity		
EUR	(221,885)	(195,729)
SEK	1,521	12,906
NOK	3,994	3,266
DKK	10,622	10,261

30. Financial instruments (continued)

Insurance risk management

The Group has a full programme of insurance coverage in place, this includes polices for Directors and Officers, Professional Indemnity and Cyber. Coverage is assessed and updated as required on an annual basis.

Compliance risk

Compliance risk is defined as the risk of legal or regulatory sanctions, financial loss or reputation damages resulting from failure to comply with laws, regulations, ethical standards, prescribed practices, internal policies and procedures and from fraud, corruption or bribery. The Group faces regulations which are subject to ongoing change. The Group has an active compliance programme in place with dedicated compliance teams in each region. Compliance risk is overseen by the Group Executive Committee, Regional and Group Risk Committees and the Investor Board.

In the UK, some entities are regulated by the Financial Conduct Authority (“FCA”). If the FCA deems the Group’s conduct and customer interaction to be poor or non-compliant it can impose a financial penalty and/or financial redress for customers. The ultimate penalty would be the withdrawal of that company’s authorisation to provide financial services. The Directors are not aware of any indication that this is a possibility and seek to minimise the risk by adopting all the requirements of the Consumer Duty Regulations in the UK in providing good customer outcomes in the Group’s day-to-day activity.

Separately, in the Nordic region, one entity is regulated by the Financial Supervisory Authority (“FSA”), promoting solid financial institutions with good risk awareness, management and control. In particular, the FSA supervises debt collection agencies with reference to treatment of client funds and debt collection practices. The FSA also has powers to impose financial penalties on the Group or remove the Group’s licence to provide specific services.

Operational risk

Operational risk is defined as the risk arising from inadequate or failed internal systems, processes, controls, people or resulting from internal/external events affecting the operation of our business. The Group has an active programme in place to identify, assess and manage operational risks in line with the defined risk management framework. Day to day operational risk containment resides with management whilst risk teams in each region oversee risk management activities. Operational risk is overseen by management, Executive Committee, Regional and Group Risk Committees and the Investor Board.

Information and data risk

Information and data risk is defined as the risk of financial loss, litigation, reputation damage or regulatory sanctions resulting from poor data management, inappropriate data privacy, inadequate management of records and information lifecycle and inability to protect data, system and information from unauthorized access management, threats, cyber-attacks and security vulnerabilities.

30. Financial instruments (continued)

Information and data risk (continued)

The introduction of General Data Protection Regulation ("GDPR") across the EU in May 2018 has led to significant changes in compliance requirements for all firms that process data. The Group has enhanced its data privacy controls to achieve compliance via a Group wide GDPR programme. Information and data risk is overseen by the Executive Committee, Regional and Group Risk Committees and the Investor Board.

Financial assets and liabilities

Financial assets and liabilities are classified into the following categories:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Financial assets		
Investments and receivables	1,487,176	1,924,352
Cash and cash equivalents	127,852	216,003
Derivative financial instruments	429	1,390
Total financial assets	**1,615,457**	**2,141,745**
Financial liabilities		
Financial liabilities measured at amortised cost	3,390,995	3,452,891
Total financial liabilities	**3,390,995**	**3,452,891**

Derivatives with positive fair values

As of 31 December 2025, interest rate caps with a total positive fair value of £0.4m were held (31 December 2024: £1.4m). They were not designated as hedges for hedge accounting purposes (IFRS 9).

Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, the Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values due to their short term nature, with Senior Secured Notes being the only exceptions.

30. Financial instruments (continued)

	Carrying amount		Fair value	
	31 December 2025 £000	**31 December 2024 £000**	**31 December 2025 £000**	**31 December 2024 £000**
Financial assets				
Cash and cash equivalents	127,852	216,003	127,852	216,003
Investments and receivables:				
Portfolio investments and ABS	1,445,286	1,791,291	1,445,286	1,791,291
Other financial assets	42,319	155,182	42,319	155,182
Total financial assets	**1,615,457**	**2,162,476**	**1,615,457**	**2,162,476**
Financial liabilities				
Financial liabilities measured at amortised cost:				
Senior Secured Notes[1]	1,563,303	1,626,052	414,451	1,084,684
RCF	359,865	371,823	359,865	371,823
Shareholder loan	720,351	657,759	720,351	657,759
Securitisation loan	670,435	572,128	670,435	572,128
Other financial liabilities	118,173	228,101	118,173	228,101
Total financial liabilities	**3,432,127**	**3,455,863**	**2,283,275**	**2,914,495**

[1]Includes loan principal outstanding and accrued interest (note 23).

For the Group, the fair value of the acquired portfolios is determined using a discounted cash flow model with unobservable inputs which are classified as level 3 measurements. The Senior Secured Notes are publicly traded instruments whose value can be obtained from public sources; as a result, these are classified as level 1.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of the portfolios is calculated by discounting the net forecast cash flows. The unobservable inputs in determining the fair value are the discount rate and service cost percentage which differ for portfolios that are not deemed as "paying" at the point of acquisition and those that are deemed as "paying". A "paying" portfolio is determined at the point of acquisition based on the proportion of accounts within that portfolio that are set up on a payment plan. The discount rates have been determined from benchmarking.

30. Financial instruments (continued)

The service cost percentage is the percentage a to discount the gross cash flows to net and is based on historical information on costs to collect.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Foreign exchange swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured after initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Level 2		
Non-current assets measured at fair value less costs to sell		
Assets held for sale	-*	9,623
Financial assets at fair value:		
Derivatives not designated as part of a hedge relationship	430	1,390
Asset backed securities held at fair value through profit or loss	25,628	35,865
Asset backed securities held at fair value through OCI	281	6,491
Total	**26,339**	**53,369**

*Assets held for sale are a disposal group that are measured at carrying value.

There were no financial assets or financial liabilities at fair value measured under Level 1 or Level 3.

31. Note to the statement of cash flows

	Note	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Loss for the year		**(344,986)**	**(358,495)**
Tax (credit)/charge	**8**	(125)	66,919
Loss for the year, before tax		**(345,111)**	**(291,576)**
Adjustments for:			
Income on portfolio investments	**15, 16**	(372,967)	(416,173)
Net portfolio write down/(up)	**15, 16**	50,368	(38,089)
Fair value gain	**16**	(3,550)	(6,586)
Collections on owned portfolios	**15, 16**	653,996	897,458
Proceeds from BSV	**15**	243,244	-
Disposal of ABS	**16**	22,698	
Depreciation and amortisation	**11, 12, 13**	35,569	58,638
Impairment of goodwill and right of use asset	**5a, 10**	-	74,068
Loss on disposal of PPE and intangible assets		-	102
Finance income	**6**	(7,250)	(1,684)
Finance costs	**7**	340,194	295,414
Unrealised loss from foreign exchange		7,719	54,248
Increase/(decrease) in trade and other receivables		77,904	(8,210)
Decrease in trade and other payables		(20,481)	(10,516)
Decrease in other net assets		(76,318)	(29,384)
Other non-cash movement		(10,337)	-
Cash generated by operating activities before portfolio acquisitions		**595,678**	**577,710**
Portfolios and ABS acquired[1]		(319,682)	(390,471)
Income taxes paid		(10,802)	(24,540)
Net cash generated by operating activities		**265,194**	**162,699**

[1] Portfolios acquired represents the amount paid for portfolio purchases in the year, after considering timing differences.

32. Reconciliation of movements in borrowings to financing cash flows

	Senior notes £000	Shareholder loan £000	Prepaid costs on borrowings £000	RCF £000	Securitisation loans £000	Other £000	Total £000
Balance at 1 January 2025	**1,626,052**	**657,759**	**(6,628)**	**371,823**	**572,128**	**3,656**	**3,224,790**
Changes from financing cash flows							
Proceeds from loans and borrowings	1,688,927	-	-	5,000	290,160	-	1,984,087
Repayment of borrowings	(1,835,547)	-	-	(28,212)	(208,288)	-	(2,072,047)
Prepaid costs	-	-	(49,057)	-	-	-	(49,057)
Interest paid	(120,836)	-	-	(26,017)	(43,099)	138	(189,814)
Total changes from financing cash flows	**(267,456)**	**-**	**(49,057)**	**(49,229)**	**38,773**	**138**	**(326,831)**
The effect of changes in foreign exchange rates	**67,661**	**(894)**	**(395)**	**8,179**	**(834)**	**-**	**73,717**
Changes from liabilities:							
Interest expense	137,046	63,486	-	23,336	60,368	-	284,236
Transfer of opening balance interest	-	-	-	3,656	-	(3,656)	-
Prepaid cost release	-	-	11,344	-	-	-	11,344
Reclass held for sale	-	-	408	2,100	-	-	2,508
Total liability related changes	**137,046**	**63,486**	**11,752**	**29,092**	**60,368**	**(3,656)**	**298,088**
Balance at 31 December 2025	**1,563,303**	**720,351**	**(44,328)**	**359,865**	**670,435**	**138**	**3,269,764**

32. Reconciliation of movements in borrowings to financing cash flows (continued)

	Senior notes	Shareholder loan	Prepaid costs on borrowings	RCF	Securitisation loans	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2024	**1,685,021**	**598,969**	**(18,477)**	**377,667**	**397,831**	**6,276**	**3,047,287**
Changes from financing cash flows							
Proceeds from loans and borrowings	-	-	-	2,837,016	225,979	-	3,062,995
Repayment of borrowings	-	-	-	(2,834,156)	(51,014)	-	(2,885,170)
Interest paid	(133,439)	-	-	(27,880)	(47,091)	(7,463)	(215,873)
Total changes from financing cash flows	**(133,439)**	**-**	**-**	**(25,020)**	**127,874**	**(7,463)**	**(38,048)**
The effect of changes in foreign exchange rates	**(58,038)**	**802**	**-**	**(6,068)**	**-**	**-**	**(63,304)**
Changes from liabilities:							
Interest expense	132,508	57,988	-	25,244	46,423	4,843	267,006
Prepaid cost release	-	-	11,849	-	-	-	11,849
Total liability related changes	**132,508**	**57,988**	**11,849**	**25,244**	**46,423**	**4,843**	**278,855**
Balance at 31 December 2024	**1,626,052**	**657,759**	**(6,628)**	**371,823**	**572,128**	**3,656**	**3,224,790**

33. Employee benefits

a) Defined benefit schemes

The Group has defined benefit pension obligations through its DACH and Nordic businesses.

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Defined benefit pension net liabilities		
DACH	3,314	4,345
Nordics	661	955
Total	**3,975**	**5,300**

DACH

The German defined benefit pension obligations in relation to the DACH business are provided through the Group's German subsidiary, Lowell Financial Services GmbH. Pension obligations were calculated in accordance with the requirements set out in IAS 19.

Interest rates between 3.95% to 4.25% (2024: 3.35%) were used for this purpose. The defined benefit obligation arising from the defined benefit plans was determined in accordance with IAS 19. The calculations considered estimated increases in pensions and salaries as well as an employee turnover rate. Pension increases were estimated at 1.0% to 2.0% (2024: 1.0 to 2.2%), salary increases at 2.0% (2024: 2.2%), and the employee turnover rate in a range from 0.0% to 2.0% (2024: 0.0% to 2.0%). The employee turnover rate depends on the age of the pension beneficiaries. Mortality and invalidity rates were measured for the German companies using the 2018 G Heubeck mortality tables.

The pension plan for one of the former members of the Executive Board of Lowell Financial Services GmbH includes a retirement pension entitlement when the beneficiary reaches the age of 60. This retirement pension is equivalent to up to 75% of the average fixed salary over the five years immediately prior to retirement. The pension entitlement for two former employees of GFKL PayProtect GmbH comprises a retirement pension to be paid when the beneficiary reaches the age of 65. Following the transfer of employees from the ERGO Group, Sirius Inkasso GmbH recognised provisions for pensions for the first time in 2006. The pension entitlement comprises a lifelong retirement pension paid when the beneficiary retires from the service of the entity upon reaching the age of 65. A total of 13 employees at Sirius Inkasso GmbH have the benefit of this pension entitlement. Pension entitlements have also been granted to employees of Proceed Collection Services GmbH because of the transfer of 19 employees from Bayerische Hypo- und Vereinsbank AG (now UniCredit Bank AG).

33. Employee benefits (continued)

a) Defined benefit schemes (continued)

DACH (continued)

The net liability is calculated as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Present value of unfunded defined benefit obligation	6,561	7,548
Plan assets	(3,247)	(3,203)
Net liability	**3,314**	**4,345**

The following table shows the changes in the defined benefit obligation:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Opening balance of defined benefit obligation	7,548	7,807
Interest expense	249	237
Pension payments	(300)	(249)
Current service cost	55	67
Actuarial losses/(gains)	(999)	(314)
Currency translation adjustments	7	-
Closing balance of defined benefit obligation	**6,561**	**7,548**

The plan assets offset against the defined benefit obligation which are measured at fair value. The change in plan assets were as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Opening balance of plan assets	3,203	3,115
Net interest income	96	88
Contributions	47	88
Payments	(110)	(88)
Currency translation adjustments	11	-
Closing balance of plan assets	**3,247**	**3,203**

Since the plan assets have been pledged as collateral, they are netted against the present value of the unfunded defined benefit obligation. The plan assets are insurance policies entered into by the Group. These assets have been pledged to the beneficiaries, resulting in a netting requirement under IAS 19. Contributions to the plan assets over the next year are expected to amount to £47k (£84k at 31 December 2024).

33. Employee benefits (continued)

a) Defined benefit schemes (continued)

DACH (continued)

Movements in the year on provision for pensions were as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Opening balance	4,345	4,692
Payments arising from pension obligations	(189)	(248)
Allocation to defined benefit obligation	207	215
Actuarial (gains)/losses	(999)	(314)
Employer contributions	(47)	-
Currency translation adjustments	(3)	-
Closing balance	**3,314**	**4,345**

A quantitative sensitivity analysis of the key assumptions as of 31 December 2025 is as shown below:

	Year ended 31 December 2025 £000
Interest rate	
Increase 0.5%	(409)
Decrease 0.5%	455
Salary trend	
Increase 0.5%	52
Decrease 0.5%	(49)
Benefits trend	
Increase 0.5%	3
Decrease 0.5%	(3)

The sensitivity analyses above were determined based on a method that extrapolates the impact on the defined benefit obligation because of realised changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses change key assumptions in isolation. As it is unlikely that changes in assumptions will occur individually, the results above may not be representative of the actual change in defined benefit obligation.

The following payments are expected to be made in the future years out of the defined benefit plan obligation:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Within the next 12 months	312	280
Between 1 and 5 years	1,364	1,316
Between 5 and 10 years	1,867	1,893
More than 10 years	10,087	10,993
Total expected payments	**13,630**	**14,482**

33. Employee benefits (continued)

a) Defined benefit schemes (continued)

DACH (continued)

The average duration of the defined benefit obligation at the end of the reporting period is 14 years (31 December 2024: 16 years).

Nordics

The defined benefit scheme in the Nordics is in the Norwegian subsidiary Lowell Norge AS.

The net liability is calculated as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Present value of unfunded defined benefit obligation	6,809	6,228
Plan assets	(6,148)	(5,273)
Net liability	**661**	**955**

The following table shows the changes in the defined benefit obligation:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Opening balance of defined benefit obligation	6,228	6,725
Interest expense	216	197
Pension payments	(141)	(112)
Current service cost	187	183
Payroll tax of employer	(59)	(81)
Actuarial (loss) gains	28	(13)
Currency translation adjustments	350	(671)
Closing balance of defined benefit obligation	**6,809**	**6,228**

The plan assets offset against the defined benefit obligation are measured at fair value. The change in plan assets were as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Opening balance of plan assets	5,272	5,183
Net interest income	172	142
Actuarial gains	98	15
Contributions	481	654
Payroll tax of employer	(59)	(81)
Payments	(112)	(112)
Currency translation adjustments	296	(529)
Closing balance of plan assets	**6,148**	**5,272**

33. Employee benefits (continued)

b) Defined contribution schemes

The Group operates a defined contribution retirement benefit scheme for all qualifying employees of its operations in the UK. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

The total cost charged to income of £10.0m (2024: £6.4m) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

As at 31 December 2025, contributions of £498k (2024: £493k) due in respect of the current reporting period had not been paid over to the schemes.

34. Related party transactions

Parent and ultimate controlling party

The Company is a wholly owned subsidiary undertaking of Garfunkelux Holdco 4 S.à r.l., the registered office of which is at 15, Boulevard F.W. Raiffeisen, L-2411, Luxembourg.

The ultimate parent company is Garfunkelux S.à r.l., incorporated in Luxembourg, which is itself held by funds advised by Permira, an international private equity fund.

The Company is the largest group in which results are consolidated.

Year end balances with related parties

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Balances with intermediate parent undertaking		
Shareholder loan with Garfunkelux Holdco 4 S.à r.l. (note 23)	(720,351)	(657,759)
Balances with other related parties		
Loan owed from Garfunkelux Nominee S.à r.l.	41	41
Senior member of management	-	92

34. Related party transactions (continued)

Transactions with related parties

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Transactions with intermediate parent undertaking		
Shareholder loan interest with Garfunkelux Holdco 4 S.à r.l.	(63,486)	(57,988)
Transactions with other related parties		
Permira Beteiligungsberatung GmbH (trading)	-	(4)
Teamviewer GmbH (trading)	-	(5)
Genesys Telecommunication Laboratories B.V. (trading)	-	(568)
Informatica Software Limited	-	(344)
SonarSource SA	-	(6)
Resurs NPL 1 AB[1]	(235)	(107)
Resurs NPL 2 AB[1]	(685)	(311)
Resurs NPL 3 AB[1]	(110)	(50)
Credit Services Association Limited[1]	(91)	(89)
Svensk Inkasso	(11)	(19)

[1] Prior year balances have been restated

The shareholder loan with Garfunkelux Holdco 4 S.à r.l. is priced on an arm's length basis and is unsecured.

Remuneration of key management personnel

The remuneration of key management personnel of the Group, who are not Directors of the Company, is set out below in aggregate as specified in IAS 24 (Related Party Disclosures):

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Short-term employee benefits	**9,124**	**7,319**

The above details relate to seven key management personnel (2024: seven) who are Directors and/or senior executives of subsidiary undertakings of the Company. They are paid emoluments by multiple entities for their services to the Group. The Directors of the Company are not paid by any company that forms part of the Group, see note 5d.

At 31 December 2025 and 31 December 2024, there were no loans outstanding with key management personnel.

35. Subsequent events

There were no events after the reporting period that require adjustment to, or disclosure in, the financial statements.

GARFUNKELUX HOLDCO 2 S.A.
CASH EBITDA RECONCILIATION (UNAUDITED)
YEAR ENDED 31 DECEMBER 2025

Cash EBITDA Walks (Unaudited)

Cash EBITDA is a non-IFRS measure. It is defined as cash collections on acquired portfolios plus service revenue, other revenue and other income less collection activity costs and other expenses (which together equal operating costs) and before exceptional items, depreciation, amortisation and impairment of non-performing loans.

The three walks below show reconciliations from the IFRS balances in the accounts to the Group's Cash EBITDA number and are unaudited. These figures do not include Cash EBITDA of £41.6m relating to the DACH discontinued operations.

	Year ended 31 December 2025 £'000
Loss for the year to Cash EBITDA	
Loss for the year	(344,986)
Loss from discontinued operations	38,001
Net finance costs	327,776
Taxation credit	(125)
Operating profit	**20,666**
Portfolio amortisation	261,534
Net portfolio write down/(up)	38,300
Fair value gain	(3,550)
Non-recurring costs/exceptional items, net of exceptional income	42,752
Depreciation, amortisation and impairment	21,946
Cash EBITDA	**381,648**
Cash collections to Cash EBITDA	
Cash collections (DP)	591,682
Other income	102,836
Operating expenses	(377,568)
Non-recurring costs/exceptional items, net of exceptional income	42,752
Depreciation, amortisation and impairment	21,946
Cash EBITDA	**381,648**
Net cash flow to Cash EBITDA	
Decrease in cash in the year	(69,077)
Transaction costs	49,057
Movement in debt	87,960
Portfolios acquired	287,231
Disposal of ABS	(22,698)
Proceeds from BSV	(231,277)
Interest paid	189,814
Income taxes paid	7,502
Capital expenditure and financial investment	11,049
Derivative settlements	216
Payment of lease liabilities	3,191
Other cashflows (incl. working capital changes)	25,928
Cash flow before interest, portfolio purchases, tax expenses and capital expenditure	**338,896**
Non-recurring costs/exceptional items, net of exceptional income	42,752
Cash EBITDA	**381,648**