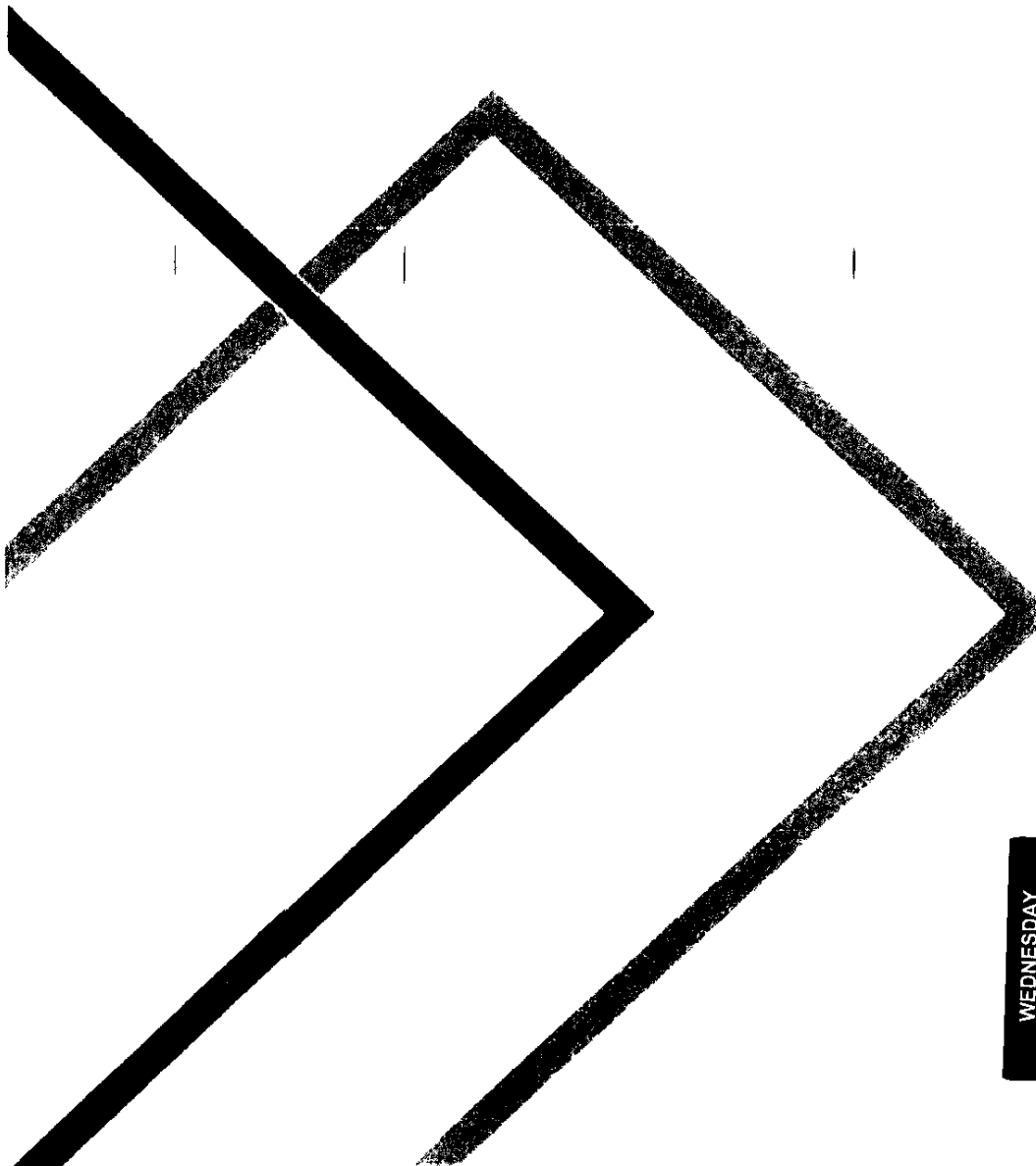




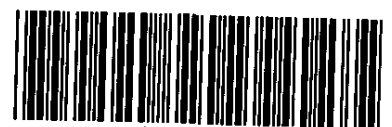
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METIS BIDCO LIMITED

Report and Consolidated Financial Statements
Year ended 31 December 2023



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**METIS BIDCO LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
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**METIS BIDCO LIMITED
OFFICERS AND PROFESSIONAL ADVISORS
YEAR ENDED 31 DECEMBER 2023**

OFFICERS AND PROFESSIONAL ADVISORS

Directors

J S Pears
C Marsh
F Barker
S J Perry
C G Storrar
C B Gunnigle (Appointed 5 January 2023)

Registered office

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LS15 8GH

Banker

National Westminster Bank plc
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Solicitors

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EC2M 3XF

Pinsent Masons LLP
30 Crown Place
Earl Street
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EC2A 4ES

Addleshaw Goddard LLP
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

Auditor

KPMG LLP
Chartered Accountants & Statutory Auditors
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

**METIS BIDCO LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2023**

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and the audited consolidated financial statements of Metis Bidco Limited (the "Company") and its subsidiaries in the UK (together the "Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is the holding company of the Group.

The principal activities of the Group are the acquisition and collection of non-performing consumer debt portfolios, as well as providing first-class debt collecting services to its clients.

GOING CONCERN

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 GH2 Group").

As part of the assessment the Directors considered severe but plausible scenarios, including a significant reduction in collections. This assessment indicated that the Company would maintain sufficient liquidity and cash reserves even in downside scenarios.

The GH2 Group is however reliant on successful refinancing of the GH2 Group's existing high yield bonds ("Notes"), due to expire 1 November 2025 and 1 May 2026, and the Revolving Credit Facility ("RCF"), due to expire on 4 August 2025. While the Directors understand that discussions regarding the re-financing of the RCF are ongoing, the GH2 Group recently announced that it can now proceed with a fully consensual implementation of its recapitalisation transaction which would extend the maturity of the Notes by three years and incorporate a 10% cash paydown at the point the refinancing is executed. Whilst the outcome of the discussions on the RCF are uncertain at the signing of these financial statements, the Directors are confident they will lead to a successful re-financing ahead of the existing maturities.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this matter indicates 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 Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (year ended 31 December 2022: Nil).

COLLEAGUES

The Group continues to support equal opportunities in respect of recruitment, career progression and colleague management processes. Consideration is given to all applicants for employment, irrespective of any of the protected characteristics as detailed in the Equality Act 2010. It is the policy of the Group to treat disabled persons fairly by making reasonable adjustments to the workplace and business processes. Likewise, in the event of a member of staff becoming disabled, every effort is made to ensure that their employment within the Group can continue. Support is also given to internal applicants in moving to new jobs in other parts of the organisation.

METIS BIDCO LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

COLLEAGUES (continued)

The members of the executive team conducted a number of staff briefings throughout the year that kept our people fully informed and updated on business activities, including financial and economic factors affecting the performance of the business. Regular colleague surveys are undertaken to understand the views of colleagues and feedback is taken into consideration when making decisions that are likely to affect their interests. The Group's intranet is used on a routine basis to keep colleagues and others informed about important business issues, the progress that is being made on key corporate programmes, and other changes affecting the Group, its colleagues, and other stakeholders. Colleague engagement is further encouraged through a colleague bonus scheme which rewards both performance of the individual and the Group.

SUPPLIERS AND CUSTOMERS

The Company knows that every customer's story is different and seeks to put their needs first. The Company seeks to engage with customers through a variety of channels and will help find a solution for each customer's debt that suits them and helps them meet their goals.

The Company's commitment to Operational Excellence means that in each part of the business we consider whether any activity should be supplied internally or externally. We ensure that contact with each of our suppliers remains proportionate to their impact on the business and undertake regular business reviews.

INVESTORS

The Metis Bidco Group is comprised of a number of trading subsidiaries, responsible for the Lowell operations in the UK. Engagement with Investors is predominantly led by the wider Garfunkelux Group with the key engagement channel being the presentation of the quarterly results. Through corporate bonds there are a range of investors, who are updated and engaged through a series of quarterly bond calls. Ultimate ownership of the Lowell Group resides with Permira and Ontario Teachers' Pension Plan.

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements are shown on page 1.

CHARITABLE AND POLITICAL DONATIONS

During the year, the Group has made charitable donations of £155,600 (year ended 31 December 2022: £62,000). The Group made no political donations during the year (year ended 31 December 2022: None)

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

	Year ended 31 December 2023	Year ended 31 December 2022
UK Greenhouse gas emissions and energy usage		
Energy consumption used to calculate emissions (kWh)	1,940,226	1,427,882
Scope 1 – emissions in metric tonnes CO₂e		
Gas consumption	34.27	50.47
Scope 2 – emissions in metric tonnes CO₂e		
Purchased electricity	362.90	222.65
Total gross emissions in metric tonnes CO₂e	397.17	273.12
Intensity ratio – Tonnes CO₂e per m² of building space	0.04	0.03

METIS BIDCO LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per m² of building space.

Measures taken to improve energy efficiency

The nature of our business means that we have a low impact on our physical environment and we are complying with environmental regulations and effectively managing waste and recycling. Given the significance, we are still striving to improve our position, for example through reducing CO₂ and GHG emissions by reducing travel and better use of our premises in the short term, and in the longer term, targeting a BREEAM rating of 'excellent' in our new purpose-built offices (from 2023).

SECTION 172 STATEMENT

The Section 172 statement is included in the Strategic Report, which includes detail on how the directors have fulfilled their duties in the year.

DISCLOSURE OF INFORMATION TO THE COMPANY'S AUDITOR

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

SUBSEQUENT EVENTS

In January 2024, Lowell Receivables Financing 2 extended the Senior Facility to £375m, with the revolving period being extended to Jan 2026 and the legal final maturity extended to Jan 2029.

During May 2024, the Group purchased a 51% interest in a co investment ("LRF4"), which holds non performing consumer receivables that are purchased from third parties. The Group also acts as the servicer to these receivables. As a result of its interest and acting as the servicer, the Group consolidates LRF4.

In April 2024, the Senior £175m Facility for Lowell Receivables Financing 1 was modified to change the amortisation date to September 2024. During the amortisation period, the facility cannot be redrawn. This modification extended the availability period, so allowing the facility to be redrawn in April 2024.

During November 2024, the Senior £65m Facility for Lowell Receivables Financing 3 was decreased from £65m to £nil. This modification did not have a material impact on the Senior Facility as Lowell had repaid it in full during December 2023.

In January 2025, Lowell announced it had received support from over 90% of the Noteholders for its recapitalisation transaction. The Company and the requisite majority of Consenting Noteholders have also agreed to amend the terms of the Transaction to include new €250m New Money Notes which noteholders can elect to participate in pro rata to their existing holdings.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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



F Barker
Director

11 February 2025

**METIS BIDCO LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2023**

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

OBJECTIVES & STRATEGY

The Group plays an important role within the broader credit ecosystem in the UK market, where non-performing loans, often requiring longer term recovery are sold on, freeing up capital and resource for the lender whilst also ensuring Customers are then looked after through a responsible credit management firm.

Our purpose is then to work with Customers to help them get debt free and through a clear engagement model we will understand the Customer's circumstances and then ensure we achieve the right outcome. This may be an arrangement to repay the debt in the short or longer term, additional support for those in a vulnerable situation, or appropriate forbearance for those who are unable to repay at that point in time and may need debt advice or breathing space.

The Group's overarching strategy is to ensure we make credit work better for all, from Clients through to Customers and our aim is to continue to be the leading company in the UK through delivery across all four core areas of our strategy.

In the year to 31 December 2023 these four core areas were;

- **exceed Customer expectations**, through driving positive Customer engagement and outcomes, continuing to build on our market-leading experiences however a Customer chooses to engage with us;
- **being the partner of choice for our Clients**, we continue to be focused on Client experience delivering broader engagement and stronger relationships;
- **make Lowell a place where people can thrive**. We will sustain our culture based on trust, accountability, inclusion and collaboration underpinned by our leadership philosophy;
- **responsibly drive collection effectiveness and efficiency**, continually striving for better, more efficient and effective processes. We are always focussed on making things easier for our Customers, Clients and Colleagues, whilst managing our risks with effective governance

and in doing so, **deliver strong, sustainable results**, as outlined in the following accounts.

THE BUSINESS MODEL

The Group's core business model continues to focus on the acquisition and collection of UK non-performing consumer debt portfolios through an integrated collection platform. Lowell in the UK incorporates several companies within the Group that specialise in debt purchase, debt servicing, litigation and providing shared services to the Group itself such as Risk, People and Technology.

We see our wider contribution to society underpinned by both helping our Customers get debt free, but also continuing to tackle the stigma of debt within society and improve overall financial education and debt collection standards in the UK.

We believe we can demonstrate a positive relationship between achieving our purpose, through engagement and driving commercial success for our business. Our Board and owners review delivery of this balance through the overall balanced achievement of all areas of our strategy.

REGULATORY OVERSIGHT

Our 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. Within the Group, Lowell Financial Limited, Lowell Portfolio I Ltd, Overdales Limited and Hoist UK Limited are all regulated by the FCA and Overdales Limited is also regulated by the SRA.

METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

REGULATORY OVERSIGHT (continued)

Our Client base means we also operate under the oversight of a number of other regulatory, authority and industry bodies, including the Information Commissioners Office (ICO), the Credit Services Association (CSA), the Office of Communications (Ofcom), the Office of Gas and Electricity Markets (Ofgem) and Water Services Regulation Authority (Ofwat). We encourage an active dialogue with each of our regulators and engage in a range of activities and sharing of documentation to enhance greater communication and understanding between all parties.

PRINCIPAL RISKS AND UNCERTAINTIES

As a result of its normal business activities, the Group is exposed to a range of risks, the most significant being credit risk on the non-performing debt portfolios acquired, market risk, given the macroeconomic conditions and liquidity risk. Details of the Group's financial risk management policies are set out in Note 27.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

FINANCIAL PERFORMANCE

In 2023, the Group, through its subsidiaries, acquired 1.8m (year ended 31 December 2022: 1.9m) consumer debt accounts with a face value of £1.3bn (year ended 31 December 2022: £1.6bn). The business acquired portfolios from 26 vendors during the year (year ended 31 December 2022: 34) across a wide range of industry sectors, including e-Commerce, Financial Services and Telecommunications.

The Group benefits from a Revolving Credit Facility ("RCF") of €455.0m which benefits the wider Garfunkelux Group and is contracted with Garfunkelux Holdco 3 S.A. The Group benefits from three asset-backed securitisation facilities after entering into a new securitisation facility of £155m in October 2022, whereby assets with a 120 month ERC (Estimated Remaining Collections) of £403m were securitised.

Together, the three securitisation facilities have total capacity of £570m, of which £396m were drawn as at 31 December 2023.

On 29 December 2023, the Group concluded its second asset-backed securitisation collateralised by assets. The Group has identified a pool of reperforming assets which represent stable payment characteristics. The nature of the assets is a pool of reperforming customer accounts which were purchased by Lowell as part of the acquisition of Hoist Finance UK. The securitised portfolio contains reperforming accounts with 120-month ERC of £163m. The transaction follows the previous Wolf securitisation in 2022, demonstrating the repeatable nature of funding structure across the Group's platforms, whilst further evidencing the Group's ability to increase the velocity of cash flows on its balance sheet.

The issuance raised c.£120m from the sale of 88% of the Senior Notes with the Group retaining a £14m (12%) interest and c.£25m from the sale of 95% of the Junior Notes with the Group retaining £1m (5%) interest. The Group will continue to service the portfolio.

Performance in 2023 reflects a year of growth and resilience, with the Group building on the significant work undertaken in 2022 to improve efficiency and margins, capitalising on unique opportunities in the market to deploy capital at attractive returns and delivering collections against known headwinds both internally and externally.

METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

FINANCIAL PERFORMANCE (continued)

In 2022, the Group reassessed the 84-month accounting estimate of the portfolio asset life in line with IFRS 9, largely as a result of the impact of the Hoist Finance UK acquisition in the UK. Management concluded that the period over which substantially all the cashflows are recovered from the UK portfolio assets is on average 120 months, bringing it in line with the Garfunkelux Group's other regions. The Group reassessed the asset life of the portfolio as at 31 December 2022. As a result of the change in accounting estimate the Group recognised net portfolio write up of approximately £73m. The overall carrying value of portfolio investments at 31 December 2023 was £1,166m, a decrease of £126m with the balance at 31 December 2022 of £1,292m. This decrease is principally driven by the sale of assets to the public rated ABS structure in December 2023.

The Group's Loss before tax for the year was £0.3m (year ended 31 December 2022: £69.9m Profit). Profit has decreased in 2023 mainly due to higher finance costs of £42m, of which £30m related to the increase in securitisation and RCF, and £14m from financing with the wider GH2 group.

The Group's net assets at 31 December 2023 were £454.5m (at 31 December 2022: £455.0m).

KEY PERFORMANCE INDICATORS ("KPIs")

	31 December 2023	31 December 2022
Cumulative face value of debt acquisitions	£28.6bn	£27.3bn
Cumulative number of accounts	42.8m	39.2m
Collections on acquired portfolios	£637.5m	£506.0m
Consolidated Cash Income ⁽¹⁾	£645.6m	£508.2m
Portfolio investments (Book value) ⁽⁴⁾	£1,166.2m	£1,291.9m
Purchase of portfolio investments in the year	£180.9m	£235.3m
Purchase of Asset Backed Securities in the year ⁽⁵⁾	£15.3m	£12.5m
120m ERC (Estimated Remaining Collections)	£2,358.6m	£2,734.7m
Operating profit	£95.6m	£135.6m
Consolidated Cash Adjusted EBITDA	£433.8m	£344.3m

(1) Cash Income is defined as cash collection on acquired portfolios plus income from 3PC services.

(2) ERC is defined as the expected collections on acquired portfolios over a defined period, based on the proprietary valuation model and management judgement.

(3) 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 adjusted for non-recurring cost, depreciation and amortisation.

(4) Includes £33.0m (FY22: £13.1m) book value held as an asset backed security or held at fair value. The remainder of the value relates to amortised cost portfolio investments.

(5) Includes £37.8m acquired and £22.5m disposed as part of Wolf 3 transaction during the year. (FY22: £12.5m Wolf 1 ABS purchase)

ERC and Cash EBITDA are non-IFRS financial measures but are widely used by investors to measure a company's asset base and cash flow generation and operating performance respectively. Analysts and investors use ERC and Cash EBITDA as supplemental measures to evaluate the overall operating performance of companies in our industry. These have been included to aid the reader of these financial statements.

These measurements may not be comparable to those of other companies. Reference to these non-IFRS financial measures should be considered in addition to IFRS financial measures but should not be considered a substitute for results that are presented in accordance with IFRS.

METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

KEY PERFORMANCE INDICATORS ('KPIs') (continued)

As at 31 December 2023, management's analysis shows that 120 months is an appropriate period over which to measure the portfolio assets across the Group.

OUTLOOK

We believe the Group benefits from a strong pipeline of opportunities and is well placed to continue to grow as a result of such competitive advantages as its diversified origination capability, the scale of its data assets and its use of forward flow arrangements.

The need for regulatory compliance in the consumer debt industry is expected to continue with ongoing client requirements and those stipulated by various bodies. We believe we are well placed to continue to collect debt in a customer and compliance centric manner, not least because culturally, our customers are at the heart of our business. (See Note 27, *Conduct Risk for more details*). Our risk management structure has been significantly enhanced and improvements continue to be made to the governance structure. All of the required entities within the Group are FCA regulated, further details of other regulators can be found in the Section 172 Statement below.

The consumer debt investor and debt management industries are expected to continue to consolidate around a smaller number of trusted partners. Clients are increasingly reducing their auction panel sizes as they seek to maintain relationships with those investors who can demonstrate customer focus, while economies of scale give competitive advantage in terms of cost of collection and funding. We benefit from a strong record of being customer-focussed and already have relationships with the majority of key sellers of debt. We expect this to continue evidenced by continued off-market deals with existing clients, as well as contract lengths increasing for forward flow arrangements.

We also believe that our data asset will aid the business in terms of both our investment ambitions and our servicing offerings, leveraging the knowledge that comes from owning over 42 million accounts to help our clients from underwriting to contact through to responsible collection.

The Group anticipates a steady flow of debt purchase opportunities, supported by our high proportion of forward flow arrangements. We also expect to have good access to any exceptional sales as they occur, given the requirement from clients to manage their balance sheets.

The Group can benefit from these opportunities given its reputation as a trusted partner to credit originators, who in turn have a greater incentive to sell non-performing loans due to regulatory and liquidity pressures.

The Group continuously monitors collections performance and macroeconomic developments to determine whether there is any impact on its business.

In May 2024, the Group entered into a co-investment agreement with Hoist Finance, through which both parties jointly purchase portfolio assets with Lowell providing 51% of the financing and acting as servicer, and Hoist providing 49% of the financing.

**METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023**

SECTION 1/2 STATEMENT

Throughout 2023, we have gone about delivering against our strategic intent as outlined below.

Customers

Exceed Customer expectations, through driving positive Customer engagement and outcomes, continuing to build on our market-leading experiences however a Customer chooses to engage with us.

- We treat Customers with respect and understanding. Personalised solutions and tailored support help them take control of their debt and build their financial understanding and wellbeing.
- We know our Customers - we combine industry-leading insights from multiple data sources including our 4,500+ Customer Panel. In 2023 we used the Panel to build our understanding of the circumstances that lead people into debt, to test the effectiveness of our written communications as part of our commitment to Consumer Duty requirements and to trial changes to our digital channels before rollout.
- We give our Customers an industry leading choice of channels - our digital capabilities are amongst the best in the sector. We continue to invest in digital technology, pioneering the deployment of an omni-channel approach in our sector. Our Customers can access our services and support both digitally, through our app and online portal, and by calling our Customer Engagement Centre (CEC). Our app, now with Apple and Google Pay options, featured in the top 10 UK financial services apps in 2023.
- We encourage and value Customer feedback - we capture this through various voice and online channels and launched a new market-leading Customer feedback platform in 2023. The Medallia Experience Cloud captures more data and insights than ever before, which helps us understand where we can support Customers further and target colleague training.
- Supporting Customers in vulnerable situations - all front-line colleagues received cost of living training which included information on government help available, reminder of forbearance options and signposting to free debt advice. We also introduced a flexible payment plan option to give Customers more control when they have a temporary change in circumstances.
- We know that every Customer's story is different, and we seek to put their needs first. We seek to engage with Customers through a variety of channels and will help find a solution for each Customer's debt that suits them and helps them meet their goals.

Key areas of Board Customer focus throughout 2023 have been;

- Implementation of Consumer Duty regulations, a welcome and key evolution in approach to our Customers which included reassessing our communications and approach to ensure continued high standards were being maintained. We have both a Board Consumer Duty Champion as well as an Executive sponsor of Consumer Duty, with extensive Board discussions through the year in order to ensure compliance and progress.
- Continued monitoring and assessment of the cost-of-living crisis and ensuring that we are ensuring our Customer approach remains supportive and relevant given the pressures on affordability through the period. Lowell have continued to support Customers in maximising their financial situation through the provision of benefit calculators, access to budgeting tools as well as being able to access their credit score via the Lowell App. Key decisions have been made on how to continue to improve the online journey, simulating the high-quality experience already available through our engagement centres.
- Ensuring that the migration of Hoist Customers onto the Lowell systems and strategies has been achieved with no issues.
- The Board have monitored overall Customer engagement and satisfaction levels, utilising the feedback through the Medallia platform, QA results, Trustpilot ratings as well as evidenced by the low percentage of complaints and FOS cases.

METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

SECTION 172 STATEMENT (continued)

Our Clients

We look to be the partner of choice for our Clients, continuing to be focused on Client experience delivering broader engagement and stronger relationships.

- Our business has been built and continues to benefit from strong Client relationships across our key sectors of e Commerce, Financial Services, Telecommunications and Utilities.
- We believe that an open, partnership with our clients based on trust is necessary to ensure the best outcomes for our Customers, our Clients and ourselves. We seek to build long-term sustainable relationships that allow us to help our clients manage Customers who have moved into arrears.
- Clients continue to look for opportunities to work with us on a longer-term basis, with many of our contracts increasing in length. We also benefit from strong Client feedback which we receive annually through a survey, which allows us to continue to further improve our approach and relationships.
- Given our success with our existing sectors of coverage, we continue to discuss with the Board and Investors potential additional sectors for us to expand into, with success in 2023 within the banking sector, with several new banking relationships established. This will continue to be a focus for the future.

Key areas of Board Client focus throughout 2023 have been;

- Review of pipeline of expected purchases, with a view to strategic growth ambition, as well as being mindful of concentration risks and sector strategy deployment. Ensuring that we maintain the right balance between level of purchases and achieving a strong IRR.
- Reviewing progress of our broader sector strategy, in particular progress within the banking sector, which has seen a number of successful new client relationships being established over the year.
- Ensuring that our transaction management process continued to mature, setting the standards for the sector on due diligence.
- Assessing Client Experience and feedback through the Client survey to look for any areas of opportunity to improve our partnership approach with Clients. Whilst Client engagement scores remain high (90%+) we continue to look for opportunities on how to improve ease of doing business as well as adding additional value to our Clients.

Our People

We continue to make Lowell a place where people can thrive. We will sustain our culture based on trust, accountability, inclusion and collaboration underpinned by our transformational leadership philosophy.

- Our Colleagues remain our foundation and how they work to deliver the right Customer outcomes on a daily basis is critical to the success of the Group. Engagement with our colleagues is through a variety of methods, from regular face-to-face meetings with managers to colleague surveys, and regular 'town-hall' style meetings for communicating key messages.
- As a colleague-focused business we have continued to listen to our people to understand the topics that matter most to them, at both Group and regional levels. Their inputs shaped the development of our Employer Value Proposition, one key element of which is embedding a new hybrid working culture that works for our people and our business. Alongside this we have invested in career development and initiatives to boost diversity and inclusion across our business. We have also increased financial assistance for our colleagues to help them through the cost-of-living crisis.
- During 2023, we have continued to embed our overall Employer Value Proposition (EVP), Together We Go Further. Our EVP is supported by four pillars: sustainability, hybrid-working, leadership development and career progression.
- In Q1 2023 we onboarded our colleagues from the Hoist acquisition, with over 130 colleagues joining across both Leeds and Salford sites.

METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

SECTION 172 STATEMENT (continued)

- Our Colleague Engagement score in the UK has seen an increase year-on-year, with overall engagements levels in the top quartile. reflecting and validating our approach of listening to colleagues and adapting to support their needs, as enshrined in our EVP. We continue to review all of the feedback from colleagues and look for opportunities to deliver improvements across our rewards, environment and culture to ensure all colleagues have the opportunity to thrive during their time at Lowell.
- In Q3 2023 we moved into our new home at No1 The Square Thorpe Park, which has been purpose built for our needs. The building operates across 6 floors, and includes a Gym, Faith Rooms, Wellbeing Floor, as well as a restaurant and a coffee bar. The facility is designed to promote interaction and collaboration as teams are in neighbourhoods. Colleague feedback since the move has been extremely positive.
- Throughout 2023 we continued to support our broader DE&I agenda, whereby we want to encourage every Lowell colleague to be able to be themselves in work. We have established broad networks groups, such as RISE for promoting growth for our female colleagues and advocates and SPARK for neurodiversity and disabilities. They have all contributed to continuing to develop a supportive culture, where colleagues tell us that acceptance and psychological safety are key strengths in our recent Colleague Engagement survey.
- The Group continues to support equal opportunities in respect of recruitment, career progression and colleague management processes. Consideration is given to all applicants for employment, irrespective of any of the protected characteristics as detailed in the Equality Act 2010. It is the policy of the Group to treat disabled persons fairly by making reasonable adjustments to the workplace and business processes. Support is also given to internal applicants in moving to new jobs in other parts of the organisation.
- The members of the executive team conducted a number of Colleague briefings throughout the year that kept our people fully informed and updated on business activities, including financial and economic factors affecting the performance of the business. Regular colleague surveys are undertaken to understand the views of colleagues and feedback is taken into consideration when making decisions that are likely to affect their interests. Colleague engagement is further encouraged through a Colleague bonus scheme which rewards both performance of the individual and the Group.

Key areas of Board Colleague focus throughout 2023 have been;

- Ensuring that the integration of our new Colleagues from Hoist was successful.
- Ensuring our transition to our new Thorpe Park HQ was delivering the expected market-leading environment for our Colleagues.
- Challenging our progress on DE&I, reviewing progress against our Gender Pay Gap reporting and diversity ambitions.

METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

SECTION 172 STATEMENT (continued)

Responsibly driving our collection effectiveness and efficiency

"We will do things well, striving for better, more efficient and effective. Always focussed on making things easier for our customers, clients and colleagues."

- To meet the long-term aspirations of our key stakeholders, we continue to invest in improving our operational capabilities, building additional functionality and resilience into everything that we do.
- During 2022 following FCA approval Lowell announced the completion of the acquisition of Hoist Finance UK Ltd positioning Lowell as the UK's largest credit management service provider. The purchase extended Lowell's Customer base and gives the business the data and insight to further strengthen Lowell's award-winning Customer service. During Q1 2023 we successfully migrated all Hoist accounts and Colleagues over to the Lowell platforms, both ahead of expected timeframes and under budget.
- Throughout 2023 we have continued to be focussed on delivering on our Conduct Risk commitments and ensuring we continue to give assurance that we have effective Risk & Control processes, as evidenced by our comprehensive Risk and Control Self Assessments and control testing for each area of the business. Given the complexity and volume of our Operations, we appreciate that despite all of these controls, there will be times when we get something wrong, but as a business we commit to resolving any issues quickly, effectively and consistently as well as then demonstrating that we have learned from it.
- We have been focussed in 2023 on delivering against the requirements of Consumer Duty and this has resulted in Lowell being in a strong position to demonstrate substantive compliance with the Duty as we can evidence that we have identified and delivered enhancements in line with the Duty through the implementation plan. Mitigating controls to minimise risk of harm to Customers have been embedded. In line with our positive compliance culture, Lowell will continue to take an iterative approach to compliance with the Duty by continuously monitoring industry developments published by the FCA. Progress continues to be monitored through a monthly Conduct and Consumer Duty forum.
- We have continued in 2023 to deliver against our collection targets across all areas of the UK business with a strong focus on cost effectiveness and efficiency to strengthen our pricing competitiveness. This has included portfolio specialisms, improved tracing and strategy capability, digital servicing enhanced to increase efficiencies and improve margins and maximising our return on investment in Litigation and Enforcement spend. In addition, performance has been supported by a suite of initiatives designed to continue to improve the Client and Customer journeys, as well as increasing digital engagement and ease of Customer interactions with us.
- During 2023 we have continued to invest in our Data platforms, with the deployment of a new data squad to improve availability and accuracy of data to drive opportunity across our business value streams. This has both improved our data governance standards as well as improved the way data is ingested to our Analytics platform.
- We are also continuing to deliver against our decision science roadmap, building and enhancing our decision model suite, utilising advances in our data environment and tooling. We will continue to explore future innovation through data and AI advances to support operational decisioning capability and efficiency.
- Given the continued threat that cyber risk poses to our business, we have pressed on with further significant enhancements to our cyber security protections and controls and whilst this has given the Board assurance of strong controls it will continue to be a key risk focus area of the business.

**METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023**

SECTION 172 STATEMENT (continued)

Key areas of Board Operational focus throughout 2023 have been;

- Ensuring that the integration of Hoist was successful.
- Reviewing progress against Consumer Duty requirement, including challenge from our Consumer Duty Champions on both the UK Executive and the UK Board, in order to ensure compliance and progress.
- Reviewing and challenging operational initiatives delivery, both in absolute delivery as well as realisation of expected benefits.
- Ensuring that we continue to deliver the right Customer outcomes.
- Review and challenge our cyber security protections and controls.
- Review of Overdales growth strategy and delivery

Deliver Strong Sustainable Results

"Through impactful engagement with our Colleagues, Clients and Customers we will deliver a strong and sustainable business model, driving improved returns for our Investors."

- The core strength of the Group remains our ability to acquire and collect on non-performing consumer debt portfolios. During 2023 the UK continued to be the wider Garfunkelux Group's largest region accounting for 62% of the Group Cash EBITDA, with £2.4bn 120-month ERC.
- The contribution of all other pillars of the UK strategy are expected to then result in strong sustainable financial results. Through 2023, the UK business demonstrated strong delivery across every aspect of the strategy which enabled it to meet its overall business objectives.
- As part of our broader financial controls and discipline we have continued to review during the year a clear, strong approach to managing out asset quality, including our ability to understand the value of our portfolio assets, through discussions in appropriate governance forums. The business also continued to focus on cost efficiency and broader risk management areas as outlined in previous sections.
- Whilst funding and liquidity is managed at an overall Group level, the UK business continued to ensure that we maintained appropriate coverage in order to have confidence we can meet our obligations as they fall due, as well as confidence to support our growth and acquisition ambitions. Throughout 2023 the Board discussed financial strength and funding. As at December 2023, the Garfunkelux Group had available liquidity of £270m and leverage continued at the lower end of the public guidance.
- In addition to our financial strength, a core tenet of our strategy is to deliver results that are sustainable in both longevity as well as with consideration to our obligations to meet our own ESG standards. In 2023 we continued to improve our activity to support our longer term ESG targets, reflected in our silver status rating against the EcoVadis standards. Attached is a link to our 2023 ESG report (https://www.lowellbusiness.co.uk/hubfs/Lowell_Sustainability%20Report%202023_Final.pdf?hsLang=en).

METIS BIDCO LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

SECTION 172 STATEMENT (continued)

Key areas of Board Financial focus throughout 2023 have been;

- Reviewing our collections and subsequent portfolio performance.
- Reviewing our portfolio revaluation modelling outputs and impact on balance sheet valuation.
- Reviewing progress against our ESG targets.
- Reviewing and challenging our funding and liquidity positions.
- Challenging our business operating costs and relative efficiency.
- Ensuring we have an effective resource to operate the business in a controlled manner.
- Inputting and challenging the wider UK business strategy.

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



F Barker
Director
11 February 2025

METIS BIDCO LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS'
REPORT, THE STRATEGIC REPORT AND THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METIS BIDCO LIMITED

Opinion

We have audited the financial statements of Metis Bidco Limited ("the Company") for the year ended 31 December 2023 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Company's ability to continue as a going concern is dependent on the successful refinancing of the high yield bonds and revolving credit facility by the parent company Garfunkelux Holdco, 2 S.A. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee, and minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METIS BIDCO LIMITED (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from portfolio investments is overstated and management maybe in a position to make inappropriate entries.

We also identified a fraud risk related to the valuation of portfolio investments response to the risk of bias in accounting estimates.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those created or posted by individuals who typically do not create or post journal entries, those containing unusual descriptions, those containing unusual combinations of debits and credits, and those to seldom-used accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Critically assessing management's Estimated Remaining Collections (ERC) forecasts against historical collections experience, including taking account of the potential impacts of the current economic environment and collection strategies.
- Critically assessing management's ERC forecasts using our sector knowledge, market data and external economic forecasts, and corroborating to evidence provided by management.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and others management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines, litigation or the loss of Group's license to operate. We identified the following areas as those most likely to have such an effect: employment law, FCA regulation, money laundering and certain aspects of company legislation recognizing the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METIS BIDCO LIMITED (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 15, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METIS BIDCO LIMITED
(continued)**

other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

11 February 2025

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METIS BIDCO LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2023

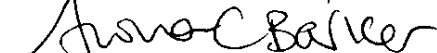
	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Income from portfolio investments	14	285,497	260,961
Portfolio write up	14	25,143	46,047
Gain on derecognition of financial assets	14	-	3,086
Fair value gains/losses on portfolio investments	14	4,923	1,161
Finance revenue on acquired portfolio investments		315,563	311,255
Service revenue		2,417	2,143
Other income		5,747	21
Total revenue		323,727	313,419
Operating expenses			
Collection activity costs		(151,665)	(111,095)
Other expenses		(76,467)	(66,692)
Total operating expenses		(228,132)	(177,787)
Operating profit		95,595	135,631
Finance income	5	12,135	4,669
Finance costs	6	(112,059)	(70,418)
(Loss)/Profit before tax		(4,329)	69,882
Income tax credit	7	4,052	1,252
(Loss)/Profit for the year attributable to equity shareholders		(277)	71,134
Other comprehensive income		-	-
Total comprehensive income for the year attributable to equity shareholders		(277)	71,134

The notes on pages 26 to 76 form part of these financial statements

METIS BIDCO LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2023

	Note	31 December 2023	31 December 2022
		£'000	£'000
Non-current assets			
Goodwill	9	220,003	220,003
Intangible assets	10	6,630	6,981
Property, plant and equipment	11	31,367	28,524
Investments	13	100	50
Portfolio investments – amortised cost – non-current	14	774,004	897,613
Portfolio investments – Asset Backed Security – non current	14	5,975	-
Portfolio investments – FVTPL – non-current	14	18,802	13,068
Portfolio investments – OCI – non current	14	8,250	-
Derivative asset – non-current	17	-	14,514
Deferred tax asset	19	13,865	9,810
Total non-current assets		1,078,996	1,190,563
Current assets			
Portfolio investments – amortised cost	14	359,153	381,253
Trade and other receivables	18	295,705	123,505
Cash and cash equivalents	24	68,276	59,968
Derivative asset	17	6,084	-
Total current assets		729,218	564,726
Total assets		1,808,214	1,755,289
Equity			
Share capital	23	-	-
Foreign exchange reserve		10	(6)
Retained Earnings		454,481	454,758
Total equity attributable to shareholders		454,491	454,752
Liabilities			
Non-current liabilities			
Borrowings – non-current	20	603,098	816,768
Provisions – non-current	22	3,465	2,977
Other financial liabilities – non-current	12	21,907	21,138
Total non-current liabilities		628,470	840,883
Current Liabilities			
Trade and other payables	21	263,365	152,801
Provisions	22	155	136
Borrowings	20	459,551	303,568
Other financial liabilities	12	2,182	3,151
Total current liabilities		725,253	459,656
Total equity and liabilities		1,808,214	1,755,289

These financial statements of Metis Bidco Limited, Company No. 07652466 were approved by the Board of Directors on 11 February 2025. Signed on behalf of the Board of Directors by:



F Barker – Director

11 February 2025

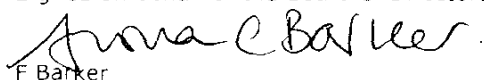
The notes on pages 26 to 76 form part of these financial statements.

METIS BIDCO LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2023

	Note	31 December 2023 £'000	31 December 2022 £'000
Non-current assets			
Property, plant and equipment	11	96	291
Investments	13	227,404	222,306
Deferred tax asset	19	5,952	4,763
Total non-current assets		233,452	227,360
Current assets			
Trade and other receivables	18	1,451	1,991
Cash and cash equivalents	24	294	84
Total current assets		1,745	2,075
Total assets		235,197	229,435
Equity			
Share capital	23	-	-
Retained deficit		105,531	111,450
Total equity attributable to shareholders		105,531	111,450
Liabilities			
Non-current liabilities			
Other financial liabilities	12	77	131
Total non-current liabilities		77	131
Current Liabilities			
Trade and other payables	21	59,170	53,247
Borrowings	20	70,367	64,475
Other financial liabilities	12	52	132
Total current liabilities		129,589	117,854
Total equity and liabilities		235,197	229,435

These financial statements of Metis Bidco Limited, Company No. 07652466 were approved by the Board of Directors on 11 February 2025.

Signed on behalf of the Board of Directors by


F Barker

Director
11 February 2025

The notes on pages 26 to 76 form part of these financial statements.

METIS BIDCO LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2023

GROUP

	Share Capital £000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 01 January 2022	-	(7)	383,624	383,617
Profit for the year attributable to equity shareholders	-	-	71,134	71,134
Movement in the year	-	1	-	1
Balance at 31 December 2022	-	(6)	454,758	454,752
(Loss) for the year attributable to equity shareholders	-	-	(277)	(277)
Movement in the year	-	16	-	16
Balance at 31 December 2023	-	10	454,481	454,491

COMPANY

	Share Capital £000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2022	-	-	117,582	117,582
(Loss) for the year	-	-	(6,132)	(6,132)
Balance at 31 December 2022	-	-	111,450	111,450
(Loss) for the year	-	-	(5,919)	(5,919)
Balance at 31 December 2023	-	-	105,531	105,531

The notes on pages 26 to 76 form part of these financial statements.

METIS BIDCO LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Net cash inflow from operating activities	172,805	154,592
Investing activities		
Purchase of property, plant and equipment	(8,919)	(1,141)
Proceeds from disposal of property, plant and equipment	441	
Purchase of intangible assets	(5,839)	(3,116)
Purchase of investments	(50)	
Acquisition of subsidiary	-	(332,556)
Net cash outflow from investing activities	(14,367)	(336,813)
Financing activities		
Payment of lease liabilities	(2,030)	(1,862)
New borrowings	136,815	459,392
Repayment of borrowings	(200,151)	(222,523)
Interest and fees paid	(84,793)	(53,593)
Net cash generated from financing activities	(150,159)	181,414
Net increase/(decrease) in cash and cash equivalents	8,279	(805)
Cash and cash equivalents at beginning of year	59,968	60,773
Exchange differences	29	
Cash and cash equivalents at end of year*	68,276	59,968

* Cash and cash equivalents at 31 December 2023 contains £45.8m of restricted cash (31 December 2022: £39.1m).

The notes on pages 26 to 76 form part of these financial statements.

METIS BIDCO LIMITED
COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Net cash outflow from operating activities	24	5,378	45,415
Investing activities			
Acquisition of subsidiary	8	-	(45,204)
Investments in subsidiaries	13	(5,098)	-
Net cash outflow from investing activities		(5,098)	(45,204)
Financing activities			
Payment of lease liabilities		(70)	(185)
Net cash outflow from financing activities		(70)	(185)
Net increase in cash and cash equivalents		210	25
Cash and cash equivalents at beginning of year		84	59
Exchange differences		-	-
Cash and cash equivalents at end of year		294	84

The notes on pages 26 to 76 form part of these financial statements.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General information and basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with applicable international accounting standards in conformity with the requirements of the Companies Act 2006. Those standards have been applied consistently to the historical periods.

Metis Bidco Limited, as the parent undertaking for the following entities, guarantees all outstanding liabilities to which the subsidiary company is subject to at the end of the 2023 financial year under section 479A of the Companies Act 2006. This guarantee absolves these entities from the requirements of the Act relating to an audit of these individual accounts:

Name	Country of incorporation	Company number	Ordinary shareholding %
Lowell Legal Limited (formerly Lowell Solicitors Limited)	UK	8647091	100
Lowell UK Shared Services Limited	UK	8336897	100
Overdales Legal Limited	UK	7407310	100
Lowell Portfolio 1 Ltd	UK	4857418	100
Lowell Financial Limited	UK	4558936	100
Hoist Finance UK Limited	UK	08303007	100
Lowell Finance UK Holdings 1 Ltd (formerly Hoist Finance UK Holdings 1 Ltd)	UK	11473838	100
Lowell Finance UK Holdings 2 Ltd (formerly Hoist Finance UK Holdings 2 Ltd)	UK	11473850	100
Lowell Finance UK Holdings 3 Ltd (formerly Hoist Finance UK Holdings 3 Ltd)	UK	11473909	100
Robinson Way Limited	UK	06976081	100

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

No Statement of Comprehensive Income is presented for Metis Bidco Limited itself, as permitted by Section 408 of the Companies Act 2006.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

Going concern

The Company 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 GH2 Group").

As part of the assessment the Company Directors considered severe but plausible scenarios, including a significant reduction in collections. This assessment indicated that the Company would maintain sufficient liquidity and cash reserves even in downside scenarios.

The GH2 Group is however reliant on successful refinancing of the GH2 Group's existing high yield bonds ("Notes"), due to expire 1 November 2025 and 1 May 2026, and the revolving credit facility ("RCF"), due to expire on 4 August 2025. While the Directors understand that discussions regarding the re-financing of the RCF are ongoing, the GH2 Group recently announced that it can now proceed with a fully consensual implementation of its recapitalisation transaction which would extend the maturity of the Notes by three years and incorporate a 10% cash paydown on Day 1. Whilst the outcome of the discussions on the RCF are uncertain at the signing of these financial statements, the Directors are confident they will lead to a successful re-financing ahead of the existing maturities.

Based on the above, the Company Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this matter indicates 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 Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

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 exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. 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. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (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 IFRSs. 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 (2008) (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.

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 of 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 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 annually. Additionally, if there is evidence of impairment in any cash-generating unit (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, and an appropriate discount rate.

If the recoverable amount of the cash-generating unit 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 a business combination the portfolio investments are remeasured to fair value using an appropriate discount rate at the date of acquisition, calculated based on actual performance and forecasts at that date.

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

Finance revenue on acquired portfolio investments

Income from portfolio investments represents the yield from acquired portfolio investments, all of which arose in the UK. 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.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

Finance revenue on acquired portfolio investments (continued)

The effective interest rate ("EIR") is the rate that exactly discounts 120 months estimated remaining collections, being the expected life of 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).

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 EIRs reflect the expected credit losses within each portfolio.

Increases or decreases in portfolio carrying values can and do occur should forecasted cash flows be deemed greater or less 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 portfolio write up line item within revenue, with subsequent reversals also recorded in this line. If these reversals exceed cumulative revenue recognised to date, an impairment is recognised in the SCI, also recorded in the portfolio write up line.

Service revenue

Service revenue represents amounts receivable for tracing and debt collecting services (commissions) provided to the debt collection industry, net of VAT, all of which arose in the UK. The revenue is recognised when the service is provided (accrual basis) which in this case is when cash is collected from the debtor on behalf of the Group's client.

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 adjustments represent changes to carrying values, discounted at the EIR, of the portfolio investments as a result 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 our 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 within our proprietary valuation model.

Financial instruments

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

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, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("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 in order 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 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 effective interest method.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

Amortised cost financial assets (continued)

The portfolio investment asset 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 effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables (including Trade receivables) when the recognition of interest would be immaterial.

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.

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.

Fair value through other comprehensive income

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss / SCI (FVTPL), are assessed for indicators of impairment at each year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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 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 also 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.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

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 liabilities. 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 hedging. As of the balance sheet date, they relate to hedges taken out to hedge the risk of variability in cash flows. Hedge accounting is not applied.

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into, 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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Fair value measurements

The fair value of financial instruments is determined in accordance with IFRS 13 (Fair Value Measurement), as described in Note 27.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result 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, taking into account 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 present value of those cash flows.

When some or all of 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.

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/(loss) for the year. Taxable profit/(loss) differs from net profit/(loss) as reported in the SCI because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

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/(loss) 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 is able to 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.

Deferred tax is calculated at the tax rates that are expected to apply in the year 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 recognised within 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.

Non-current asset investments

Investments are stated at cost less provision for impairment, which is tested annually. Impairment is recognised if the carrying value is greater than the recoverable amount, being the higher of fair value less costs of disposal and value in use.

Pensions

The Group operates a number of defined contribution schemes for the benefit of its employees. Contributions payable are charged to the SCI in the year they are payable.

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 text costs

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

The Group holds cash in relation to its securitisation facilities. These restricted cash balances are shown within cash.

Property, plant and equipment

Property, plant 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:

Office equipment	5 years
Fixtures and fittings	5 years
Hardware	5 years
Leasehold improvements	Life of lease

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.

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;
- there is an intention and ability to use or sell the asset;
- the asset will generate future economic benefit; and
- 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 years	Straight line
Licences	3 years	Straight line
Development costs	Not amortised	
Acquired customer contracts	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.

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.

Leases

The Group leases various properties and equipment. 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.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

Leases (continued)

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 of 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 of 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 amortised cost using the effective interest rate method. 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 between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as 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.

Payments associated with short-term leases 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.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

2. CRITICAL 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. UK company law and IFRS 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 and prudent.

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.

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. These cash flows are estimates and are therefore inherently judgemental. These estimates 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 this point in time 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.

Management's key judgement is an assumption that an element of 2023 expected collections have been deferred into future periods, rather than lost.

In the first part of 2022 the Group's collections were impacted by the implementation of enhanced legal operations, which led to a temporary impact to litigation capacity and case selections. These selections are a core component of the UK collection strategy and the temporary reduction in capacity impacted collections across H1-22 until BAU levels were re-established in H2-22, resulting in a re-phasing of the collections expectation. The UK also experienced some marginal softening in the value collected from settlement payments across the year. Encouragingly, payment plan default rates remained low and performance in the UK was in line with the reforecast performed at H1-22.

Given the reason behind reduced collections was largely not customer-related but instead due to the Group's operating capacity, management has judged that the collections were deferred into later periods and not lost. Collections initiatives have resulted in increased gross ERC.

At 31 December 2023, 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. Management has applied an overlay to the modelled ERC to allow for the deferred and not lost collections together with future positive impacts of the delivery of detailed collections initiatives and operational improvements.

An uplift or reduction in expected future cash flows of 1% would increase or decrease the closing carrying value of portfolio investments at 31 December 2023 by £11.6m.

A key accounting estimate is the expected life of the Group's portfolio investments. Management's analysis shows that 120 months is an appropriate expected life for portfolio assets across the Group, see note 14 for further details. In changing the accounting estimate from 84 to 120 months, the Group recognised a £73.1m revaluation gain.

Management concluded that the period over which substantially all the cashflows are recovered from the UK portfolio assets is on average 120 months, which is in line with the wider Group's other regions

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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.

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. Calculation of the value in use requires an estimate of future cash flows expected to arise from the CGU after a suitable discount rate has been applied to calculate present value. This inherently involves a number of 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 is presented in Note 9.

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.

Based on the CGU's value in use, a consistent decrease in the forecast portfolio acquisitions across the entire forecast period of 8% would result in an impairment at 31 December 2023. Management believes it is highly unlikely that the Group would observe a sustained reduction in portfolio acquisitions of this level considering the resilience shown by the business during the COVID-19 pandemic, and the cost of living crisis. Furthermore, the Group's forward flow commitments already in place partially mitigate the risk of a short-term fall in forecast portfolio acquisitions.

While management has confidence over the Group's forecasts and the supply of NPLs to the market, future conditions are never certain and the Group may not always acquire portfolios in line with its expectations.

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

See Note 9 for further details regarding goodwill.

Consolidation of subsidiaries

Power is considered to exist when the Group's existing rights give it the current ability to direct the relevant activities of the entity, i.e. the activities that significantly affect the entity's returns, and the Group has the practical ability to exercise those rights. Power over the entity may arise from voting rights granted by equity instruments such as shares or, in other cases, may result from contractual arrangements.

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity, unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities.

The Group may have power, even when it holds less than a majority of the voting rights of the entity, through a contractual arrangement with other vote holders, rights arising from other contractual arrangements, substantive potential voting rights, ownership of the largest block of voting rights in a situation where the remaining rights are widely dispersed ('de facto power'), or a combination of the above. In assessing whether the Group has de facto power, it considers all relevant facts and circumstances including the relative size of the Group's holding of voting rights and dispersions of holdings of other vote holders to determine whether the Group has the practical ability to direct the relevant activities.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Consolidation of subsidiaries (continued)

Securitisation vehicles in which the Group holds an economic interest are usually operated according to predetermined criteria that are part of the initial design of the vehicles. The Group is exposed to variability of returns from the vehicles through its holding of various securities in the vehicles. Outside the day-to-day servicing of the receivables (which may be carried out by the Group under a servicing contract), key decisions are usually required only when the intent of the participants regarding the design of the economic structure or the strategy for the collection of the underlying assets changes.

In assessing whether the Group has the ability to use its power to affect the amount of returns from its involvement with an entity, the Group determines whether in exercising its decision-making rights, it is acting as an agent or as a principal. The Group acts as an agent when it is engaged to act on behalf and for the benefit of another party, and as a result does not control an entity. Therefore, in such cases, the Group does not consolidate the entity. In making the above assessment, the Group considers the scope of its decision-making authority over the entity, the rights held by other parties, the remuneration to which the Group is entitled from its involvement, and its exposure to variability of returns from other interests in that entity.

Information about the Group's structured entities is set out in note 16.

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more elements of control. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 in 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.

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.

During 2022, the Group's investment in Wolf Receivables Financing Plc was derecognised following the Group determining it was no longer substantially exposed to the risks and rewards of the financial assets following the transfer of the contractual cashflows to a third party.

In December 2023, the Group sold assets to Wolf Receivables Financing 3 Plc retaining 12% of the Senior Note and 5% of the Junior Note. On the basis that the Group did not retain substantially all of the risks and rewards of the assets, these were derecognised.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

3. PROFIT/LOSS BEFORE TAX

a) Profit/loss for the year
Group

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Profit/(loss) for the year is after charging:		
Staff costs (Note 4)	66,524	56,211
Depreciation of property, plant and equipment	5,303	3,060
Amortisation of intangible assets	3,007	2,264
Loss on disposal of property, plant and equipment	324	-

Company

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Profit/(loss) for the year is after charging:		
Finance Costs (Note 6)	5,931	5,822
Depreciation charge of right-of-use assets (Note 12)	50	168
Loss on disposal of right-of-use assets (Note 12)	26	-

Group

b) Auditor's remuneration

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Audit of Parent Company and consolidated financial statements	963	539
FY22 Audit of Parent Company and consolidated financial statements	503	-
Audit of financial statements of subsidiaries	175	135
FY22 Audit of financial statements of subsidiaries	91	-
Total auditor's remuneration	1,732	674

The extent of non-audit services fees payable are reviewed on a consolidated Garfunkelux Holdco 2 S. A. level by the Audit Committee in the context of the fees paid by the Group to its other advisors during the year. The Committee also reviews the nature and extent of the non-audit services to ensure that independence is maintained. Garfunkelux Holdco 2 S.A. is the ultimate parent company of the Group (see Note 31).

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

4 STAFF COSTS

a) Staff costs

The average number of employees (including executive directors) was:

	Year ended 31 December 2023	Year ended 31 December 2022
Operational staff	1,340	1,028
Business support	213	345
Total	1,553	1,373

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Wages and salaries	59,035	49,370
Social security costs	5,715	5,381
Pension costs	1,774	1,460
Total	66,524	56,211

b) Directors' remuneration

The following table shows the amount of remuneration to directors in respect of their services provided to the Group.

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Directors' emoluments	2,051	2,194

All the directors provided services to the Group. J. S. Pears and C. G. Storrar also provided services to other entities in the Garfunkelux S.A.R.L. Group.

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 28. These employees are paid by subsidiary undertakings of the Company for their services as directors to the Group.

The number of directors who have benefits accruing under defined contribution pension schemes is five (year ended 31 December 2022: five).

The highest paid director received remuneration in respect of services to the Group of £395K (year ended 31 December 2022: £426k).

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

5. FINANCE INCOME

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Derivative fair value gain	-	4,669
Other interest receivable	12,135	-
Total	12,135	4,669

The derivative fair value gain in 2022 relates to the interest rate cap derivative contract described in note 17.

6. FINANCE COSTS

Group

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Interest payable on intergroup loans	39,457	32,474
Interest and fees payable on revolving credit facility	10,770	1,220
Interest payable on Senior Loan	40,217	22,795
Other interest payable	1,761	5,807
Realised (gain)/loss on foreign exchange	(6)	(15)
Release of deferred finance costs	11,604	4,689
Interest expense from lease liabilities	1,852	295
Derivative fair value loss	6,404	3,153
Total	112,059	70,418

Company

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Interest payable on loan notes	5,892	5,807
Interest expense from lease liabilities	55	15
Total	5,947	5,822

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

7. INCOME TAX

a) Amounts recognised in the Statement of Comprehensive Income

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Current taxation		
Current tax on loss/profit for the year	3	3
Adjustment in respect of previous periods	-	-
Total current tax charge	3	3
Deferred tax		
Current year	(6,759)	147
Prior year adjustment	3,130	-
Impact of change in tax rate	(426)	(1,402)
Total deferred tax credit (Note 19)	(4,055)	(1,255)
Total tax credit	(4,052)	(1,252)

The standard rate of corporation tax applied to profits is 23.5% (2022: 19%). An increase in the UK corporation tax rate from 19% to 25% was effective from 1 April 2023. Where relevant, deferred tax assets and liabilities as at 31 December 2023 are calculated based on the 25% rate. No deferred tax asset has been recognised in respect of carried forward tax losses of £7.8m on the basis it is not considered probable that there will be sufficient future taxable profits available to utilise the losses. The tax losses which have been carried forward for the year on which deferred tax assets have been recognised are £56.1m (2022: £38.1m).

b) Reconciliation of effective tax rate

The tax assessed for the year is lower (year ended 31 December 2022: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2023 of 23.52% (year ended 31 December 2022: 19.00%). The differences are explained below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
(Loss)/Profit on ordinary activities before tax	(4,329)	69,882
Tax charge on profit on ordinary activities at standard UK corporation tax rate of 23.52% (year ended 31 December 2022: 19.00%)	(1,018)	13,278
Effects of:		
Prior year adjustment	3,130	-
Expenses not deductible for tax purposes	419	1,557
Income not taxable	(1,416)	(7,688)
Tax rate changes	(426)	-
Effects of other tax rates	-	(1,402)
Amounts not recognised	-	604
Effects of group relief	(4,741)	(7,601)
Total tax credit for the year	(4,052)	(1,252)

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

8. ACQUISITION OF SUBSIDIARIES

Acquisition of Hoist UK

On 25 October 2022, the Group acquired 100% of the ordinary share capital of the Hoist UK business (comprising of 7 entities) from the Hoist Group. This qualifies as a business as defined in IFRS 3 Business Combinations.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£000
Portfolio Investment	290,292
Financial assets	11,796
Property, plant and equipment	1,006
Identifiable intangible assets	243
Financial liabilities	(8,752)
Total identifiable assets acquired and liabilities assumed	294,585
Goodwill	47,256
Total consideration	341,841
Satisfied by:	
Cash	341,841
Total consideration transferred	341,841
Net cash outflow arising on acquisition:	
Cash consideration	341,841
Less: cash and cash equivalent balances acquired	(9,285)
	332,556

The fair value of the financial assets includes receivables with a fair value of £4.7m and a gross contractual value of £4.7m.

The goodwill of £47.3m arising from the acquisition consists of factors including the value associated with data assets and portfolio origination capabilities. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition related costs amount to £5.2m and are included in the statement of comprehensive income in other expenses.

Hoist UK contributed £1.8m revenue to the Group's revenue for the period between the date of acquisition and the reporting date.

If the acquisition of Hoist UK has been completed on the first day of the financial year, Group revenues for the year would have been £36m and Group profit would have been £4m.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

9. GOODWILL

Cost	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Opening Balance	220,003	172,747
Addition on acquisition of subsidiary	-	47,256
At period end	220,003	220,003
Accumulated impairment		
Impairment charge	-	-
At end of year	-	-
Net book value		
At period end	220,003	220,003

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill has been allocated to one CGU on the basis that these represent the lowest level at which goodwill is monitored for internal management purposes and are not larger than the single operating segment defined under IFRS 8 (Operating Segments). The one CGU identified is the Lowell Operations in the UK, which comprises of all subsidiary companies operated in the UK owned by Metis Bidco Limited, relating to the collection on owned debt portfolios; the collection of third-party debt has been deemed immaterial to the value of goodwill.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

As the acquisition of the Group was more than a year ago and there is no external evidence of fair value currently available, the assessment of goodwill has focussed on value in use.

The addition on acquisition of subsidiary relates to the Hoist acquisition, as outlined in Note 8.

The recoverable amount of the CGU is determined as the higher of fair value less cost to sell and value in use. 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 four years and extrapolates these forecasts to an appropriate period to reflect the CGU's business model.

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 CGU. The rate used to discount the forecast cash flows for the CGU's are based upon the Group's weighted average cost of capital ("WACC") and as at 31 December 2023 the rate used was 10.0% (31 December 2022: 9.7%).

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next four years, extrapolates cash flows out to an appropriate period to reflect the CGU's business model and then into perpetuity, using a growth rate of 2.0% (31 December 2022: 1.5%).

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. Each sensitivity has been performed independently.

The CGU has a carrying value of £1,641m. The CGU's recoverable amount exceeds its carrying amount by £104m. Based on the value in use a fall in the forecast cash flows to 92%, an increase in WACC of 0.5 percentage points to 10.5%, or a sustained increase in portfolio acquisitions of 11% would result in an impairment as at 31 December 2023.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

10. INTANGIBLE ASSETS

Group

	Software and licences £'000	Development Costs £'000	Total £'000
Cost			
At 1 January 2023	14,094	5,470	19,564
Additions	-	5,839	5,839
Disposals	(3,131)	(3,108)	(6,239)
At 31 December 2023	10,963	8,201	19,164
Accumulated amortisation			
At 1 January 2023	(12,583)	-	(12,583)
Charge for year	(1,436)	(1,571)	(3,007)
Disposals	3,056	-	3,056
At 31 December 2023	(10,963)	(1,571)	(12,534)
Net book value			
At 31 December 2023	-	6,630	6,630
At 31 December 2022	1,511	5,470	6,981

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

11. PROPERTY, PLANT AND EQUIPMENT

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

Group

	31 December 2023 £'000	31 December 2022 £'000
Assets owned by the Group	8,867	3,097
Right of-use assets (Note 12)	22,500	25,427
Total	31,367	28,524

Company

	31 December 2023 £'000	31 December 2022 £'000
Right of-use assets (Note 12)	96	291
Total	96	291

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Assets owned by the Group

	Fixtures & Fittings £'000	Leasehold Improvements £'000	Hardware £'000	Office Equipment £'000	Total £'000
Cost					
At 1 January 2023	1,038	2,936	6,383	2,007	12,364
Additions	-	-	64	8,855	8,919
Transfers	-	-	1,427	(1,427)	-
Disposals	(695)	(2,936)	(4,056)	(1,050)	(8,737)
At 31 December 2023	343	-	3,818	8,385	12,546
Accumulated depreciation					
At 1 January 2023	(935)	(2,440)	(5,115)	(777)	(9,267)
Charge for year	(91)	(468)	(811)	(828)	(2,198)
Transfers	-	-	(51)	51	-
Disposals	696	2,908	3,959	223	7,786
At 31 December 2023	(330)	-	(2,018)	(1,331)	(3,679)
Net book value					
At 31 December 2023	13	-	1,800	7,054	8,867
At 31 December 2022	103	496	1,268	1,230	3,097

12. LEASES

The Group's leases

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

During the year, the Company exercised its option to terminate leases for properties and relocated to a new property. The new lease commenced in December 2022 at which time the Group recognised a right-of-use asset and lease liability.

a) Right-of-use assets

Amounts recognised on the balance sheet

Group

	31 December 2023 £'000	31 December 2022 £'000
Leasehold Property	22,500	25,240
Office equipment	-	187
Total	22,500	25,427

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

12. LEASES (continued)

Company

	31 December 2023	31 December 2022
	£'000	£'000
Leasehold Property	96	291
Total	96	291

Right-of-use assets are included within 'Property, plant and equipment' in the balance sheet.

Additions to right-of-use assets during the 2023 financial year was nil (year ended 31 December 2022: £22.3m) for the Group and nil (year ended 31 December 2022: nil) for the Company. The addition relates to a new property lease as the Group moved its business into a new building in Q3 2023.

There was no evidence of impairment on right-of-use assets at 31 December 2023 (year ended 31 December 2022: nil).

b) Lease liabilities

Group

	31	31
	December	December
	2023	2022
	£'000	£'000
Non-current	21,907	21,138
Current	2,182	3,151
Total	24,089	24,289

Company

	31	31
	December	December
	2023	2022
	£'000	£'000
Non-current	77	131
Current	52	132
Total	129	263

Lease liabilities are included in the line item 'Other financial liabilities' in the consolidated statement of financial position.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

12 LEASES (continued)

c) Amounts recognised in the consolidated statement of comprehensive income

Group

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Depreciation charge for right-of-use assets		
Leasehold Property	3,105	1,665
Operating expenses		
Loss on disposal of right-of-use assets	26	-
Finance costs		
Interest expense	1,852	295
Total	4,983	1,960

Company

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Depreciation charge for right-of-use assets		
Leasehold Property	50	168
Operating expenses		
Loss on disposal of right-of-use assets	26	-
Finance costs		
Interest expense	55	15
Total	131	168

The total cash outflow for leases in 2023 was £2.0m (year ended 31 December 2022: £2.0m) for the Group and £130k (year ended 31 December 2022: £130k) for the Company.

d) Other commitments

Other than the information noted above for leases, the Group has no other outstanding commitments at 31 December 2023 (31 December 2022: none).

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

13. NON-CURRENT ASSET INVESTMENTS

Group

Subsidiary undertakings

	31 December 2023 £'000	31 December 2022 £'000
Cost		
Opening balance	50	-
Additions	50	50
At period end	100	50

The addition relates to the share capital of Wolf Receivables Financing 3 PLC issued on 15 August 2023.

Company

Subsidiary undertakings

	31 December 2023 £'000	31 December 2022 £'000
Cost		
Opening balance	222,306	177,102
Additions	5,098	45,204
At period end	227,404	222,306

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

13 NON CURRENT ASSET INVESTMENTS (continued)

The Company has investments in the following subsidiary undertakings. All subsidiaries, except for Wolf Receivables Financing Plc and Wolf Receivables Financing 3 Plc are included in the consolidation:

Name	Ordinary shareholding % as at 31 December 2023	Ordinary shareholding % as at 31 December 2022
Fredrickson International Limited	100*	100*
Lowell Financial Ltd	100*	100*
Lowell Group Limited	100*	100*
Lowell Portfolio I Ltd	100*	100*
Lowell Portfolio IV Limited	100*	100*
Lowell Receivables Financing 1 Limited	100*	100*
Lowell Receivables Financing 2 Limited	100*	100*
Lowell Receivables Financing 3 Limited	100*	100*
Lowell Legal Limited (formerly Lowell Solicitors Limited)	100*	100*
Lowell UK Shared Services Limited	100*	100*
Overdales Legal Limited	100*	100*
Wolf Receivables Financing Plc	100*	100*
Hoist Finance UK Limited	100*	100*
Hoist Finance UK Holdings 1 Limited	100	100
Hoist Finance UK Holdings 2 Limited	100	100
Hoist Finance UK Holdings 3 Limited	100	100
CL Finance Limited	100	100
Robinson Way Limited	100	100
MKDP LLP	100	100
Companies acquired or incorporated in the year:		
Wolf Receivables Financing 3 Plc ¹	100*	-

All companies are incorporated in the United Kingdom and have their registered office at, No1 The Square, Thorpe Park View, Thorpe Park, Leeds, West Yorkshire, United Kingdom LS15 8GH, unless indicated otherwise.

*Held directly by the Company.

¹ Wolf Receivables Financing 3 Plc was incorporated on 15 August 2023 the registered office is 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

14. PORTFOLIO INVESTMENTS

Group

	31 December 2023	31 December 2022
	£'000	£'000
Non-current		
Portfolio investments – amortised cost	774,004	897,613
Current		
Portfolio investments – amortised cost	359,153	381,253
Total	1,133,157	1,278,866

The movements in acquired portfolio investments held at amortised cost were as follows.

	31 December 2023	31 December 2022
	£'000	£'000
Amortised cost		
As at the year brought forward	1,278,866	948,639
Portfolios acquired during the year	180,863	235,285
Collections in the year ⁽¹⁾	(637,196)	(505,444)
Income from portfolio investments	285,481	260,961
Portfolio write up	25,143	46,047
Gain on derecognition of financial assets	-	3,086
Acquisition of subsidiary	-	290,292
As at the year carried forward	1,133,157	1,278,866

The amortised cost value includes the £73m impact of the 2022 change in ERC from 84 months to 120 months.

The fair value portfolio investments relate to loan notes acquired.

(1) 31 December 2023 balance included £135m gross accelerated gross debt purchase cashflows relating to the sale of portfolio assets to public rated ABS structure. 31 December 2022 balance includes £81m gross accelerated debt purchase cashflows relating to the deconsolidation of public rated ABS transaction

The carrying value as at 31 December 2023 represents discounted 120 month cash flows of £2,359m (31 December 2022: £2,735m). Of this amount, £1,351m (31 December 2022: £597m) has been provided as security in relation to the asset backed loan facilities.

	31 December 2023	31 December 2022
	£'000	£'000
Non-current		
Portfolio investments – Asset Backed Security	5,975	-
Total	5,975	-

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
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14. PORTFOLIO INVESTMENTS (continued)

The movements in acquired portfolio investments held as an asset backed security were as follows:

	31 December 2023 £'000	31 December 2022 £'000
Asset Backed Securities (ABS)		
As at the year brought forward	-	
ABS acquired during the year	5,959	
Income from ABS investment	16	
As at the year carried forward	5,975	-

	31 December 2023 £'000	31 December 2022 £'000
Non-current		
Portfolio investments – Fair value through profit or loss (FVTPL)	18,802	13,068
Portfolio investments – Fair value through other comprehensive income (FVOCI)	8,250	-
As at the year carried forward	27,052	13,068

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

	31 December 2023 £'000	31 December 2022 £'000
Fair value through profit or loss (FVTPL)		
As at the year brought forward	13,068	-
Portfolios acquired during the year	23,574	12,497
Collections in the year	(263)	(590)
Fair value gain	4,923	1,161
Disposal	(22,500)	
As at the year carried forward	18,802	13,068

	31 December 2023 £'000	31 December 2022 £'000
Fair value through other comprehensive income (FVOCI)		
As at the year brought forward	-	-
Portfolios acquired during the year	8,250	-
Fair value gain	-	-
As at the year carried forward	8,250	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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15. INVOLVEMENT WITH UNCONSOLIDATED SECURITISATION VEHICLES

Unconsolidated securitisation vehicles are all structured 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 a market rates, on terms normal for the industry, and are considered to be 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:

Underlying asset type

	31 December 2023	31 December 2022
Asset Backed Securities		
Number of entities	2	1
	£'m	£'m
Amortised cost	6.0	-
Fair value through profit or loss	18.8	13.1
Fair value through OCI	8.2	-
Total assets	33.0	13.1

The maximum exposure to loss is the carrying value of the instruments summarised above, due to the nature of the Group's holdings at 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.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
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16 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 2, the transferred financial assets continue to be recognised in their entirety or to the extent of the Groups continuing involvement or are derecognised in their entirety.

The Group transfers financial assets that are not derecognised in their entirety or for which the Group has continuing involvement primarily through securitisation activities in which loan receivables are transferred to unconsolidated securitisation vehicles. As at 31 December 2023 Wolf Receivables Financing Plc and Wolf Receivables Financing 3 Plc were unconsolidated and the remaining three SPVs were consolidated.

Transferred financial assets that are derecognised in their entirety

Sales to unconsolidated structured entities

Certain securitisation transactions undertaken by the Group result in the Group derecognising 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 and the servicing arrangement represent continuing involvement with those assets.

In April 2022, the Group sold certain loan receivables to a securitisation vehicle and, as part of the consideration, received 100% of the junior notes issued by the securitisation vehicle. The notes received represent 100% of the total issuance. In August 2022, the Group sold 51% of the Junior Notes to a third party, and this transaction was the trigger for the deconsolidation of the SPV and derecognition of the sold reperforming portfolio. The Group classified the Junior Notes as measured at FVTPL.

During the year ended 31 December 2022, the Group realised a gain of £3m on the sale of the loan receivables to the unconsolidated securitisation vehicle. During the year ended 31 December 2022, it recognised income of £1.0m in profit and loss on the 51% Junior note holding. The cumulative income on the notes held on 31 December 2022 was £1.0m. Servicing contracts are discussed below.

In December 2023 the Group sold £162m of portfolio assets, representing a portion of the total portfolio assets held by Lowell Receivables Financing 3 Limited, via Lowell Portfolio I Ltd, to Wolf Receivables Financing 3 PLC, recognising a loss on sale of the portfolios of £28m. The proceeds received by Lowell Receivables Financing 3 Limited were used to repay the Senior Loan in full. As a result, only the Junior Note remains outstanding, and Lowell Portfolio I Ltd continues to hold 100% of this Junior Note and consolidates the SPV. Lowell Portfolio I Ltd holds 12% of the Senior Note and 5% of the Junior Note issued by Wolf Receivables Financing PLC. As at 31 December 2023, there was not material fair value movement or interest income received on the Wolf Receivables 3 Financing PLC Notes held due to the transaction occurring close to the financial year-end.

The Group initially subscribed to 100% of the Junior Notes whilst also entering into a separate agreement to sell 95% of the Notes to a third party 3 business days later. The Group recognised a receivable of for this sale, which will be paid in instalments over the next 18 months as performance triggers are met.

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

16. TRANSFER OF FINANCIAL ASSETS (continued)

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:

	31 December 2023 £'m	31 December 2022 £'m
Type of continuing involvement		
Notes issued by unconsolidated securitisation vehicles		
Amortised cost	6.0	
Fair value through profit or loss	18.8	13.1
Fair value through OCI	8.2	
Total assets	33.0	13.1

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

17. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2023 £'000	31 December 2022 £'000
Non-Current	-	14,514
Current	6,084	-
Total	6,084	14,514

The Group entered Interest Rate Cap derivative contracts with a third-party provider to hedge against interest rate fluctuations on the SONIA 1 month index of the Senior Notes held within Lowell Receivables Financing 1 Limited and Lowell Receivables Financing 2 Limited. The interest rate cap held in Lowell Receivables Financing 3 Limited was settled when the Senior Notes were repaid in full.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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18. TRADE AND OTHER RECEIVABLES

Group

	31 December 2023 £'000	31 December 2022 £'000
Trade receivables	173	8,228
Amounts owed by group undertakings (Note A)	248,650	91,333
Other receivables	40,620	591
Prepayments and accrued income	6,262	23,353
Total	295,706	123,505

Company

	31 December 2023 £'000	31 December 2022 £'000
Amounts owed by Group undertakings (Note A)	1,451	1,991
Total	1,451	1,991

Note A: These balances are non-interest bearing and repayable on demand (see note 27).

19. DEFERRED TAX

Group

The following are the major deferred tax assets / (liabilities) recognised by the Group and movements thereon during the current and prior reporting year.

	Capital Allowances £'000	Timing differences £'000	Tax on losses £'000	Total £'000
At 1 January 2022	388	82	8,084	8,554
Credited to the income statement*	(173)	(3)	1,432	1,256
At 1 January 2023	215	79	9,516	9,810
Credited to the income statement*	981	(1,434)	4,508	4,055
At 31 December 2023	1,196	(1,355)	14,024	13,865

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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19. DEFERRED TAX (continued)

Company

The following are the deferred tax assets / (liabilities) recognised by the Company and movements thereon during the current and prior reporting year.

	Deferred Tax on losses £'000
At 1 January 2022	4,386
Credited to the income statement *	397
Prior year adjustment	
Rate change	(20)
At 1 January 2023	4,763
Credited to the income statement *	1,189
At 31 December 2023	5,952

*See Note 7

The aggregate amount of unused tax credits for which no deferred tax asset is recognised at 31 December 2023, in respect of the Group was £2.0m (31 December 2022: £1.7m).

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

20 BORROWINGS

Group

	31 December 2023 £'000	31 December 2022 £'000
Non-current		
Unsecured borrowing at amortised cost		
Loan with immediate parent undertaking	431,759	431,759
Total Unsecured	431,759	431,759
Secured borrowing at amortised cost		
Senior Loan	171,339	385,009
Total Secured	171,339	385,009
Total borrowings due for settlement after 12 months	603,098	816,768
Current		
Unsecured borrowing at amortised cost		
Interest on loan with immediate parent undertaking	5,594	5,594
Loan Notes 2021 principal and interest	70,367	64,475
Total Unsecured	75,961	70,069
Secured borrowing at amortised cost		
Revolving credit facility	157,747	94,664
Senior loan - current	225,843	138,835
Total Secured	383,590	233,499
Total borrowings due for settlement before 12 months	459,551	303,568

Company

	31 December 2023 £'000	31 December 2022 £'000
Current		
Unsecured borrowing at amortised cost		
Loan Notes 2021 principal and interest	70,367	64,475
Total borrowings due for settlement before 12 months	70,367	64,475

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

20. BORROWINGS (continued)

Loan Notes 2021

The Unsecured Loan Notes 2021 relate to a loan with the immediate parent undertaking. The interest rate was 15.25% non-compounding until 15 September 2016 and then 12% compounding annually until 15 September 2020. The principal and accrued interest as at 15 September 2020 have not yet been settled with the lender, therefore is treated as being repayable on demand.

As at 31 December 2023 the amount of Loan Notes 2021 outstanding including accrued interest was £70.4m (2022: £64.5m).

Loan with immediate parent undertaking

On the 13 October 2015 Lowell Portfolio I Ltd (a subsidiary undertaking of the Company) entered into a loan agreement with the parent undertaking of the Company. The loan was for an amount of £492.7m, attracting a compounding annual interest rate of 10%. The loan maturity date was 1 November 2023. The proceeds of the loan were used to repay the Senior Secured Notes and the RCF. As part of a Garfunkelux Group re financing arrangement, on 5 November 2020, the contract for the outstanding loan of £391.8m between Lowell Portfolio I Ltd and the parent undertaking of the Company was amended for the maturity date and interest rate. The loan is attracting compounding annual interest of 7.77% and the maturity date is 31 October 2025. The amount outstanding principal as at 31 December 2023 was £391.8m (31 December 2022: £391.8m).

On 21 December 2020, Lowell Portfolio I Ltd entered into a further loan agreement with Simon Bidco Ltd, a parent undertaking of the Group, to borrow £40.0m at an interest rate of 7.77%. The proceeds of the loan were used to repay the RCF. The loan maturity date is 31 October 2025. The amount outstanding principal as at 31 December 2023 was £40.0m (31 December 2022: £40.0m).

Securitisation Facility – Asset Backed Loan (Lowell Receivables Financing 1)

On 29 June 2018, Lowell Portfolio I Ltd along with Lowell Receivables Financing 1 Limited entered into a securitisation facility and thus a Senior Loan agreement totalling £255.0m. The funding was drawn on 20 November 2018 and bore interest at a rate equivalent to 2.75% plus 1 month LIBOR.

During 2018 to 2021, there were a number of amendments made to the Senior Loan agreement and at the beginning of the financial year, the refinanced facility bore an interest rate of SONIA + 3.28% with a maximum commitment of £175.0m.

During 2023, £74.1m was drawn down by the Group. No further amendments were made to the Senior Loan agreement during the financial year.

Securitisation facility – Asset Backed Loan (Lowell Receivables Financing 2)

In October 2021, Lowell Portfolio I Ltd along with Lowell Receivables Financing 2 Limited (a newly incorporated special purpose vehicle), entered into a securitisation facility and thus a Senior Loan agreement totalling £215.0m and obtained funding of £85m, with a further £130m drawn down before the end of 2021. The Senior Loan bears interest at a rate 3.5% + SONIA. The structure is revolving until December 2023 and maturity date is 22 January 2027.

During 2022 the facility was increased to £225.0m and a further £10.0m was drawn down by the Group.

There were no further changes to the facility during 2023.

Securitisation facility – Asset Backed Loan (Lowell Receivables Financing 3)

In October 2022, Lowell Portfolio I Ltd along with Lowell Receivables Financing 3 Limited (a newly incorporated special purpose vehicle), entered into a securitisation facility and thus a Senior Loan agreement totalling £170.0m, against which £155.0m was drawn down. The Senior Loan bears interest at a rate 3.9% + SONIA.

In December 2023, £162m of the portfolio assets were sold from Lowell Receivables Financing 3 Limited to Wolf Receivables Financing 3 PLC, with the proceeds from the purchase used to repay the Senior Loan. At the same time, the derivative used to hedge the Senior loan interest was settled and the liquidity reserve was released. Lowell Portfolio I Ltd continues to hold the Junior Note and consolidate the SPV.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

20. BORROWINGS (continued)

Revolving Credit Facility ("RCF")

The RCF in place in the year, for €455.0m, was set up for the benefit of the Group headed by Garfunkelux Holdco 2 S.A. The Metis Bidco Limited Group can directly draw on this facility.

The average interest rates during the year were as follows:

	31 December 2023	31 December 2022
Senior Loan	7.66%	3.02%
RCF	7.84%	3.60%
Loan Notes 2021	9.70%	9.70%
Loans with immediate parent undertaking	7.77%	7.77%

21. TRADE AND OTHER PAYABLES

Group

	31 December 2023 £'000	31 December 2022 £'000
Trade payables	-	6,172
Amounts owed to group undertakings	233,123	118,067
Other taxes and social security	47	197
Accruals and deferred income	16,719	23,712
Other payables	13,476	3,214
Tax payable	-	1,439
Total	263,365	152,801

Company

	31 December 2023 £'000	31 December 2022 £'000
Trade payables	-	-
Amounts owed to group undertakings	59,066	52,719
Accruals and deferred income	104	528
Total	59,170	53,247

Amounts owed to group undertakings are non-interest bearing and repayable on demand (see Note 20).

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

22. PROVISIONS

	Client payments £'000	Dilapidations & Restoration £'000	Unallocated Cash £'000	Other £'000	Total £'000
At 1 January 2022	40	1,567	369	690	2,666
Provisions made during the year		1,410	-		1,410
Provisions reversed during the year	(40)		(233)	(690)	(963)
Provisions utilised during the year					-
At 31 December 2022	-	2,977	136	-	3,113
Provisions made during the year		488	19		507
Provisions reversed during the year					-
Provisions utilised during the year					-
At 31 December 2023	-	3,465	155	-	3,620

The Group recognises a provision for the dilapidation costs in respect of leased properties. The Group is committed to restoring the premises to their original state at the end of the lease term. The Group relocated its operations in 2023 to a new property, exercising a termination option in November 2023 for the main property lease.

The unallocated cash provision represents amounts received from consumers within the last 6 years which the Company has not been able to identify from the information provided. The Company is committed to identifying these consumers as soon as possible in order to make sure the cash has been correctly accounted for.

At 31 December 2023, the Company has provided a guarantee to Garfunkelux Holdco 3 S.A in respect of its Senior Secured Notes. No provision has been recognised as the impact is not material.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

23 SHARE CAPITAL

	31 December 2023 £	31 December 2022 £
Called up, allotted and fully paid:		
4 (2022: 4) A ordinary shares of £1.00 each	4	4
1 (2022: 4) T ordinary share of £0.01 each	-	-
Total	4	4

In December 2019, as part of a Group wide corporate simplification exercise, the Company underwent a capital reduction where the majority of ordinary shares and preference shares were cancelled. At 31 December 2019, all that remained were 4 A ordinary shares of £1.00 each and 1 T ordinary share of £0.01.

The rights of all classes of shares are set out below:

Voting

The Ordinary Shares did confer on each holder the right to receive notice of, and to attend, speak and vote at any general meeting of the Company except that, in respect of any general meeting at which a director is elected or removed, the holders of the Ordinary Shares were only entitled to exercise 75% of the total number of votes in respect of any resolution to elect or remove a director and for these purposes, each holder of Ordinary Shares did have one vote for each Ordinary Share.

The holders of the T Shares were not entitled to receive notice of, or attend and speak at or vote at any general meeting of the Company, except that the holders of the T Shares did:

- a) have the right to receive notice of, and to attend, any general meeting of the Company at which a resolution to elect or remove a director was to be proposed, and
- b) in respect of any such resolutions, had the right to speak and exercise 25% of the total number of votes and for these purposes, each holder of the T Shares did have one vote for each T Share.

Dividends

The profits of the Company available for distribution and resolved to be distributed would be distributed as follows:

- a) the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held by them, and
- b) the holders of the T Shares receive dividends as and when declared by the board of directors.

Return of capital

On a return of capital on liquidation, reduction of capital or otherwise (other than on a redemption or purchase of shares), the balance of any assets available for distribution would be distributed among the holders of the Shares in the following priority:

- a) first, paid to each holder of Shares, in respect of each Share a sum equal to the issue price, and

thereafter, of the balance remaining, to the holders of the Ordinary Shares only (and not to any holders of the T Shares) pro rata to the number of Ordinary Shares.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

24. NOTES TO THE CASH FLOW STATEMENT

Group

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
(Loss)/Profit for the year	(277)	71,134
Adjustments for:		
Depreciation of property, plant and equipment and ROU assets	5,303	3,060
Loss on sale of property, plant and equipment	510	
Amortisation of intangible assets	3,007	2,264
Loss on disposal of intangible assets	3,183	
Finance income	(12,135)	(4,669)
Finance Costs	112,059	70,418
Unrealised gain (loss) from foreign exchange	(6)	
Tax credit (Note 7)	(4,055)	(1,252)
Total	107,589	140,955
(Increase)/decrease in portfolio investments*	125,749	(53,003)
(Increase)/decrease in trade and other receivables	(171,670)	56,911
Increase/(decrease) in trade and other payables	108,802	(49,075)
(Increase)/decrease in derivatives	2,026	14,514
(Increase)/decrease in other assets from acquisition	-	42,264
Increase/(decrease) in other financial liabilities	309	2,029
Income taxes (paid)/received		
Net cash generated from operating activities	172,805	154,592
*Includes:		
Income on portfolio investments (Note 14)	(285,497)	(260,961)
Net portfolio write up (Note 14)	(25,143)	(46,047)
Gain on derecognition of portfolio asset (Note 14)	22,500	(3,086)
Portfolio fair value gain (Note 14)	(4,923)	(1,161)
Collections on owned portfolios (Note 14)	637,459	506,034
Portfolios acquired	(218,647)	(247,782)
	125,749	(53,003)
	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash and bank balances	22,521	20,906
Restricted cash balances	45,755	39,062
Total cash and equivalents	68,276	59,968

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

24. NOTES TO THE CASH FLOW STATEMENTS (continued)

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

The Group holds cash in relation to its securitisation facilities. These restricted cash balances are shown within cash.

Company

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss for the year	(5,919)	(6,132)
Adjustments for:		
Depreciation of property, plant and equipment	50	168
Finance Costs	5,947	5,822
Loss on sale of property, plant and equipment	26	-
Tax credit (Note 19)	(1,189)	(377)
Total	(1,085)	(519)
(Increase)/decrease in trade and other receivables	540	(1,632)
Increase/(decrease) in trade and other payables	5,923	47,343
Increase/(decrease) in other financial liabilities	-	222
Net cash inflow from operating activities	5,378	45,415
	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash and bank balances	294	84

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

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

25. RECONCILIATION OF MOVEMENTS IN BORROWINGS TO FINANCING CASH FLOWS

Group

	Loan Notes	Shareholder loan	RCF	Asset backed loan	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	64,475	437,354	94,664	523,843	1,120,336
Changes from financing cash flows					
Proceeds from loans and borrowings	-	-	62,753	74,061	136,814
Repayment of borrowings	-	-	-	(200,151)	(200,151)
Interest paid	-	(33,565)	(10,440)	(40,788)	(84,793)
Total changes from financing cash flows	-	(33,565)	52,313	(166,878)	(148,130)
Changes from liabilities					
Interest expense	5,892	33,565	10,770	40,217	90,444
Total liability related changes	5,892	33,565	10,770	40,217	90,444
Balance at 31 December 2023 (Note 20)	70,367	437,353	157,747	397,183	1,062,650

Company

	Loan Notes	Total
	£'000	£'000
Balance at 1 January 2023	64,475	64,475
Changes from financing cash flows		
Interest and fees paid	-	-
Total changes from financing cash flows	-	-
Changes from liabilities		
Interest expense	5,892	5,892
Total liability related changes	5,892	5,892
Balance at 31 December 2023 (Note 20)	70,367	70,367

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

26. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

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

The total cost charged to income of £1,773k (year ended 31 December 2022: £1,460k) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

As at 31 December 2023, employer and employee contributions of £301k (31 December 2022: £532k) due in respect of the current reporting period had not been paid over to the schemes.

27. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant 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.

Categories of financial instruments

Group

	31 December 2023 £'000	31 December 2022 £'000
Financial assets		
Cash and cash equivalents	68,276	59,968
Portfolio investments	1,166,184	1,291,934
Trade and other receivables	295,706	123,505
Derivative asset	6,084	14,514
Financial liabilities		
Borrowings	(1,062,649)	(1,120,336)
Trade and other payables	(263,365)	(152,801)
Provisions	(3,620)	(3,113)
Other financial liabilities	(24,090)	(24,289)

Company

	£'000	£'000
Financial assets		
Cash and cash equivalents	294	84
Trade and other receivables	1,451	1,991
Financial liabilities		
Borrowings	(70,367)	(64,475)
Trade and other payables	(59,170)	(53,247)
Other financial liabilities	(129)	(263)

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives

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

- Credit risk
- Liquidity risk
- Market risk
- Conduct risk
- Operational risk
- Interest rate risk
- Capital management risk
- Fair value estimation risk

This note presents information about the exposure of the Company and Group to each of the above risks, the Company's and Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Group has no significant exposure in foreign currency and does not hold any speculative foreign exchange positions. The Group has a number of foreign suppliers who invoice in foreign currency. The total amount invoiced in foreign currency is not significant and is not considered material by the Group. The Company has no exposures in foreign currency.

The Company and Group have no exposure to equity markets and do not hold any speculative equity positions.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual payment obligations.

The credit risk from the concentration of customers is limited due to the high number of individual customers and the relatively low value of each of the individual's debts. At 31 December 2023 the Group had 42.8m individual customer accounts (at 31 December 2022: 39.2m), of those 17.5m were still open (31 December 2022: 18.4m) and of those 3.5m made at least one payment during the last 12 months (year ended 31 December 2022 3.7m). The average balance on a customer account at 31 December 2023 was £770 (at 31 December 2022: £662).

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 and the carrying values are impaired where the underlying performance does not meet initial expectations. The on-going risk is managed through utilising a comprehensive portfolio valuation model and building current expectations of recoverability from historical information on debt types and customers into pricing assumptions and models. An Investment Committee is in place, which scrutinises all aspects of debt acquisition from reputational and regulatory risk through to the financial assumptions and maximum bid price.

Inflation presents a fundamental risk that has some effect on every customer and counterparty and consequently on the Company's credit risk. Customer default rate is the most relevant measure of credit risk and the Group monitors this on an on-going basis. The default rate during 2023 was 5.78% (2022: 4.84%). The default rate is calculated by taking the latest plan due in the month for an account, and looking at if that account made any payment, and is calculated on a volume basis. A default would be where the plan due date has passed, and no payment has been made. If an account pays less than is due it is not classed as a default, but a partial arrears.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

27 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The carrying amount of financial assets recorded in these financial statements represents the Group's maximum exposure to credit risk. These portfolios are performing in line with the Group's expectations but are in default relative to the original contractual terms between the debtor and the third party from whom the Group acquired the debt. The Group does not hold any collateral in respect of its receivables.

Liquidity risk

Liquidity risk is the risk of the Company and the Group being unable to meet its financial obligations as they fall due, due to insufficient cash, cash equivalents and available drawings. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's or the Group's reputation.

The Company and the Garfunkelux Group manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows. At 31 December 2023, the Garfunkelux Group, and as a result Metis Bidco Limited Group, had available undrawn committed borrowing facilities. See Note 20 for further details on banking facilities.

The following tables show the Group's gross undiscounted contractual cash flows of financial liabilities including interest payments at the SFP dates:

Group

As at 31 December 2023

	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
Revolving credit facility	7.84	157,747	158,339	158,339	-	-	-
Loan Notes 2021	9.70	70,367	70,367	70,367	-	-	-
Parent Loan	7.77	437,353	493,295	16,782	16,782	459,730	-
Senior Loan	7.66	397,183	437,434	76,452	102,266	258,717	-
Lease liabilities	6.37	24,089	38,594	351	351	10,405	27,487
Other liabilities		266,985	266,985	263,365	-	3,620	-
Total liabilities		1,353,724	1,465,014	585,656	119,399	732,472	27,487

As at 31 December 2022

	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
Revolving credit facility	3.60	94,664	94,664	94,664	-	-	-
Loan Notes 2021	9.70	64,475	64,475	64,475	-	-	-
Parent Loan	7.77	441,753	526,860	16,782	16,782	493,295	-
Senior Loan	3.02	523,843	620,231	8,292	39,934	572,005	-
Lease liabilities	6.04	24,289	31,540	988	435	10,883	19,234
Other liabilities	-	155,913	155,913	152,936	-	2,977	-
Total liabilities		1,304,937	1,493,683	338,137	57,151	1,079,160	19,234

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (continued)

Loan Notes 2021 and Loan Notes: Includes loan principal outstanding and accrued interest. For further details see Note 20.

Parent Loan: Includes loan principal outstanding and accrued interest. For further details see Note 18, caption "Amounts owed by immediate parent undertaking".

Senior Loan: Includes principal outstanding of £397.9m (31 December 2022: £523.8m).

Other liabilities: this includes "Trade and other payables", "Provisions", "Other financial liabilities" and "Tax liabilities".

The following tables show the Company's gross undiscounted contractual cash flows of financial liabilities including interest payments at the SFP dates:

Company

As at 31 December 2023

	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
Loan Notes 2021	9.70	70,367	70,367	70,367			-
Lease liabilities	3.99	129	134	28	28	78	
Other liabilities	-	59,170	59,170	59,170	-	-	-
Total liabilities		129,666	129,671	129,565	28	78	-

As at 31 December 2022

	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
Loan Notes 2021	9.70	64,475	64,475	64,475	-	-	-
Lease liabilities	3.99	264	272	91	48	132	-
Other liabilities	-	53,247	53,247	53,247	-	-	-
Total liabilities		117,986	117,994	117,813	48	132	-

Loan Notes 2021 and Loan Notes: see Note 20 for further details.

Other liabilities: includes "Trade and other payables" and "Other financial liabilities"

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

27 FINANCIAL INSTRUMENTS (continued)

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's and the Group's short, medium and long-term funding and liquidity management requirements. The Company and the Group manages liquidity risk by working with the Group Treasury Function responsible for the wider Garfunkelux Group to maintain adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching 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

	31 December 2023 £'000	31 December 2022 £'000
Securitisation facilities		
Amount used by the Group	395,888	521,298
Amount unused	174,113	48,702
RCF		
Amount used by the Group	157,000	93,500
Amount used by other members of the GH2 Group	220,666	270,089
Amount unused	16,900	39,066
Total	964,567	972,655

As at 31 December 2023, the accrued interest on the RCF was £0.7m (31 December 2022: £1.2m). The RCF is a financing facility available to the GH2 Group and the maximum amount that can be drawn down is €455.0m.

At 31 December 2023 the Group had drawn down £395.9m (31 December 2022: £521.3m) on the securitisation facility, not including accrued interest, the maximum amount that can be drawn down is £570.0m (31 December 2022: £570.0m).

The Company has no separate financing facilities.

Market risk

Market risk is 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.

By only bidding for consumer debt portfolios up to a price that enables the Group to expect a yield high enough to cover all costs of collection and to contribute to overhead costs, the Group minimises its risk against the cost of these portfolios. The Group uses sophisticated pricing models along with extensive customer and market data to establish the profitability of portfolios coming to market. The Group monitors its pricing assumptions through an Investment Committee, as described under Credit risk.

The Group manages the unpredictability of the market through a number of financing structures. As at 31 December 2023 the Group has in place a £431.8m loan with its immediate parent and is also party to the GH2 Group RCF of €455.0m and an asset backed facility of £570.0m (see Note 20 for further details).

At 31 December 2023 £220.7m had been drawn on the Group RCF, by another entity in the Garfunkelux Group, and £157.0m had been drawn by the Group. This RCF allows the Group the flexibility to bid on portfolios as and when they come to market and are not restricted by cash flow constraints.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (continued)

Macro-economic conditions

There is continuing evidence of the adverse effects of concerns relating to economic contraction in the UK along with recent inflationary pressures and the rising costs of living. In response to such pressure, the Bank of England's Monetary Policy Committee has increased the Bank Rate several times since December 2021. Interest rates may further change in the future and the existing increases and any further increases in interest rates could have a negative impact on the ability of consumers to repay their existing debts. As a result these challenging macro-economic conditions may adversely affect the performance of collections which could experience higher delinquency and default rates than anticipated leading to performance challenges through extended forbearance and increased litigation.

Conduct risk

Conduct risk is the risk of actions, practices, behaviours or decisions leading to inappropriate or inadequate customer outcomes. The ultimate penalty would be if the FCA deemed the Company's and Group's conduct and customer interaction to be so poor that they sought to impose financial penalty and/or financial redress for customers. The directors are not aware of any indication that this is a possibility and seek to minimise the risk by focussing on fair customer outcomes through a series of policies and the monitoring of actions. These are reported through a comprehensive structure to uphold the 6 Principles of Treating Customers Fairly with the outcome of these activities also scrutinised externally through regular client audits.

The Financial Conduct Authority introduced a new Consumer Duty, with an implementation deadline in 2023, to bring about a fairer, more consumer-focused, and level playing field, in which firms compete vigorously in the interests of consumers. Failure to implement the standards or provide sufficient evidence to the regulator the Company is on track to be compliant with the Duty could result in regulatory scrutiny and potential sanctions. The Company will ensure sufficient resources are available to verify the customer journey achieves good customer outcomes in line with regulatory timelines.

Operational risk

Operational risk is defined by the Company and the Group as the risk arising from inadequate or failed internal systems, processes, controls, people or resulting from internal/external events affecting the operation of the Company and the Group. The Board of Directors are responsible for approving the Group's risk appetite statement, which guides the day-to-day management of operational risk by line managers. The Company 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 risk of cyber-attacks impacting business operations is increasingly material, due to the ongoing increase in the volume and complexity of external threats. We continue to take proactive steps to manage security and resilience risks and enhance our cyber and technology controls.

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.

Interest rate risk

Interest rate risk is the risk of changing interest rates. The Group has minimised its risk against changes in interest rates by being funded by share capital and through a loan from its immediate parent and loan notes, which are of fixed interest rates for their whole terms. The Group's RCF and asset backed loan facilities are subject to a variable interest rate.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (continued)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the SFP date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at SFP date was outstanding for the whole year. A 2.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 2.5% higher/lower and all other variables were held constant, the Group's net profit or loss for the year ended 31 December 2023 would reduced by £13,873k (year ended 31 December 2022: £15,463k). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

Capital management risk

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 Parent Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital structure of the Company and the Group consists of net debt, which includes the borrowings disclosed in Note 20 after deducting cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained deficit as disclosed in Note 23.

The Audit, Risk and Compliance Committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Fair value of financial instruments

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 their fair values.

Group	Carrying amount			Fair Value
	31	31	31	31
	December	December	December	December
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Financial assets				
Investments and receivables:				
Portfolio investments	1,160,210	1,291,934	1,160,210	1,291,934
Trade and other receivables	295,706	123,505	295,706	123,505
Derivative asset	6,084	14,514	6,084	14,514
Total financial assets	1,462,000	1,429,953	1,462,000	1,429,953
Financial liabilities				
Financial liabilities measured at amortised cost:				
RCF	(157,747)	(94,664)	(157,747)	(94,664)
Loan Notes 2021	(70,367)	(64,475)	(70,367)	(64,475)
Trade and other payables	(263,365)	(152,801)	(263,365)	(152,801)
Other financial liabilities	(24,089)	(24,289)	(24,089)	(24,289)
Amounts owed to parent	(426,165)	(437,353)	(426,165)	(437,353)
Senior Loan	(397,183)	(523,843)	(397,183)	(523,843)
Total financial liabilities	(1,338,916)	(1,297,425)	(1,338,916)	(1,297,425)

27. FINANCIAL INSTRUMENTS (continued)

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

Company

	£'000	£'000	£'000	£'000
Financial assets				
Receivables:				
Trade and other receivables	1,451	1,991	1,451	1,991
Total financial assets	1,451	1,991	1,451	1,991
Financial liabilities				
Financial liabilities measured at amortised cost:				
Loan Notes 2021	(70,367)	(64,475)	(70,367)	(64,475)
Trade and other payables	(59,170)	(53,247)	(59,170)	(53,247)
Other financial liabilities	(127)	(264)	(127)	(264)
Total financial liabilities	(129,664)	(117,986)	(129,664)	(117,986)

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.
- 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 acquired portfolio investments fair value is calculated using discounted net 120 month forecast cash flows as detailed above.

For the Group, the fair value of the portfolio investments is determined using a discounted cash flow model. The remaining financial assets and liabilities carried have a fair value equal to their carrying value.

The fair value of non-financial instruments have been considered and it was determined that the fair value is materially equal to their carrying value therefore no additional disclosure has been made.

The fair value of the portfolio is determined using a discounted cash flow model with unobservable inputs.

In previous years, the fair value of the portfolios was calculated by discounting the net forecast cash flows. To determine the fair value a discount rate and service cost percentage were applied. These were 12% and 25% respectively for portfolios that are not deemed as "paying" at the point of acquisition and 9% and 10% for portfolios 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 market information and benchmarking. The service cost percentage is the percentage used to discount the gross cash flows to net and is based on historical information on costs to collect.

In 2023 it has been assumed that the fair value of the portfolios is materially consistent with the carrying value of the portfolios, reflecting the weighted average EIR being consistent with a market discount rate.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

28. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary undertaking of Garfunkelux Holdco 2 S.A, which prepares consolidated financial statements. The consolidated financial statements of Garfunkelux Holdco 2 S.A. are available from the Company's registered office at 488, route de Longwy, L-1940, Luxembourg.

The tables below set out the related party transactions and year end balances between the Group and its related parties and also the Company and its related parties. All transactions are on an arm's length basis.

Group

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Transactions with related parties		
Interest charge on Loan Notes 2021 – immediate parent undertaking	(5,892)	(5,790)
Interest charge on Loan Notes – immediate parent undertaking	(33,565)	(33,565)
Expenses and costs recharged (from)/to Simon Bidco Limited	-	-
Expenses and costs recharged (from)/to Simon Midco Limited	(16)	-
Expenses and costs recharged from Lowell Group Shared Services Ltd	(47,430)	(16,095)
Drawdown/(repayment) of loan with Simon Bidco Limited	-	-
	31 December 2023 £'000	31 December 2022 £'000
Year end balances with related parties		
Loan Notes 2021 – principal (Note B)	(65,903)	(58,685)
Loan Notes 2021 – interest (Note B)	(5,892)	(5,790)
Loan principal with immediate parent undertaking	(431,759)	(431,759)
Loan interest with immediate parent undertaking	(5,594)	(5,594)
Simon Bidco Limited (trading) (Note A)	(5,077)	(42,705)
Simon Midco Limited	16,616	16,167
Simon Holdco Limited	15	21
Lowell Group Shared Services Ltd	9,677	5,176
Lowell Financial Services GmbH	79	-
Wolf Receivables Financing plc	609	-

Company

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Transactions with related parties		
Immediate Parent Undertaking		
Interest charge on Loan Notes 2021 – immediate parent undertaking	(5,892)	(5,790)

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

28. RELATED PARTY TRANSACTIONS (continued)

	31 December 2023 £'000	31 December 2022 £'000
Year end balances with related parties		
Immediate Parent Undertaking and Other Group Undertakings		
Simon Bidco Limited – Loan Notes 2021 principal and interest (Note B)	(70,367)	(64,475)
Simon Midco Limited	(44,017)	(44,016)
Lowell Group Shares Services Ltd	42	-
Subsidiary Undertakings		
Lowell Portfolio I Ltd (trading) (Note A)	(14,264)	(7,741)
Lowell Financial Ltd (trading) (Note A)	478	192
Fredrickson International Limited (Note A)	(10)	10
Hoist Finance UK Limited (trading) (Note A)	-	5,747
Lowell UK Shared Services Ltd (trading) (Note A)	(21)	109

Note A: This balance is non interest bearing and repayable on demand (see Note 20).

Note B: These balances are due to the Company's immediate parent undertaking (see Note 20).

Group

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 for each of the categories specified in IAS 24 (Related Party Disclosures):

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Short-term employee benefits	2,051	2,194

The above details relate to key management personnel who are directors of subsidiary undertakings of the Company. They are paid directors' emoluments by subsidiary companies for their services to the Group. Emoluments of directors of the Company, who provide services as directors to the Company and the Group but are paid by the Company or by a subsidiary company are set out in Note 4b.

Company

Remuneration of key management personnel

No remuneration of key management personnel of the Company is provided by the Company.

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

29. SUBSEQUENT EVENTS

In January 2024, Lowell Receivables Financing 2 extended the Senior Facility to £375m, with the revolving period being extended to Jan 2026 and the legal final maturity extended to Jan 2029.

During May 2024, the Group purchased a 51% interest in a co-investment ("LRF4"), which holds non-performing consumer receivables that are purchased from third parties. The Group also acts as the servicer to these receivables. As a result of its interest and acting as the servicer, the Group consolidates LRF4.

In April 2024, the Senior £175m Facility for Lowell Receivables Financing 1 was modified to change the amortisation date to September 2024. During the amortisation period, the facility cannot be redrawn. This modification extended the availability period, so allowing the facility to be redrawn in April 2024.

During November 2024, the Senior £65m Facility for Lowell Receivables Financing 3 was decreased from £65m to £nil. This modification did not have a material impact on the Senior Facility as Lowell had repaid it in full during December 2023.

In January 2025, Lowell announced it had received support from over 90% of the Noteholders for its recapitalisation transaction. The Company and the requisite majority of Consenting Noteholders have also agreed to amend the terms of the Transaction to include new €250m New Money Notes which noteholders can elect to participate in pro rata to their existing holdings.

30. WALK FROM CASH COLLECTIONS TO CASH EBITDA (UNAUDITED)

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash collections to Cash EBITDA			
Collections on Owned Portfolios	14	637,460	506,034
Service revenue		2,417	2,143
Other income		5,747	21
Total cash income		645,624	508,197
Total operating expenses		(226,181)	(177,787)
Add Back:			
Depreciation	11, 12	5,303	3,060
Amortisation	10	3,007	2,264
Non-Recurring Costs		6,000	8,594
Consolidated Cash EBITDA		433,754	344,327

METIS BIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2023

31. ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of Garfunkelux S.A.R.L., which is the ultimate parent company, incorporated in Luxembourg.

The largest group in which the results of the Company are consolidated is that headed by Garfunkelux Holdco 2 S.A., incorporated in Luxembourg. The smallest group in which they are consolidated is that headed by Metis Bidco Limited, incorporated in England and Wales. The consolidated financial statements of Garfunkelux Holdco 2 S.A. and Metis Bidco Limited are each available from their registered offices at 488, route de Longwy, L – 1940, Luxembourg and at No. 1 The Square Thorpe Park View, Thorpe Park, Leeds, England, LS15 8GH respectively.