

# **Lowell Finans AS**

**Annual Report and Financial Statements**

**For the year ended 31 December 2025**



**Lowell Finans AS**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**

<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>2</b>
<b>Income statement</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Cashflow statement</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10</b>



**Lowell Finans AS**  
**INDEPENDENT AUDITORS' REPORT**  
**For the year ended 31 December 2025**

**Principal activities**

Lowell Finans AS has the purpose of purchasing and collecting portfolios of overdue financial claims. The Company is licensed as a finance Company. The Company is a wholly owned subsidiary of Lowell Norge AS. The business is located in Oslo. The Company is part of the Lowell Group, and is incorporated into the consolidated financial statements of Garfunkelux Holdco 2 S.A.

**Presentation of the annual accounts**

The annual accounts have been prepared in accordance with the Regulation on Annual Accounts for Banks, Mortgage Companies and Finance Companies and IFRS (EU). The Company uses section 1-4, item b of the Financial Statements Regulations, which means that the Company uses IFRS with the additions and simplifications that follow from the regulations (regulatory IFRS). No new principles have been introduced for 2025.

**Financial performance for the year**

The Company's net interest income has increased to mNOK 87.3 in 2025 compared to mNOK 57.6 in 2024. The portfolios show a positive valuation for 2025 of mNOK 23.7 compared to a negative valuation of mNOK 25.8 in 2024. Operating costs in 2025 were mNOK 59.1 compared to mNOK 62.0 in 2024. The Company has made a profit in 2025 of mNOK 53.2 compared to a loss of mNOK 36.4 in 2024.

**Balance sheet and liquidity**

New investments in 2025 were mNOK 23.1, an increase from mNOK 21.0 in 2024. Investments in portfolio purchases are financed by intra-group loans. The total equity after the annual result is mNOK 378.9, which represents 58.8% of the Company's total capital. The Company's own funds ratio amounts to 37.3%, which is within the applicable minimum capital adequacy requirements and associated buffer requirements. The Board of Directors considers the Company's equity to be adequate in relation to the Company's current operations and planned activities.

**Going concern**

As required by Section 3-3a of the Accounting Act, the Directors have considered the financial position of Lowell Finans AS to assess whether in their opinion the entity is a going concern. In doing this the Directors have looked at future projected portfolio revenue, costs and group recharges and the short term liabilities owed, which are predominantly to related entities. The related party debt lenders have agreed to not call upon the debt repayment for a minimum of 12 months, although repayments of the debt can be made.

The annual report and financial statements have thus been prepared in accordance with the principle that the Company's operations will continue. The Board of Directors confirms that the financial statements give a true and fair view of the Company's assets and liabilities, financial position and profit. The business is considered to be cyclical and a weakened ability of debtors to pay may have a negative impact on the value. The Company has good routines in risk management and internal control and continuously monitors the development of the portfolios. The outlook is considered good based on earnings forecasts and the Company's long-term strategic forecasts for the years ahead. The Company is in a healthy economic and financial position. The Company has entered into separate agreements with Lowell Norge AS for administrative and collection services.

**Risk management and internal control**

The Company has established an internal control system to ensure the integrity of financial reporting, compliance with laws and regulations, and the effectiveness and efficiency of operations. This system includes risk management framework with its own policies for all material factors with associated risk appetite, key indicators and tolerance levels.

**Lowell Finans AS**  
**INDEPENDENT AUDITORS' REPORT**  
**For the year ended 31 December 2025**

*Capital management*

The Company has a subordinated capital ratio of 37.28% for 2025 (2024: 29.5%) against a minimum requirement of 18.5%.

*Credit risk*

There is a good diversification of the portfolios, and the Company has good follow-up and control routines that ensure that the risk is considered acceptable.

*Market risk*

The Company has no trading portfolio or exposure that means that the Company is not subject to capital requirements for market risk.

*Liquidity and financing risk*

The Company is financed through equity and intra-group loans. The repayment structure on intra-group loans is not fixed but can be used for short-term deposits and drawdowns within a credit line that can be renewed on an ongoing basis if needed. Interest rate risk associated with the Company's financing is considered normal. The Board of Directors believes that the liquidity and financing needs have been satisfactory throughout the year.

*Operational risk*

The Company has no employees of its own but has outsourced all administrative and collection services to group companies.

The Group possesses a high level of expertise and has well-developed systems and reporting routines that support the adopted risk management framework.

**Working environment, personnel and equality**

As the Company does not have any direct employees and all operational processes are outsourced to our parent company Lowell Norge AS, we ensure that the working environment, personnel management, and equality standards are upheld through the following measures:

We have established outsourcing agreements with Lowell Norge AS and Lowell Group Shared Services Limited.

The Board regularly review and monitor the outsourced processes to ensure they align with our commitment to maintaining a safe, healthy, and equitable working environment.

Group policies and practices implemented are aiming at promoting equality and a positive working environment. These policies include anti-discrimination measures, equal opportunity initiatives, and support for well-being.

**External environment**

The Company's activities do not pollute the external environment beyond what normal office operations entail.

**Insurance for board members and general manager**

Director's liability insurance has been taken out to cover all subsidiaries in the Group. The insurance covers the personal liability of board members, the general manager and other senior employees who, in the event of negligence inflict liability on the Company.

**Lowell Finans AS**  
**INDEPENDENT AUDITORS' REPORT**  
**For the year ended 31 December 2025**

**Comprehensive income and appropriations**

The income statement for the financial year shows a profit of mNOK 53.2 (2024: loss of mNOK 36.4). The Board of Directors proposes the following allocation of profit for the year: transferred to other equity mNOK 53.2.

**Events after the balance sheet date**

There have been no specific events after the balance sheet date that affect the board's assessment of the annual accounts and associated notes. However, the servicing capacity of our debtors to repay debt may be affected by a negative change in macroeconomic conditions.

**Corporate social responsibility and sustainability statement**

Working at Lowell is about following our vision of making credit work better for everyone.

At Lowell, we want to deliver a great experience for our customers while maintaining strong relationships with our clients and relevant regulators. Lowell contributes to society by being active through the industry association and directly with authorities and other stakeholders.

The Company has no employees of its own but has outsourced its debt collection activities to the parent company, which has access to over 200 dedicated resources. For Lowell, it is important to help remove the taboo of having debt, as well as ensuring a healthy and sustainable process at all levels. Lowell's operations in Norway continuously aim to create a place where everyone works with pride and high commitment. It is important that our business has a positive work culture based on trust, responsibility and collaboration. We ensure that those who work for us, and those who are affected by our business, are treated fairly and without discrimination.

Lowell ensures that all relevant employment legislation is complied with and rewards us with a competitive salary. In our Norwegian operations, we focus on equality, where diversity and inclusion are part of the agenda. The Group has its own remuneration committee. All units in the Group have committed to operating in accordance with the principles of the UN Global Compact on human rights, labour, environment and anti-corruption. The principles are incorporated into the Company's values of being responsible and inclusive, and in our ethical guidelines (Code of Conduct). The Lowell Group prepares an annual sustainability report that is presented simultaneously with the Group's annual accounts.

The Sustainability Report shows how the Group is meeting our strategy and goals. The Group has a number of guidelines in place to support its work, including policies on money laundering, procurement, anti-bribery, corporate social responsibility, treatment of debtors in vulnerable situations, employees and whistleblowing. Reference is also made to our statement on corporate social responsibility, which is published here: <https://www.lowell.no/om-lowell/vart-samfunnsansvar/> and to the sustainability report for the Lowell Group, which is published here: <https://www.lowell.com/sustainability>

Report on transparency and due diligence The Norwegian group companies prepare a joint report on due diligence pursuant to the Transparency Act. The statement will be published on the Company's website on <https://www.lowell.no/>

**Lowell Finans AS**  
**INDEPENDENT AUDITORS' REPORT**  
**For the year ended 31 December 2025**

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

Oslo, 31 March 2026  
The Board of Directors Lowell Finans AS

.....  
Trond Brandsrud  
Chairman

.....  
Arne Husby  
Board member

.....  
Geir Inge Skålevik  
Board member

.....  
Johan Agerman  
Board member

.....  
Wilhelm Blikstad  
Managing director



**Lowell Finans AS**  
**INCOME STATEMENT**  
**For the year ended 31 December 2025**

		2025	2024
	<b>Note</b>		
<b>Interest and similar income</b>			
Interest income calculated using the effective interest method on loans to and receivables on customers	2	103,358,128	84,419,357
Interest income on loans to and receivables on credit institutions		1,902,546	2,070,403
Total interest income and similar income		<u>105,260,674</u>	<u>86,489,760</u>
Interest and similar costs		(17,972,190)	(28,849,722)
<b>Net interest income</b>		<u>87,288,484</u>	<u>57,640,038</u>
Change in the value in portfolios gains/(losses)	2	23,672,165	(25,821,245)
Other operating costs	3	(59,129,747)	(61,971,985)
<b>Profit/(loss) before tax</b>		<u>51,830,903</u>	<u>(30,153,192)</u>
Income tax credit/(expense)	4	1,406,910	(6,203,761)
<b>Profit/(loss) after tax</b>		<u><u>53,237,813</u></u>	<u><u>(36,356,953)</u></u>
Information about:			
Group contributions made (net after tax)		-	-
Other equity transferred		53,237,813	(36,356,953)
<b>Total allocations</b>		<u><u>53,237,813</u></u>	<u><u>(36,356,953)</u></u>

**Lowell Finans AS**  
**BALANCE SHEET**  
**As at 31 December 2025**

	Note	2025	2024
<b>ASSETS</b>			
<b>Loans and receivables from credit institutions and finance companies</b>			
Cash and cash equivalents		44,370,090	48,810,434
<b>Lending to and receivables on customers</b>			
Portfolio investments – amortised cost	2	588,250,724	594,935,618
<b>Other assets</b>			
Other receivables	5	10,600,986	202,500
Deferred tax asset	4	1,406,910	-
<b>TOTAL ASSETS</b>		<u>644,628,710</u>	<u>643,948,552</u>
<b>LIABILITIES</b>			
Trade and other payables	6	265,730,990	318,288,645
<b>TOTAL LIABILITIES</b>		<u>265,730,990</u>	<u>318,288,645</u>
<b>EQUITY</b>			
<b>Invested equity</b>			
Share capital	7	148,000,000	148,000,000
Share premiums		107,000,000	107,000,000
Other invested equity		7,644,000	7,644,000
Total equity attributable to shareholders		<u>262,644,000</u>	<u>262,644,000</u>
<b>Retained earnings</b>		116,253,720	63,015,907
<b>TOTAL EQUITY</b>		<u>378,897,720</u>	<u>325,659,907</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>644,628,710</u>	<u>643,948,552</u>

Oslo, 31 March 2026  
The Board of Directors Lowell Finans AS

.....  
Trond Brandsrud  
Chairman

.....  
Arne Husby  
Board member

.....  
Geir Inge Skålevik  
Board member

.....  
Johan Agerman  
Board member

.....  
Wilhelm Blikstad  
Managing director

**Lowell Finans AS**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2025**

	Share capital	Share premiums	Other deposited assets	Retained earnings	Total
Equity 1 January 2024	148,000,000	107,000,000	7,644,000	99,372,860	362,016,860
Loss after tax	-	-	-	(36,356,953)	(36,356,953)
<b>Equity 31 December 2024</b>	<b>148,000,000</b>	<b>107,000,000</b>	<b>7,644,000</b>	<b>63,015,907</b>	<b>325,659,907</b>
Profit after tax	-	-	-	53,237,813	53,237,813
<b>Equity 31 December 2025</b>	<b>148,000,000</b>	<b>107,000,000</b>	<b>7,644,000</b>	<b>116,253,720</b>	<b>378,897,720</b>

**Lowell Finans AS**  
**CASH FLOW STATEMENT**  
**For the year ended 31 December 2025**

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operational activities</b>		
Profit/(loss) before tax	51,830,903	(30,153,192)
Change in other receivables	(517,447)	(202,500)
Change in other payables	14,706,766	-
Recognition of income according to the effective interest rate method	(103,358,128)	(84,419,359)
Change in value of portfolios	(23,672,165)	25,821,245
Payments on purchased portfolios	156,818,939	157,229,789
Net cash flow from operational activities	<u>97,580,785</u>	<u>68,275,983</u>
<b>Cash flows from investment activities</b>		
(Decrease)/increase in intercompany borrowings	(77,145,459)	8,035,247
Purchase of portfolios	(23,103,752)	(20,965,259)
Net cash flow from investing activities	<u>(100,249,211)</u>	<u>(12,930,012)</u>
<b>Cash flows from financing activities</b>		
Deposits/(disbursements) of debt	-	(37,653,906)
Net change in cash and cash equivalents	(4,440,344)	17,692,065
Cash and cash equivalents at beginning of year	48,810,434	31,118,369
<b>Cash and cash equivalents at end of year</b>	<b><u>44,370,090</u></b>	<b><u>48,810,434</u></b>



**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 1 - ACCOUNTING POLICIES**

**Financial framework**

The annual report and financial statements have been prepared in accordance with the Regulations relating to annual accounts for banks, finance companies and parent companies being 16.12.1998 no. 1240, as well as the provisions of the Accounting Act in general. The regulations have been amended with effect from 01.01.2020. The Company uses section 1-4, item b, of the Regulations, which means that the Company uses IFRS with the additions and simplifications that follow from the regulations.

The Company uses the exemption rule in section 3-1 of the regulations for Group contributions and dividends.

The Financial statements were approved by the Company's board on 31 March 2026.

**Information about new and future standards**

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

- Amendments to IAS 21 (Lack of exchangeability)
- IFRS 18 (Presentation and disclosures in financial statements)
- IFRS 19 (Subsidiaries without public accountability: disclosures)

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

**Presentation currency and amount**

The accounts are presented in Norwegian currency and in whole Norwegian Kroner (NOK).

**Use of estimates**

The financial statements have been prepared in accordance with the Annual Accounts Regulations and IFRS (adopted by the EU). Furthermore, the application of the Company's accounting principles requires that the entity must exercise judgement. Areas that largely contain such discretionary assessments, a high degree of complexity, or areas where assumptions and estimates are material to the financial statements are described in the notes.

Only the value of the portfolios is associated with uncertainty in the estimation of the value.

**Earnings**

The Company's revenues are booked in accordance with the effective interest rate method in accordance with IFRS 9. The Company's revenues are distributed geographically to Norway.

**Purchased portfolio of outstanding receivables**

The purchased portfolio of outstanding receivables mainly consists of non-performing unsecured receivables. A portfolio is defined to be the lowest reliable level for a collection of receivables with similar characteristics. Each portfolio will typically consist of an individual purchase of receivables. Each portfolio is accounted for at fair value with the addition of direct transaction expenses. Subsequent measurement is made at amortised cost using the effective interest rate method in accordance with IFRS 9. Income on the purchased portfolio of outstanding receivables is recognised in the income statement using the effective interest rate method. The portfolio is recognised as a separate unit for recognition of income.

Management prepares estimates of future cash flows for each portfolio based on the characteristics of the portfolio, including historical cash flows, income ratios, type of receivables, age, size of requirements, principal and experience material from other portfolios. Estimate deviations are recognised each quarter in the income statement by comparing amortized cost against the present value of future estimated cash flows discounted by the original internal rate of return.

**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 1 - ACCOUNTING POLICIES (continued)**

**Receivables**

Other receivables are entered in the balance sheet after deduction of provisions for expected losses. Provisions for losses have been made on the basis of an individual assessment of the receivables.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank deposits with a term from inception of three months or less, less bank overdrafts where there is a right to offset. Bank overdrafts are presented as current liabilities to the extent that there is no right to offset with cash balances in the same currency.

**Foreign currencies**

Balances in foreign currency are valued at the exchange rate at the end of the financial year.

**Debt**

Debt, with the exception of certain provisions for liabilities, is recognised in the balance sheet at the nominal amount of liabilities.

**Tax**

The tax expense in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated at the applicable tax rate on the basis of the temporary differences that exist between accounting and tax values, as well as any significant loss to be carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that are reversed in the same period have been offset. The recognition of deferred tax assets on net tax-reducing differences that have not been offset and losses to be carried forward is justified by assumed future earnings. Deferred tax and tax assets that can be recognised in the balance sheet are recognised net in the balance sheet.

Deferred tax is accounted for at a nominal amount.

**Cash flow statement**

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid investments that can be converted immediately and with immaterial exchange rate risk into known cash amounts and with a remaining maturity of less than three months from the date of acquisition.

**NOTE 2 – PURCHASED PORTFOLIO OF OUTSTANDING RECEIVABLES**

	<b>2025</b>	<b>2024</b>
Portfolio of outstanding receivables 1 January	594,935,618	672,602,036
Purchased portfolio of outstanding receivables	23,103,752	20,965,259
Recognition of income according to the effective interest rate method	103,358,128	84,419,357
Change in value of portfolios	23,672,165	(25,821,245)
Payments on purchased portfolios	<u>(156,818,939)</u>	<u>(157,229,789)</u>
<b>Portfolio of outstanding receivables 31 December</b>	<b><u>588,250,724</u></b>	<b><u>594,935,618</u></b>
100% of outstanding receivables are overdue claims		
<b>Value purchased portfolio of outstanding receivables</b>	<b><u>588,250,724</u></b>	<b><u>594,935,618</u></b>

**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 2 – PURCHASED PORTFOLIO OF OUTSTANDING RECEIVABLES (continued)**

**Principles for calculating valuation**

The financial statements have been prepared in accordance with IFRS 9. The Company's portfolio of receivables consists of non-performing receivables that are initially assessed at amortised cost. The amortised cost is calculated by discounting expected cash flows over the expected maturity of the individual portfolio using the effective interest rate method. The portfolio is assessed on an ongoing basis based on expected cash flows and value adjustments are recognised quarterly.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including Expected Credit Loss (ECL).

**NOTE 3 – ADMINISTRATION EXPENSES**

During the financial year, the Company did not employ any full-time employees. The Company's administrative functions are managed by Lowell Norge AS. No salaries were paid to the Managing Director in 2025 or 2024. Additionally, no loans or collateral have been provided to employees, the Managing Director, the chairman of the Board, or any related parties.

See Note 9 for details of costs charged from related parties.

The Company has expensed the following remuneration to the auditors:

	<b>2025</b>	<b>2024</b>
Statutory audit	934,860	221,333
Other out of audit services	158,090	82,500
<b>Total</b>	<b><u>1,092,950</u></b>	<b><u>303,833</u></b>

**NOTE 4 – TAX**

	<b>2025</b>	<b>2024</b>
<b>Basis for tax expense, change in deferred tax and tax payable</b>		
Profit/(loss) before tax	51,830,903	(30,153,192)
Permanent differences	125,686	-
Change in temporary differences	3,432,175	-
Loss utilised	(55,388,764)	-
<b>Basis for the year's tax profit/(loss)</b>	<u>-</u>	<u>(30,153,192)</u>
Tax payable - 22%	-	-
Change in deferred tax - 22%	1,406,910	(6,203,761)
<b>Tax income/(expense)</b>	<u>1,406,910</u>	<u>(6,203,761)</u>
<b>Overview of temporary differences</b>		
Loss carried forward	(2,566,365)	(58,352,104)
Other temporary differences	(3,828,681)	-
	<u>(6,395,046)</u>	<u>(58,352,104)</u>
<b>Deferred tax - 22%</b>	1,406,910	12,837,463
Temporary differences that are not recognised in the balance sheet	-	(12,837,463)
<b>Deferred tax asset</b>	<u><u>1,406,910</u></u>	<u><u>-</u></u>

**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 4 – TAX (continued)**

<b>Reconciliation of tax expense</b>		
Expected tax at the nominal tax rate	11,402,799	(6,633,702)
Non-deductible expenses	27,651	-
Adjustment to deferred tax	(12,837,360)	12,837,463
Calculated tax (credit)/expense	<u>(1,406,910)</u>	<u>6,203,761</u>
<b>Effective tax rate</b>	<b>2.7%</b>	<b>20.6%</b>

**Tax expense in relation to profit before tax**

The enterprise is a finance Company and has a 22% tax rate. This is because there are no employees or salaries in the enterprise and that the enterprise therefore falls outside the current regulation of financial tax.

**NOTE 5 – TRADE AND OTHER RECEIVABLES**

	<b>2025</b>	<b>2024</b>
Other debtor	719,946	202,500
Amounts owed from group companies	<u>9,881,040</u>	<u>-</u>
<b>Total</b>	<b><u>10,600,986</u></b>	<b><u>202,500</u></b>

**NOTE 6 – TRADE AND OTHER PAYABLES**

	<b>2025</b>	<b>2024</b>
Trade payables	64,253	-
Other creditors and accruals	16,916,518	2,274,007
Amounts owed to group companies	<u>248,750,219</u>	<u>316,014,638</u>
<b>Total</b>	<b><u>265,730,990</u></b>	<b><u>318,288,645</u></b>

Of the amounts owed to group companies, mNOK 151.1 is not to be called upon within 12 months of signing the accounts.

**NOTE 7 – SHARE CAPITAL AND SHAREHOLDER INFORMATION**

The share capital of the Company is NOK 148,000,000 including unregistered capital contributions and consists of 148,000,000 shares at NOK 1 each.

Lowell Finans AS is a wholly owned subsidiary of Lowell Norge AS. The Company is located at Brynsveien 14, 0667 Oslo. The Company is part of the Lowell Group and is incorporated into the consolidated financial statements of Garfunkelux Holdco 2 S.A. The consolidated financial statements are available on [www.lowell.com/performance-and-governance](http://www.lowell.com/performance-and-governance) or can be obtained from Lowell Financial Ltd, No.1 The Square, Thorpe Park, Leeds, West Yorkshire, LS15 8GH.

**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 8 – CAPITAL ADEQUACY**

	<b>2025</b>	<b>2024</b>
Share capital	148,000,000	148,000,000
Share premiums	107,000,000	107,000,000
Other invested equity	7,644,000	7,644,000
Retained earnings	63,015,907	99,372,860
Profit/(loss) for the year	53,237,813	(36,356,953)
<b>Total equity</b>	<b>378,897,720</b>	<b>325,659,907</b>
Deduction for deferred tax assets	(1,406,910)	-
Deduction for backstop (minimum write-down)	(254,288)	(272,867)
<b>Total deductions from Common Equity Tier 1 capital</b>	<b>(1,661,198)</b>	<b>(272,867)</b>
<b>Calculation basis per risk category</b>		
Credit risk	909,250,104	967,047,372
Bank deposits	8,874,018	9,762,087
Purchased portfolios	882,376,086	892,403,427
Contracted forward flow	18,000,000	55,366,433
Other engagements	-	9,515,425
Operational risk	102,636,427	136,085,950
<b>Total calculation basis</b>	<b>1,011,886,531</b>	<b>1,103,133,302</b>
<b>CET1 capital ratio</b>	377,236,522	325,387,040
Surplus of core capital	331,701,628	275,746,042
CET1 capital ratio as a percentage	37.28%	29.5%
<b>Common Equity Tier 1 capital adequacy</b>	377,236,522	325,387,040
Surplus of core capital	316,523,330	259,199,042
Common Equity Tier 1 capital ratio	37.28%	29.5%
<b>Own funds</b>	377,236,522	325,387,040
Excess of own funds	296,285,599	237,136,376
Own funds as a percentage	37.28%	29.5%
<b>Non-leveraged core capital</b>		
Core capital	377,236,522	325,387,040
Exposure Goals	644,620,814	690,172,432
Non-leveraged Tier 1 capital ratio	58.52%	47.1%

**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 9 – RELATED PARTY TRANSACTIONS**

The Company has the following transactions with related parties in the year:

Type of transaction	Related party	Relation	2025	2024
Loan interest	Hansa Holdco Limited	Group company	3,904,105	4,688,454
	Lowell AS	Group company	8,566,358	14,343,077
	Lowell Nordics Oy	Group company	2,001	-
	Lowell Norge AS	Parent	5,497,300	9,818,105
Management fee	Lowell AS	Group company	7,493,711	16,872,270
	Lowell Danmark A/S	Group company	14,314	508,994
	Lowell Group Shared Services Limited	Group company	154,514	254,614
	Lowell Nordics Oy	Group company	5,290,877	14,595,356
	Lowell Norge AS	Parent	24,732,242	24,141,770
	Lowell Suomi Oy	Group company	2,670,315	12,234,974
	Lowell Sverige AS	Group company	(35,837)	1,407,232
Other payable (loan principal)	Hansa Holdco Limited	Group company	43,584,380	43,584,380
	Lowell AS	Group company	94,000,000	114,000,000
	Lowell Norge AS	Parent	13,500,000	96,919,690
Other payable (loan interest accrued)	Hansa Holdco Limited	Group company	2,489,030	673,708
	Lowell AS	Group company	6,662,527	-
	Lowell Norge AS	Parent	327,277	-
Other payables	Hansa Holdco Limited	Group company	837,852	34,700
	Lowell AS	Group company	31,940,956	22,729,829
	Lowell Danmark A/S	Group company	503,196	534,277
	Lowell Group Shared Services Limited	Group company	407,118	254,614
	Lowell Nordics Oy	Group company	20,929,121	15,627,201
	Lowell Norge AS	Parent	6,051,901	6,018,032
	Lowell Suomi Oy	Group company	26,056,242	22,887,711
	Lowell Sverige AB	Group company	1,441,440	1,432,361
Accrued interest payable	Hansa Holdco Limited	Group company	2,489,030	675,045
	Lowell AS	Group company	6,662,527	(788)
	Lowell Norge AS	Parent	327,277	(549)

**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 10 - RISK**

The risks in the Company's operations are primarily related to the business risk in the purchased receivables.

**Credit risk**

Loans and receivables (portfolios) are unsecured. Due to the uncertainty associated with the debtor's ability to service their liabilities, there will be a significant risk associated with the recovery of the cash flow from the Company's loans and receivables. The Company is of the opinion that credit risks have been reduced through a good diversification of receivables and the discounts obtained through the purchase of portfolios.

To reduce risk, the Company has implemented different decision-making models based on the size of the investment. The Company monitors the cash flow from the receivables on an ongoing basis for each individual portfolio. Furthermore, quarterly assessments are made of whether the portfolios' book value reflects expected cash flow, with subsequent potential write-ups or write-downs.

The Company's exposure to credit risk the book value of the portfolios as follows:

	<b>2025</b>	<b>2024</b>
Bank deposits	44,370,090	48,810,434
Purchased portfolios	588,250,724	594,935,618
Other engagements	12,000,000	46,426,380
<b>Total exposure</b>	<b><u>644,620,814</u></b>	<b><u>690,172,432</u></b>

The Company has defined the following subcategories under credit risk:

**Growth in the portfolios**

The Company has outsourced the recovery of the acquired portfolios to Lowell Norge AS, which has considerable experience with recovery and has strict requirements for internal control and management of operational risk. The Company considers that the group's routines for monitoring and risk reporting, where cash flows from each individual portfolio are monitored on an ongoing basis, are not weakened by increased volume, and that these are sufficient to manage the risk resulting from growth in portfolio purchases.

**Default risk and deviating portfolio quality**

The risk that the enterprise's debtors will not meet their credit obligations, and the risk that a purchased portfolio of non-performing assets is of poorer quality than could be expected when compared with historically similar portfolios.

The business is considered to be cyclical in that its ability to pay may be reduced in recessions. The receivables are recognised in the balance sheet at fair value and this value is low compared with the nominal principal, which constitutes a substantial loss buffer. The Company is of the view that default risk is largely safeguarded by the regulatory minimum requirement for credit risk under Pillar One. Pillar One has strict solvency requirements for non-performing loans in the form of a high-risk weight of 150% regardless of the purchase price for the entire receivables.

Limited data basis for the purchase of external portfolios entails a risk of poorer portfolio quality than assumed by the purchase price. The pricing is based, among other things, on historical collection on similar portfolios. Deviating portfolio quality may imply that future cash flow will be lower than assumed. A purchase price that is too high may result in a future impairment of the portfolio value.

**Counterparty risk**

The Company is exposed to counterparty risk through its investments of surplus liquidity in the form of bank deposits. However, bank deposits are only placed with banks with low credit risk.

**Unused framework**

The Company has no receivables where the debtor has the opportunity to draw on unused credit lines. The Company may enter into forward-flow agreements with ongoing receivables purchases up to a maximum limit where the Company undertakes to take over receivables that meet agreed conditions over a future period of time. The Company has two such agreements as of 31.12.2025.

**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 10 – RISK (continued)**

**Concentration risk**

A credit portfolio with a lack of diversification may entail a risk of loss. The Company's receivables consist of a large number of small exposures with similar characteristics and are broadly composed in terms of geography where the establishment date is spread over a longer period of time. The receivables consist only of private or business interests with private guarantors. There is not considered to be a concentration risk related to individual debtors or geographical areas. The Company has mainly bought one-off portfolios, but also has two ongoing forward-flow agreements. This is risk-reducing due to lower exposure to changes in the seller's credit policy. The concentration risk in the debtor pool is considered to be largely safeguarded by regulatory minimum requirements.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to cover current payments or will not be refinanced as financing falls due. The Company is mainly exposed to the risk of delay in or non-payment of contractual payments on purchased receivables. In addition, there is a risk that the financing of new portfolio purchases will be insufficient or cannot be financed without a significant increase in the Company's financing costs.

The business is financed by equity and intra-group loans at a fixed interest rate. The Company's budgeted portfolio purchases are made in accordance with the group's guidelines so that the financing is within the group's borrowing capacity. The Company does not take deposits from the public and has no foreign currency deposits. The Company's portfolios are acquired at a significantly lower price than the principal amount, and the Company thus has a buffer against the risk of delays or non-payment of contractual payments. The Company also has the opportunity to renegotiate the intercompany loan terms. The liquidity risk is reported periodically to the Board of Directors and reviewed in connection with ICAAP calculations and stress tests. Prior to portfolio purchases, assessments are made of whether the financing requirement is within the Company's borrowing capacity.

Maturity structure of the enterprise's debt:

	1 year	1 – 3 years	3 – 5 years	Total
Maturity structure of the enterprise's debt:	248,750,219	-	-	248,750,219

**Market risk**

Market risk is the loss as a result of changes in market prices. The Company has no trading portfolio and does not calculate any market risk under Pillar One. The Company considers the market risk to be low and is governed by the Company's guidelines for risk management and internal control.

The Company has no market risk associated with spreads, stocks, or real estate.

**Interest rate risk**

Interest rate risk arises if there are different interest rates fixed on borrowings and loans, so that the interest rate on borrowings changes without the Company being able to change the lending rate as quickly. The interest rate on the Company's credit portfolios depends on the type of receivable. In the case of promissory note loans and overdrafts, the interest rate is equal to the interest rate in force at the time of purchase if this is higher than the applicable interest rate. The loan portfolio is considered to have a fixed interest rate.

The Company is financed by equity as well as loans from Group companies that are part of a larger loan agreement that is common to the entire Lowell Group. Interest rate risk associated with the Company's financing is therefore considered normal.

When calculating the interest rate sensitivity of one percentage point, it is assumed that the yield curve changes in parallel for all durations. The changes are calculated by taking into account the positions' average remaining maturity, positions on the balance sheet date and assumed interest rate changes.



**Lowell Finans AS**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2025**

**NOTE 10 – RISK (continued)**

	1 year	1 – 3 years	3 – 5 years	Total
Interest rate sensitivity - 1% change: 1 year:	4,464,227	-	-	4,464,227

**Operational risk**

Operational risk is prevented and regulated through documentation of internal processes as well as ongoing risk assessments. Collection of the Company's portfolios is outsourced to Lowell Norge AS.

**Foreign exchange risk**

Currency risk is defined as losses resulting from unfavourable changes in exchange rates. The Company only has deposits and portfolios in NOK and no foreign exchange risk associated with this. The Company's only foreign exchange risk is related to smaller payment obligations in EUR.

**NOTE 11– COLLATERAL AND GUARANTEES**

The Company has not pledged any financial assets as collateral.

**NOTE 12 – EVENTS AFTER BALANCE SHEET DATE**

There are no post balance sheet events to note.