Garfunkelux Holdco 2 S.A.

27 July 2020

Recent Developments and Preliminary Trading Update

Luxembourg – 27 July 2020. Garfunkelux Holdco 2 S.A. and its subsidiaries (the "**Group**") provides today updated information regarding the Group, as follows:

Preliminary Trading Update

Since the onset of the COVID-19 pandemic, we have been focused on protecting our employees and their families, our customers and our business. While the pandemic has created and continues to create unique challenges for our business, we have adapted rapidly to the new operating environment and have continued to evolve our approach as the situation develops.

In response to the spread of COVID-19, we promptly undertook a number of temporary initiatives to safeguard our employees and ensure business continuity. We transitioned the vast majority our workforce to remote working by early April 2020, and expect that a significant proportion of our workforce will continue to work remotely for the foreseeable future. We proactively engaged with our clients to maintain strong and mutually beneficial relationships and are committed to working with our consumers to achieve affordable and sustainable repayments and continue to focus on vulnerability checks. In response to the initial impact of the COVID-19 pandemic and possible related effects on our consumers, we took the decision to temporarily reduce our outbound consumer contact activity and paused new legal collections activity in our UK Division.

We continue to benefit from scale and diversification, with our broad geographic reach and balanced revenue mix between debt purchase and third-party collection services. We believe we operate leading platforms in mature Northern and Western European markets where we hold significant data assets and deep client relationships, focusing on our core competence of unsecured consumer debt, and managing approximately 22 million active accounts across more than 4,000 owned debt portfolios as of March 31, 2020.

Our fundamentals and business model have proven resilient to date, and we remain optimistic about opportunities for the medium and long term, even if the external environment will be challenging for a period. The full extent to which the COVID-19 pandemic will impact our business and operating results will depend on future developments that are uncertain and cannot be accurately predicted. We are continuing to monitor developments relating to COVID-19 and are coordinating our operational responses based on existing business continuity plans and guidance from global health organizations and relevant governments.

For the three months ended March 31, 2020, we achieved 100% of our forecast Gross Debt Purchase Collections expectations on portfolios owned by the Group as of December 31, 2019 (the "static pool"). Although Gross Debt Purchase Collections have generally shown good resilience since the onset of the COVID-19 pandemic, we experienced a reduction in total Gross Debt Purchase Collections on the static pool during April and May 2020, with performance at approximately 90% of our forecast expectations. This reduction has largely been driven by our management decisions to temporarily reduce outbound consumer contact activity and pause new legal collections in our UK Division. During June 2020, our UK Division increased our outbound consumer contact activity and intend to resume new legal collections in H2 2020, with the intention of increasing the division's future Gross Debt Purchase Collections, which increased to 84% of forecast expectations against the UK Division's static pool in June 2020.

As of the date of this press release, we have not finalized trading results for the three months ended June 30, 2020. However, based on preliminary financial information, we estimate that our Group Adjusted Cash EBITDA for the two months ended May 31, 2020 was £82 million, an increase of approximately 7% compared to the two months ended May 31, 2019. As of May 31, 2020, our net adjusted debt was £2,466 million and our available liquidity was £226.6 million (including cash and cash equivalents, but excluding available drawings under our other financing arrangements), compared to £2,366 million of net adjusted debt and £317.5 million of available liquidity (including cash, cash equivalents and available drawings under our Revolving Credit Facility, but excluding available drawings under our other financing arrangements) as of May 31, 2019. In the five months ended May 31, 2020, our purchases of debt portfolios (measured as the amount of cash payments made in such period) was £100.0 million, a decrease of approximately 33% compared to the prior year five-month period.

For the five months ended May 31, 2020, our Gross Debt Purchase Collections on the static pool amounted to approximately 95% of our forecast. For the two months ended May 31, 2020, our Gross Debt Purchases Collections on the static pool amounted to approximately 90% of our forecast, with collections for our UK Division at 79%, 82% and 84% of forecasted expectations against the static pool in April, May and June, respectively, trailing our DACH and Northern European Divisions. We believe that approximately 90% of this shortfall was due to conscious measures on the part of our management, primarily our decision to temporarily reduce our outbound consumer contact activity and pause new litigation activity in response to COVID-19. For the six months ended June 30, 2020, our UK Division's Gross Debt Purchase Collections on accounts with a payment plan in place as of December 31, 2019 (the "paying base") performed at 96% of our forecast for paying-base accounts. As of June 30, 2020, we have not experienced a material change in the percentage of collections coming from payment plans due to COVID-19, with payments from plans representing 80% of our UK Division's total Gross Debt Purchase Collections for the six-month period.

As of the date of this press release, we do not expect the pandemic to have a significant effect on our 120M ERC, as we believe that collections will be deferred rather than lost, and we believe we will be able to achieve projected Gross Debt Purchase Collections over the 120-month period. However, the circumstances around this pandemic are evolving rapidly and will continue to impact our business and estimation of expected Gross Debt Purchase Collections in future periods. We continue to assess the impact on our collections forecasts and, although we did not recognize material impairments to our owned debt portfolios due to COVID-19 for the three months ended March 31, 2020, it cannot be ruled out that such impairments will impact our net portfolio write-up for future periods. We currently estimate the expected deferral of Gross Debt Purchase Collections could negatively impact the balance sheet carrying value of our owned debt portfolios as of June 30, 2020 by between 1.0% and 1.5%.

As we look ahead, we expect our Gross Debt Purchase Collections in 2020 to fall short of previous estimates and, notwithstanding COVID-19 related cost reduction measures, we expect Group Adjusted Cash EBITDA to slightly decline in the year ending December 31, 2020 compared to the year ended December 31, 2019 and, as a consequence, total net leverage to increase slightly during this period. However, we expect the reduction in overall leverage to continue as we remain committed to our publicly stated leverage guidance of a consolidated total net leverage ratio in the range of 4.0x to 3.5x by 2021-2022. Our deleveraging targets assume resumption of UK litigation activity from H2 2020 onwards and no further forbearance measures (either voluntary or government-imposed) in any of our regions. While we believe our stated leverage guidance to be reasonable, our actual results could vary from these estimates and these differences could be material. As such, you should not place undue reliance on this information and this information may not be indicative of our performance in the remainder of the financial year or any future period.

We continue to pragmatically assess the purchasing landscape and prioritize cash management, IRRs and liquidity. We expect to see significant increases in the volume of NPL write-offs in the near and medium term compared to 2019 in our regions and among our clients, which we expect will lead to significant near- and medium-term opportunities for debt portfolio purchases. We also expect that an overall increase in NPLs will lead to an increase in 3PC opportunities.

As of the date of this press release, we expect to have drawn the euro equivalent of £401.3 million under the Revolving Credit Facility, compared to £230.8 million as of March 31, 2020, having increased our utilization between April 1, 2020 and the date of this press release in order to increase our cash position as a prudent liquidity measure in light of the COVID-19 pandemic. We continue to evaluate opportunities to optimize our capital structure, including through monitoring the capital markets.

The preliminary financial results as of and for the two months and five months ended May 31, 2020 presented above have not been audited or reviewed by our independent auditors, nor have any procedures been performed by our independent auditors with respect thereto. Such information has been derived from management accounts, is preliminary and is subject to our financial closing procedures, which have not yet been completed. While we believe these preliminary results and estimates to be reasonable, our actual results could vary from these estimates and these differences could be material. Additionally, our management does not use collection performance on a monthly basis to assess overall Group performance, nor do we intend to report monthly performance in the future. As such, you should not place undue reliance on this information and this information may not be indicative of our performance in the remainder of the financial year or any future period. See "Forward-Looking Statements."

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The financial information included in this press release includes some measures which are termed "non-IFRS measures" (including Gross Debt Purchase Collections, net adjusted debt and Group Adjusted Cash EBITDA) because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The non-IFRS measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

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About Lowell

Lowell is one of Europe's largest credit management companies with a mission to make credit work better for all. It operates in the UK, Germany, Austria, Switzerland, Denmark, Norway, Finland, and Sweden.

Lowell's unparalleled combination of data analytics insight and robust risk management provides clients with expert solutions in debt purchasing, third party collections and business process outsourcing. With its ethical approach to debt management, Lowell always looks for the most appropriate, sustainable and fair outcome for each customer's specific circumstances.

Lowell was formed in 2015 following the merger of the UK and German market leaders: the Lowell Group and the GFKL Group. In 2018, Lowell completed the acquisition of the Carve-out Business from Intrum, which has market leading positions in the Nordic region. It is backed by global private equity firm Permira and Ontario Teachers' Pension Plan.

For more information on Lowell, please visit our investor website: www.lowell.com.

Forward-looking statements

This press release may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms as "believe", "expect", "anticipate", "may", "assume", "plan", "intend", "will", "should", "estimate", "risk" and or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Group's or any of its affiliates' intentions, beliefs or current expectations concerning, among other things, the Group's or any of its affiliate's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Group or any of its affiliate's actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward looking statements contained in this press release. In addition, even if the Group or any of its affiliate's results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.