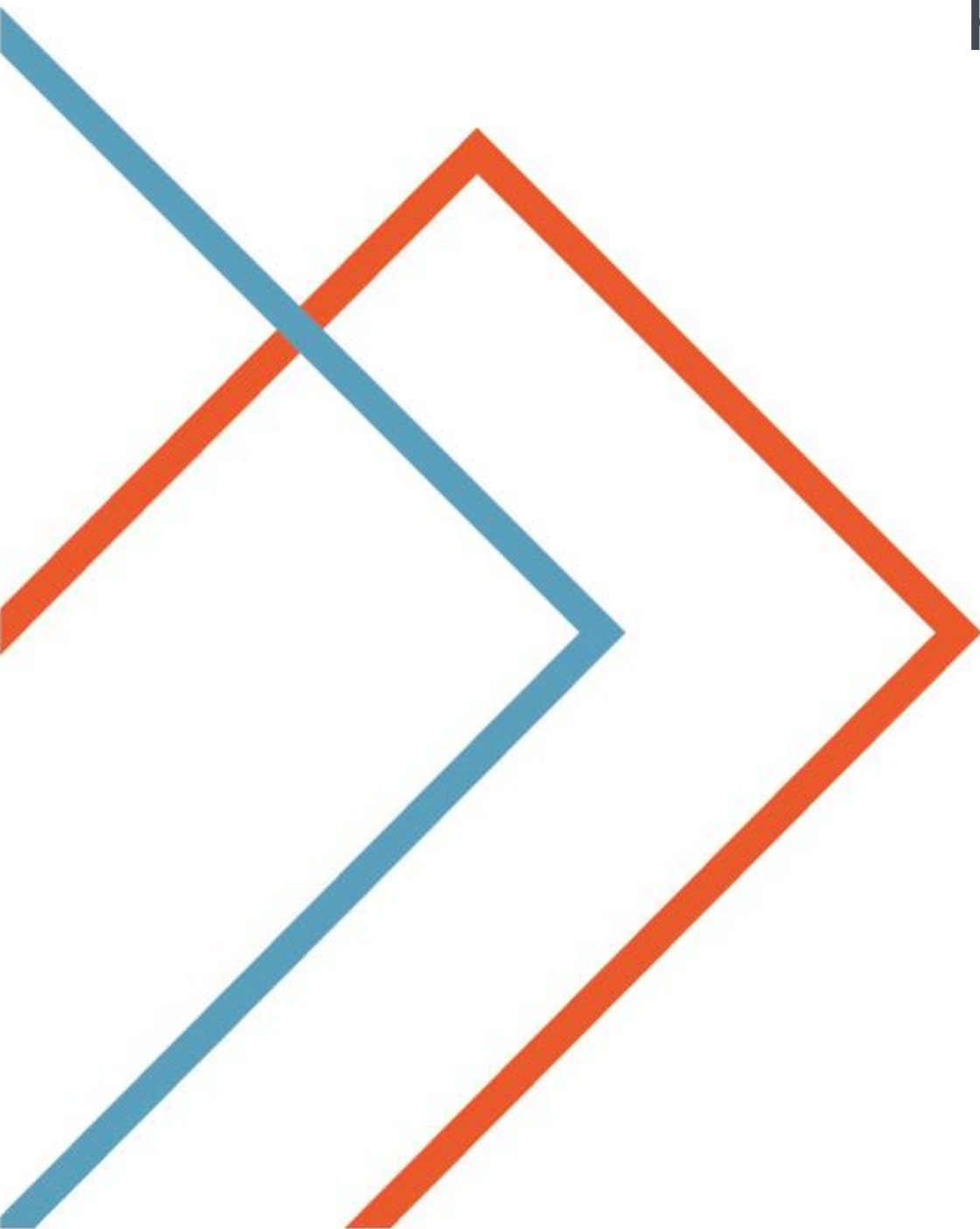


Garfunkelux Holdco 2 S.A.
QE 30 June 2024
Results



1. Highlights

- > **120 Month Estimated Remaining Collections** ("ERC") at £3,465m⁽¹⁾ as of 30 June 2024, down 12.0% since 30 June 2023.
- > **Portfolio investments acquired** for the three months ending 30 June 2024 total £85.0m, a decrease of £3.9m compared with the three months ending 30 June 2023.
- > **Debt Purchase gross cash collections** of £296.3m⁽²⁾ in the three months ending 30 June 2024, an increase of 12.2% on the three months ending 30 June 2023.
- > **Cash income** of £336.0m⁽²⁾ in the three months ending 30 June 2024, an increase of 11.9% compared to the three month period ending 30 June 2023.
- > **Cash EBITDA**⁽³⁾ for the three months ended 30 June 2024 of £227.5m, a 25.4% increase on the three month period ending 30 June 2023, with LTM Cash EBITDA to 30 June 2024 of £755.7m.
- > **Net debt to LTM Pro forma Cash EBITDA**⁽⁴⁾ is at 3.0x as at 30 June 2024.
- > **Net secured debt to LTM Pro forma Cash EBITDA**⁽⁴⁾ is at 2.3x as at 30 June 2024.

(1) ERC reduction reflects impact of Balance Sheet Velocity transactions across LTM period resulting in accelerated collections in the region of £292m

(2) Includes impact of £116.0m of accelerated collections following DACH back book sales in April and May 2024.

(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 before exceptional items, depreciation, amortisation and impairment of non-performing loans.

(4) Pro forma LTM Cash EBITDA as quoted is defined as Group Cash EBITDA for the twelve months ended 30 June 2024, adjusted for Pro forma cost adjustments.

1. Highlights (continued)

Commenting on the results, Colin Storrar, CEO, said:

"Our results continue to demonstrate the strength of our collection franchises across Europe. The operational ability and resilience of the business, coupled with the continued deployment of capital at attractive and accretive returns, ensures Lowell remains a key leader across the CMS sector.

"Collections continue to outperform expectation, and the recent DACH portfolio sales provide the Group with enhanced liquidity as we look to address the Group's refinancing requirement across H2 as guided."

About Lowell:

Lowell is one of Europe's largest credit management companies with a mission to make credit work better for all and a commitment to fair and ethical customer practices. It operates in the UK, Germany, Austria, Switzerland, Denmark, Norway, Finland, and Sweden. The Group employs over 3,500 people.

Lowell's unparalleled combination of data analytics, deep consumer 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 is committed to delivering the most fair and affordable 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

1. Highlights (continued)

Non-IFRS financial measures

We have included certain non-IFRS financial measures in this trading update, including **Estimated Remaining Collections** ("ERC"), **Cash EBITDA** and **Gross Money Multiples** ("GMMs").

We present ERC because it represents our expected gross cash proceeds of the purchased debt portfolios recorded on our balance sheet over the 120-month and 180-month periods. ERC is calculated as of a point in time assuming no additional purchases are made. ERC is a metric that is also often used by other companies in our industry. **We present ERC because it represents our best estimate of the undiscounted cash value of our purchased debt portfolios at any point in time, which is an important supplemental measure for our board of directors and management to assess the gross cash generation capacity of the assets backing our business.** In addition, the instruments governing our indebtedness use ERC to measure our compliance with certain covenants and, in certain circumstances, our ability to incur indebtedness. Our ERC projection, calculated by our proprietary analytical models, utilises historical portfolio collection performance data and assumptions about future collection rates. While we cannot guarantee that we will achieve such collections and while our ERC projection may not be comparable to similar metrics used by other companies in our industry, our ERC forecasts have historically proven to be somewhat conservative through all phases of the economic cycle.

We present Cash EBITDA because we believe it may enhance an investor's understanding of our underlying cash flow generation at a given point in time that can be used to service or pay down debt, pay income taxes, purchase new debt portfolios and for other uses. Cash EBITDA is defined as collections on owned portfolios plus other turnover, less collection activity costs and other expenses (which together equals servicing costs) and before exceptional items, depreciation and amortisation.

Our board of directors and management use Cash EBITDA to understand cash profit in a period, mindful it is neither a proxy for future periods (since it is a lagged measure which can be influenced by the volume and mix of purchases in the latter months of the reported period), nor is it an indication of run off cash generation as the current cost base is representative of our front loaded cost curves and recent purchasing activity. Cash EBITDA is not a measure calculated in accordance with IFRS and our use of the term Cash EBITDA may vary from others in our industry. For a reconciliation of Cash EBITDA to operating profit, see page 17.

We present Gross Money Multiples ("GMMs") because it represents our expected gross cash return from purchased debt portfolios. In addition, GMMs are one of a number of return metrics that we use when making pricing and investment decisions. GMMs can be reported on a rolling basis or on a static basis. On a rolling basis, GMMs are calculated as the sum of gross collections achieved to date plus our ERC as at the reporting date, divided by purchase price. All things being equal and based on this rolling definition, GMMs should improve over time as portfolios and vintages mature. On a static basis, GMMs are calculated over a static time-period – for example, a static 120m GMM will be based upon either gross collections achieved to date plus the remaining months of ERC required to get to a 120m total period or the original priced 120m collection expectations, divided by purchase price.

ERC, Cash EBITDA and GMMs and all other non-IFRS measures have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS.

2. Operating & financial review

The following table summarises key performance indicators at, and for the periods ended 30 June 2024 and 30 June 2023.

(£ in millions unless otherwise noted)	Three months ended or as at 30 June 2024	Three months ended or as at 30 June 2023
Portfolio investments acquired	85.0	88.9 ⁽³⁾
3PC income	39.7	35.5
Cash income ⁽¹⁾	336.0	300.1
Cash EBITDA ⁽¹⁾	227.5	181.2
120 month ERC ⁽²⁾	3,465.2	4,141.7
180 month ERC ⁽²⁾	4,016.7	4,924.4

(1) Includes impact of £116.0m of accelerated collections following DACH back book sales in April and May 2024.

(2) ERC reduction reflects impact of Balance Sheet Velocity transactions across LTM period resulting in accelerated collections in the region of £292m.

(3) Includes £8.0m fair value portfolio acquisitions, reflecting purchased 49% Junior Note holding in the ABS transaction

2. Operating & financial review (continued)

Collections

DP Collections were £296.3m in the three months ending 30 June 2024, an increase of £32.4m on the three month period ending 30 June 2023⁽¹⁾.

Income

Total income of £156.8m was generated in the three months ending 30 June 2024, a decrease of £7.1m on the three month period ending 30 June 2023.

Total income includes income from portfolio investments of £102.4m in the three months to 30 June 2023 (three months to 30 June 2023: £109.9m) and net portfolio write-up of £12.2m in the three months to 30 June 2024 (three months to 30 June 2023 net portfolio write-up: £16.2m).

Service revenue in the three months to 30 June 2024 of £40.2m included 3PC income of £39.7m (three months to 30 June 2023: 3PC income of £35.5m).

Operating expenses

Operating expenses were £129.7m for the period (three months to 30 June 2023: £136.0m). Of which £62.1m⁽²⁾ were collection activity costs, (three months to 30 June 2023: £76.4m).

Finance costs

Finance costs totalled £89.7m for the three months ended 30 June 2024 driven by an increase in FX losses, interest paid on the RCF, and FV losses on the derivative assets. Refer to note 3 for further details.

Cash flow

Net cash generated from operating activities after portfolio purchases and exceptional costs totalled £131.2m in the three months to 30 June 2024. Net cash generated from operating activities before portfolio purchases and income taxes paid totalled £214.6m in the 3 months to 30 June 2024.

While returns achieved on an individual portfolio can vary, the business has a consistent and impressive track record of generating strong and sustainable unlevered returns on its aggregate purchased portfolios. Gross Money Multiple as at 30 June 2024 is shown below.

UK As at 30 June 2024		DACH As at 30 June 2024		Nordics As at 30 June 2024	
Invested (£ millions)	Gross Money Multiple ⁽³⁾	Invested (€ millions)	Gross Money Multiple ⁽³⁾	Invested (€ millions)	Gross Money Multiple ⁽³⁾
3,064	2.5x	1,050	2.4x	1,651	2.2x

(1) Includes impact of £116.0m of accelerated collections following DACH back book sales in April and May 2024.

(2) A YTD true-up of Collection Activity Costs has resulted in these being £6.0m lower in the quarter than 3-month actuals. YTD collection activity costs are £138.9m, including £76.8m reported in Q1-24.

(3) Gross Money Multiple presented in this quarterly report only includes actuals to date and forecast collections for the next 120m, although collections can extend past that period.

Garfunkelux Holdco 2 S.A.
Condensed consolidated interim statement of comprehensive income
3 months ended 30 June 2024

£000	Note	3 months to 30 June 2024 (unaudited)	3 months to 30 June 2023 (unaudited)	Year ended 31 December 2023 (audited)⁽¹⁾
Continuing operations				
Income				
Income from portfolio investments	4	102,395	109,918	446,148
Net portfolio write up/ (down)	4	12,247	16,189	(16,492)
Portfolio fair value gain	5	1,541	1,053	5,678
Service revenue	2	40,175	36,186	143,572
Other revenue		68	343	832
Other income		334	136	825
Total income		156,760	163,825	580,563
Operating expenses				
Collection activity costs		(62,121)	(76,363)	(313,377)
Other expenses		(67,537)	(59,591)	(230,603)
Goodwill impairment		-	-	(283,634)
Total operating expenses		(129,658)	(135,954)	(827,614)
Operating profit/ (loss)		27,102	27,871	(247,051)
Finance income		2,171	1,658	17,464
Finance costs	3	(89,749)	(62,322)	(311,325)
Loss for the period, before tax		(60,476)	(32,793)	(540,912)
Tax credit		7,153	153	65,033
Loss for the period		(53,323)	(32,640)	(475,879)
Other comprehensive expenditure				
Items that will not be reclassified to profit or loss				
Actuarial losses on pension plans		-	-	(1,474)
Deferred tax on actuarial losses on pension plans		-	-	(24)
		-	-	(1,498)
Items that will or may be reclassified subsequently to profit or loss				
Foreign operations – foreign currency translation differences		28,539	51,652	46,005
Other comprehensive expenditure, net of tax		28,539	51,652	44,507
Total comprehensive expenditure for the period		(24,784)	19,012	(431,372)

The notes on pages 11 to 17 form part of the interim financial statements.

(1) Extracted from the Group Consolidated Financial Statements for the Year Ended 31 December 2023.

Garfunkelux Holdco 2 S.A.
Condensed consolidated interim statement of financial position
3 months ended 30 June 2024

£000	Note	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)⁽¹⁾
Assets				
Non-current assets				
Goodwill		850,840	1,137,493	865,314
Intangible assets		89,457	108,263	99,267
Property, plant and equipment		47,146	56,121	49,527
Portfolio investments – amortised cost	4	1,141,661	1,372,904	1,129,504
Portfolio investments – fair value	5	38,310	20,610	35,457
Other financial assets		9,374	2,746	22,888
Deferred tax assets		155,023	79,237	147,963
Total non-current assets		2,331,811	2,777,374	2,349,920
Current assets				
Portfolio investments – amortised cost	4	545,946	635,767	512,367
Portfolio investments – fair value	5	-	1,733	-
Assets classified as held for sale		-	-	181,742
Trade and other receivables	6	106,275	63,369	101,398
Other financial assets		15,724	9,001	14,743
Derivatives		4,123	12,879	7,759
Assets for current tax		2,333	5,216	2,398
Cash and cash equivalents		322,290	195,471	143,083
Total current assets		996,691	923,436	963,490
Total assets		3,328,502	3,700,810	3,313,410
Equity				
Share capital		4,385	4,385	4,385
Share premium and similar premiums		1,109,586	1,109,586	1,109,586
Reserves		(144,235)	(167,080)	(136,170)
Retained deficit		(1,069,141)	(563,538)	(986,012)
Total equity		(99,405)	383,353	(8,211)
Liabilities				
Non-current liabilities				
Borrowings	8	2,445,070	2,628,962	2,461,701
Retirement benefit deficit		7,049	6,156	7,241
Provisions		6,784	5,761	7,084
Other financial liabilities		36,714	48,726	39,738
Deferred tax liabilities		29,312	41,015	30,146
Total non-current liabilities		2,524,929	2,730,620	2,545,910
Current liabilities				
Trade and other payables	7	96,524	83,176	120,135
Provisions		10,410	6,930	15,217
Borrowings	8	743,180	463,610	585,586
Derivatives		85	-	-
Other financial liabilities		34,590	14,080	35,450
Current tax liabilities		18,189	19,041	19,323
Total current liabilities		902,978	586,837	775,711
Total equity and liabilities		3,328,502	3,700,810	3,313,410

The notes on pages 11 to 17 form part of the interim financial statements.

(1) Extracted from the Group Consolidated Financial Statements for the Year Ended 31 December 2023.

Garfunkelux Holdco 2 S.A.
Condensed consolidated interim statement of changes in equity
3 months ended 30 June 2024

£000	Share capital	Share premium & similar premiums	Capital Reserve	Translation Reserve	Valuation Reserve	Retained deficit	Total
Balance at 1 April 2023 (unaudited)	4,385	1,109,586	(8,291)	(212,509)	2,068	(530,898)	364,341
Loss for the period	-	-	-	-	-	(32,640)	(32,640)
Exchange differences	-	-	-	51,652	-	-	51,652
Total comprehensive Expenditure	-	-	-	51,652	-	(32,640)	19,012
Balance at 30 June 2023 (unaudited)	4,385	1,109,586	(8,291)	(160,857)	2,068	(563,538)	383,353
Loss for the period	-	-	-	-	-	(422,474)	(422,474)
Actuarial gain on pension	-	-	-	-	(1,474)	-	(1,474)
Deferred tax on pension	-	-	-	-	(24)	-	(24)
Exchange differences	-	-	-	32,408	-	-	32,408
Total comprehensive income/ (expenditure)	-	-	-	32,408	(1,498)	(422,474)	(391,564)
Balance at 31 December 2023 (audited) ⁽¹⁾	4,385	1,109,586	(8,291)	(128,449)	570	(986,012)	(8,211)
Loss for the period	-	-	-	-	-	(29,806)	(29,806)
Exchange differences	-	-	-	(18,017)	-	-	(18,017)
Total comprehensive income / (expenditure)	-	-	-	(18,017)	-	(29,806)	(47,823)
Balance at 31 March 2024 (unaudited)	4,385	1,109,586	(8,291)	(146,466)	570	(1,015,818)	(56,034)
Loss for the period	-	-	-	-	-	(53,323)	(53,323)
Exchange differences	-	-	-	9,952	-	-	9,952
Total comprehensive income / (expenditure)	-	-	-	9,952	-	(53,323)	(43,371)
Balance at 30 June 2024 (unaudited)	4,385	1,109,586	(8,291)	(136,514)	570	(1,069,141)	(99,405)

The notes on pages 11 to 17 form part of the interim financial statements.

(1) Extracted from the Group Consolidated Financial Statements for the Year Ended 31 December 2023.

Garfunkelux Holdco 2 S.A.
Condensed consolidated interim statement of cash flows
3 months ended 30 June 2024

£000	Note	3 months to 30 June 2024 (unaudited)	3 months to 30 June 2023 (unaudited)	Year ended 31 December 2023 (audited) ⁽¹⁾
Net cash generated from operating activities	9	131,183	84,084	438,978
Investing activities				
Purchase from property, plant and equipment		(3,292)	(342)	(10,483)
Purchase of intangible assets		(1,924)	(6,795)	(37,367)
Net cash used in investing activities		(5,216)	(7,137)	(47,850)
Financing activities				
Proceeds from loans and borrowings		815,768	180,847	2,057,030
Repayment of borrowings		(747,501)	(142,809)	(2,209,574)
Payment of lease liabilities		(850)	(2,594)	(8,774)
Derivative settlement		-	-	(428)
Interest paid		(74,182)	(57,837)	(218,252)
Net cash used in financing activities		(6,765)	(22,393)	(379,998)
Net increase in cash and cash equivalents		119,202	54,554	11,130
Cash and cash equivalents at beginning of period		201,738	143,385	133,499
Effect of movements in exchange rates on cash held		1,350	(2,468)	(1,546)
Cash and cash equivalents at end of period		322,290	195,471	(143,083)

The notes on pages 11 to 17 form part of the interim financial statements.

(1) Extracted from the Group Consolidated Financial Statements for the Year Ended 31 December 2023.

Garfunkelux Holdco 2 S.A.
Notes to the condensed consolidated interim financial statements
3 months ended 30 June 2024

1. Accounting policies

General information and basis of preparation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IAS 34 Interim Financial Reporting. These interim financial statements have been prepared on a historical cost basis except for derivative financial instruments, certain portfolio investments that have been measured at fair value and assets held for sale that have been measured at the lower of their carrying value and fair value less costs to sell.

The accounting principles applied by the Group and the Company are essentially unchanged compared with the 2023 Consolidated Financial Statements.

This report should be read with the audited financial statements for the year ended 31 December 2023.

Basis of consolidation

The Group interim financial statements consolidate the interim financial statements of Garfunkelux Holdco 2 S.A. ("the Company") and its subsidiaries (together "the Group") for the three month period ending 30 June 2024.

2. Service revenue

£000	3 months to 30 June 2024 (unaudited)	3 months to 30 June 2023 (unaudited)	Year ended 31 December 2023 (audited)
3PC income	39,730	35,458	143,572
Other service revenue	445	728	-
	40,175	36,186	143,572

3. Finance costs

£000	3 months to 30 June 2024 (unaudited)	3 months to 30 June 2023 (unaudited)	Year ended 31 December 2023 (audited)
Interest payable on the Senior Secured Notes	33,624	32,697	132,868
Fees payable on financing structures	1,857	498	14,449
Interest and fees payable on Revolving credit facility	10,670	2,537	28,106
Interest payable on shareholder loan	14,123	12,880	52,644
Net loss on derivative financial instruments	3,634	-	8,388
Net foreign exchange loss	11,559	-	17,610
Interest payable on securitisation	9,792	12,857	50,537
Other interest payable	3,890	201	4,092
Interest expense from lease liabilities	600	652	2,631
	89,749	62,322	311,325

Garfunkelux Holdco 2 S.A.
Notes to the condensed consolidated interim financial statements
3 months ended 30 June 2024

4. Portfolio investments – amortised cost

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Non-current			
Portfolio investments – amortised cost	1,135,685	1,372,904	1,125,764
Portfolio investments – Asset Backed Security	5,976	-	3,740
Current			
Portfolio investments – amortised cost	545,946	635,767	510,131
Portfolio investments – Asset Backed Security	-	-	2,236
Total	1,687,607	2,008,671	1,641,871

The movements in amortised cost portfolios were as follows:

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
At start of the period	1,675,300	2,084,558	2,172,883
Portfolios acquired during the period	85,027	80,852	326,581
Portfolios classified as Held for Sale	141,980	-	-
Collections in the period ⁽¹⁾	(323,198)	(263,594)	(1,092,466)
Income from portfolio investments	102,395	109,918	446,148
Net portfolio write up/ (down)	12,247	16,189	(16,492)
Net foreign exchange movement	(12,120)	(19,252)	(19,017)
Reclassification of portfolio investments from amortised cost to assets held for sale	-	-	(181,742)
At end of the period	1,681,631	2,008,671	1,635,895

(1) Includes £116.0m of collections relating to the DACH back book sales which took place in in April and May 2024

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

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
At start of period	5,976	-	-
ABS acquired during the period	-	-	5,959
Income from ABS investment	-	-	17
At end of period	5,976	-	5,976

Garfunkelux Holdco 2 S.A.
Notes to the condensed consolidated interim financial statements
3 months ended 30 June 2024

5. Portfolio investments – fair value

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Non-current			
Portfolio investments – fair value through PL (FVTPL)	30,060	20,610	27,207
Portfolio investments – fair value through OCI (FVOCI)	8,250	-	8,250
Current			
Portfolio investments – fair value through PL (FVTPL)	-	1,733	-
Total	38,310	22,343	35,457

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

Fair value through P&L:

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
At start of period	28,519	13,551	12,958
Portfolios acquired during the period	-	8,035	37,584
Collections in the period	-	(296)	(513)
Fair value gain	1,541	1,053	5,678
Disposals during the period	-	-	(28,500)
At end of period	30,060	22,343	27,207

Fair value through OCI:

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
At start of period	8,250	-	-
Portfolios acquired during the period	-	-	8,228
Interest income from FVOCI instrument	-	-	22
At end of period	8,250	-	8,250

Garfunkelux Holdco 2 S.A.
Notes to the condensed consolidated interim financial statements
3 months ended 30 June 2024

6. Trade and other receivables

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Trade receivables	54,538	30,799	43,583
Prepayments and accrued income	17,912	16,359	11,357
Other receivables	30,544	14,897	42,774
Tax receivable	3,281	1,314	3,684
	106,275	63,369	101,398

7. Trade and other payables

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Trade payables	19,187	9,343	14,195
Other taxes and social security	4,026	6,969	4,202
Accruals and deferred income	48,102	29,870	58,449
Other payables	25,209	36,994	43,289
	96,524	83,176	120,135

Other payables includes amounts due of £5.0m in respect of portfolios purchased but not yet paid for as at 30 June 2024 (30 June 2023: £12.7m).

Garfunkelux Holdco 2 S.A.
Notes to the condensed consolidated interim financial statements
3 months ended 30 June 2024

8. Borrowings

£000	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Non-current			
Unsecured borrowing at amortised cost			
Shareholder loan owed to Garfunkelux Holdco 1 S.à r.l.	626,141	571,802	598,969
Total unsecured	626,141	571,802	598,969
Secured borrowing at amortised cost			
Senior Secured Notes	1,629,875	1,669,720	1,662,453
Prepaid costs on secured borrowings	(6,348)	(14,499)	(10,561)
Securitisation loans	195,402	401,939	210,840
Total secured	1,818,929	2,057,160	1,862,732
Total borrowings due for settlement after 12 months	2,445,070	2,628,962	2,461,701
Current			
Unsecured borrowing at amortised cost			
Other interest payable	6,269	283	6,276
Total unsecured	6,269	283	6,276
Secured borrowing at amortised cost			
Interest on Senior Secured Notes	21,511	22,009	22,568
Prepaid costs on secured borrowings	(7,960)	(7,693)	(7,916)
Revolving credit facility	374,601	385,959	377,666
Securitisation loans	348,759	63,052	186,992
Total secured	736,911	463,327	579,310
Total borrowings due for settlement before 12 months	743,180	463,610	585,586
Total borrowings	3,188,250	3,092,572	3,047,287

Garfunkelux Holdco 2 S.A.
Notes to the condensed consolidated interim financial statements
3 months ended 30 June 2024

9. Note to the statement of cashflows

£000	Note	3 months to 30 June 2024 (unaudited)	3 months to 30 June 2023 (unaudited)	Year ended 31 December 2023 (audited) ⁽¹⁾
Loss for the period before tax		(60,476)	(32,793)	(540,912)
Adjustments for:				
Income on portfolio investments	4	(102,395)	(109,918)	(446,110)
Net portfolio write (up)/ down	4	(12,247)	(16,189)	16,492
Portfolio fair value gain	5	(1,541)	(1,053)	(5,678)
Collections on owned portfolios	4	296,298	263,594	1,092,466
Depreciation and amortisation		11,699	14,214	43,260
Impairment of goodwill and right of use asset		-	-	288,652
Loss on disposal of PPE and intangible assets		-	-	34,550
Finance income		(2,171)	(1,658)	(17,464)
Finance costs	3	89,749	62,322	311,325
Unrealised gain from foreign exchange		8,624	58,198	58,439
Decrease/ (Increase) in trade and other receivables		3,293	19,095	(14,158)
(Decrease) in trade and other payables		(5,815)	(96,011)	(106,112)
Movement in other net assets		(10,371)	7,328	84,275
Cash generated by operating activities before portfolio acquisitions		214,648	167,129	799,024
Portfolios acquired ⁽²⁾		(82,955)	(86,644)	(352,838)
Income taxes paid		(510)	3,599	(7,208)
Net cash generated by operating activities		131,183	84,084	438,978

(1) Extracted from the Group Consolidated Financial Statements for the Year Ended 31 December 2023.

(2) Portfolios acquired represents the amount paid for portfolio purchases in the period, taking into account timing differences.

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Notes to the condensed consolidated interim financial statements
3 months ended 30 June 2024

Cash EBITDA Walks

The three walks below show reconciliations from the IFRS balances in the accounts to the Group's Cash EBITDA number and are unaudited.

Profit to Cash EBITDA	3 months to 30 June 2024 £000
Loss for the period	(53,323)
Net finance costs	87,578
Taxation credit	7,153
Operating profit	27,101
Net portfolio write-up	(12,247)
Portfolio fair value gain	(1,541)
Portfolio amortisation	193,903
Non-recurring costs / exceptional items, net of exceptional income	8,621
Depreciation and amortisation	11,699
Cash EBITDA	227,537

Cash collections to Cash EBITDA	3 months to 30 June 2024 £000
Cash collections	296,298
Other income	40,577
Operating expenses	(129,658)
Non-recurring costs / exceptional items, net of exceptional income	8,621
Depreciation and amortisation	11,699
Cash EBITDA	227,537

Net cash flow to Cash EBITDA	3 months to 30 June 2024 £000
Increase in cash in the period	119,202
Movement in debt	(76,254)
Portfolios acquired	82,955
Interest paid	74,182
Taxation servicing	510
Capital expenditure and financial investment	5,216
Payment of lease liabilities	850
Cash flow before interest, portfolio purchases, tax expenses and capital expenditure	206,661
Working capital adjustments	12,255
Non-recurring costs / exceptional items, net of exceptional income	8,621
Cash EBITDA	227,537