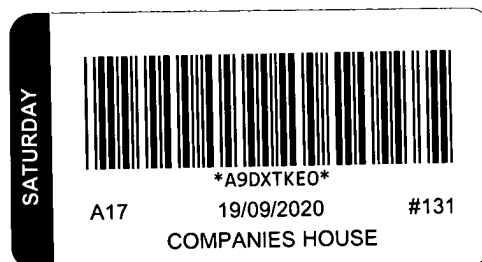


**Company No. 09722126**

**SIMON MIDCO LIMITED**

**Report and Financial Statements**  
**Year ended 31 December 2019**



**SIMON MIDCO LIMITED**  
**REPORT AND FINANCIAL STATEMENTS 2019**  
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**SIMON MIDCO LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**Directors**

D Brückmann  
D Gage  
T Brandsrud (appointed 6 April 2019)  
A Green (appointed 1 September 2019)  
D Rosenberg (appointed 31 January 2020)  
C Cheung Goodman (appointed 31 January 2020)  
J Wilson (appointed 26 March 2020)  
C Cheung (resigned 28 February 2019)  
J Cornell (resigned 27 June 2019)  
H Hilgert (resigned 1 October 2019)  
P S Muelder (resigned 4 February 2020)  
C Pell (resigned 4 February 2020)

**Company secretary**

B Flynn (resigned 26 March 2020)

**Registered office**

Ellington House  
9 Savannah Way  
Leeds Valley Park West  
Leeds  
LS10 1AB

**Legal Advisor**

Freshfields Bruckhaus Deringer LLP  
65 Fleet Street  
London  
EC4Y 1HS

**Auditor**

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

**SIMON MIDCO LIMITED**  
**DIRECTORS' REPORT**  
**Year ended 31 December 2019**

The directors present their annual report and the audited financial statements of Simon Midco Limited ("the Company") for the year ended 31 December 2019. The Company is consolidated into the financial statements of Garfunkelux Holdco 2 S.A. ("the Group").

The Company was incorporated on 8 August 2015 with the registered number 09722126.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of a financial services holding company.

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the period (2018: Nil).

**DIRECTORS**

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

**SUBSEQUENT EVENTS**

The speed of the Coronavirus spreading globally has resulted in Governments announcing emergency measures to cushion the expected adverse economic impact. The Group, like many other businesses, has taken steps in accordance with local government and regulatory guidance, and in particular have carried out scenario assessments to determine its resiliency during the Coronavirus pandemic.

During April 2020, the Group drew down €195.4m from the Revolving Credit Facility to utilise the €455m commitment in full.

**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.

**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:

**DANIEL ROSENBERG**

D Rosenberg  
Director

1 June 2020

**SIMON MIDCO LIMITED**  
**STRATEGIC REPORT**  
**Year ended 31 December 2019**

**OBJECTIVES AND STRATEGY**

The Company is a holding company and therefore the strategy is considered on a group level; details are included in the consolidated financial statements of the Group.

**THE BUSINESS MODEL**

The Company's business model is to act as a holding company for group investments.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks to the Company are liquidity risk of the Company being able to meet its financial obligations as they fall due, the risk of investment impairment and non-recoverability of intercompany debt. The Company's risk management procedures are detailed in note 13.

Following the emergence of the COVID-19 pandemic, management has prepared a number of scenarios which consider the impact of COVID-19 on the Group's cash flows. These stress tests consider the principal risks faced by the Group. It is considered that the most material risk to the Group is a reduction in expected cash collection levels, and the impact this could have on the Group's liquidity headroom and leverage covenant. A range of scenarios have been considered where performance is assumed to deteriorate from pre-COVID-19 expected levels, resulting in lower cash income. Management have identified and assessed a range of actions that the Group can deploy to mitigate the impact of the lower cash income derived under the scenarios. Management considers the actions available, principally the reduction in portfolio purchases from prior period levels and cost controls, provide it with cash flow flexibility to maintain sufficient liquidity and cash reserves.

**FINANCIAL PERFORMANCE AND GOING CONCERN**

The Company's profit before tax for the period was £9.2m (2018: profit before tax of £80.0m).

At 31 December 2019 the Company had access to funds as part of the wider Group to which it belongs. At 31 December 2019, the Group had available undrawn committed borrowing facilities by way of a Group Securitisation and Revolving Credit Facilities (RCF) of £198.4m (2018: £377.7m). As part of the Groups funding strategy post year end, on 17 January 2020, the Group sold additional assets into its securitisation facility, drawing down a further £77.9m of funding.

The assessment of the going concern basis of preparation for the Company has considered both the position at 31 December 2019 and the outlook for the Company, and also the going concern position of the Group as a whole. This is due to the integrated nature of the companies across the Group and the reliance of the Company on the Group's going concern position. In assessing whether the going concern basis is appropriate to adopt, the directors have undertaken a review of forecast cash flow models and scenarios for a period in excess of 12 months from the date of approval of these accounts. These forecasts have been subject to stress testing, and downside scenarios have considered the impact of COVID-19 on the Group's and Company's cash flows. In the scenarios considered to be reasonable by management, as well as in a severe but plausible stress situation, after taking management actions as required, the Group maintains sufficient liquidity and cash reserves to continue as a going concern.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis; further details are included in note 1.

**KEY PERFORMANCE INDICATORS (KPIs)**

The Company considers performance against KPIs at a group level; details are included in the consolidated financial statements of Garfunkelux Holdco 2 S.A.

**SECTION 172 (1) STATEMENT**

As detailed in Section 172 of the Companies Act 2006, all Directors of the Company must act in accordance with a set of general duties, summarised as follows:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

**SIMON MIDCO LIMITED**  
**STRATEGIC REPORT**  
**Year ended 31 December 2019**

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly between members of the company.

The Company is an intermediate holding company which holds investments in the Nordic and UK businesses. It receives funding from parent companies' external financing facilities and subsequently provides funding to the Company's subsidiary businesses. The key stakeholders for the Company are other Group entities that benefit from the financing passed on by the Company and the Directors of those entities. Through its financing activities the Company allows these Group entities to continue trading and servicing the market in which they operate. As such the Directors fulfil their duties under Section 172 through the Company's transactions with the wider Group:

- The Directors consider both short and long-term costs of financing transactions before entering into debt instruments, ensuring that the Group entities can sufficiently service their debt without detriment to their operations.
- To ensure that the Directors are acting fairly between all entities within the Group, they ensure that all positions entered into are arm's length financing transactions and that all relevant legal requirements are adhered to.
- The Directors are cognisant of the impact the operations of the wider Group have on the community and the environment and ensure that their actions adhere to the high standards set by the Group.

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

**DANIEL ROSENBERG**

D Rosenberg  
Director

1 June 2020

## **SIMON MIDCO LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS REPORT AND THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 IFRSs as adopted by the EU;
- 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

**DANIEL ROSENBERG**

D Rosenberg  
Director

1 June 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2019**

**1. Our opinion is unmodified**

We have audited the financial statements of Simon Midco Ltd ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the 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 Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- 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 Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**2. Key audit matters: including our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows:

***Going concern***

Refer to page 3 (Strategic Report) and page 15 (accounting policy).

The risk	Our response
<p><b><i>Disclosure quality</i></b></p> <p>There is judgement involved in the directors' conclusion that it is appropriate to adopt the going concern basis of preparation for the Company. This is particularly the case in light of the risks arising from COVID-19, which could impact the Company in terms of its available financial resources and liquidity, as well as its operational resilience.</p> <p>However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Assessing transparency</b></li> </ul> <p>We assessed the completeness and accuracy of the matters covered in the going concern disclosure by:</p> <ul style="list-style-type: none"> <li>– Challenging the mathematical accuracy of the Group's forecasts;</li> <li>– Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively;</li> </ul>



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2019**

	<ul style="list-style-type: none"> <li>– Assessing the Group's funding covenants and the director's considerations around future strategies;</li> <li>– Evaluating the achievability of the actions the Directors consider they would take to mitigate the potential risks arising; and</li> <li>– Critically challenging the level of detail disclosed in the Company's financial statements.</li> </ul>
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***The impact of uncertainties due to the UK exiting the European Union on our audit***

Refer to page 3 (Strategic Report) and page 15 (accounting policy).

<b>The risk</b>	<b>Our response</b>
<p><b><i>Unprecedented levels of uncertainty</i></b></p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in recoverability of investment in subsidiaries and of amounts owed from group undertakings and other related parties, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see above). All of these depend on assessments of the future economic environment and the company's future prospects and performance.</p> <p>Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Our Brexit knowledge</b> – We considered the directors' assessment of Brexit-related sources of risk for the company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks.</li> <li>• <b>Sensitivity analysis</b> – When addressing recoverability of investment in subsidiaries, of amounts owed from group undertakings and other related parties and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.</li> <li>• <b>Assessing transparency</b> – As well as assessing individual disclosures as part of our procedures on recoverability of investment in subsidiaries and of amounts owed from group undertakings and other related parties, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.</li> </ul> <p>However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.</p>

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2019**

***Recoverability of investment in subsidiaries and of amounts owed from group undertakings and other related parties***

2019: £1,276.4 million (2018: £1,352.7 million)

Refer to page 16 (accounting policies) and pages 21-23 (financial disclosures).

<b>The risk</b>	<b>Our response</b>
<p><b>Low risk, high value</b></p> <p>The carrying amount of the company's investment in subsidiaries and amounts owed from group undertakings and other related parties represents 99.7% (2019: 99.9%) of the company's total assets. The recoverability of the specified assets are not subject to significant judgement or considered to be at a high risk of being significantly misstated. However, due to the materiality of these transactions in the context of the financial statements, this is considered to be the area that had the greatest effect on our overall audit. The carrying amount of intra-group debtors is also not considered to be at a high risk of misstatement or subject to significant judgement, however again due to materiality in the Company financial statements, this is an area which also saw significant focus during our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Tests of detail:</b> Comparing the carrying amount of 100% of investments with the relevant subsidiaries' financial statements to identify whether the recoverable amount of each investment was in excess of the carrying amount and assessing whether those subsidiaries have historically been profit making.</li> <li>• <b>Tests of detail:</b> Assessing the recoverability of the amounts owed by group undertakings and other related parties representing 100% of the total group debtors balance to identify, with reference to relevant debtors' financial statements, whether the net asset value supports the recoverability of the debtor balance.</li> </ul>

**3. Our application of materiality and an overview of the scope of our audit**

Materiality for the financial statements as a whole was set at £2.73 million (2018: £2.35m), determined with reference to a benchmark of total assets, of which it represents 0.21% (2018: 0.17%).

We agreed to report to those charged with governance any corrected or uncorrected identified misstatements exceeding £136k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

**4. We have nothing to report on going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2019**

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the statement is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

**5. We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

*Strategic report and directors' report*

Based solely on our work on the other information:

- 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.

**6. We have nothing to report on the other 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**7. Respective responsibilities**

*Directors' responsibilities*

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements including 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 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 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


**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2019**

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](http://www.frc.org.uk/auditorsresponsibilities).

**8. 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 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

1 June 2020

**SIMON MIDCO LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 31 December 2019**

		<b>Year ended 31 December 2019 £000</b>	<b>Year ended 31 December 2018 £000</b>
	<b>Note</b>		
Finance income	5	29,876	21,284
Finance costs	6	(74,552)	(58,914)
<b>Net financing costs</b>		<b>(44,676)</b>	<b>(37,630)</b>
Other expenses		(10)	(27)
<b>Operating loss</b>		<b>(44,686)</b>	<b>(37,657)</b>
Dividend income	8	53,918	117,689
<b>Profit before tax</b>		<b>9,232</b>	<b>80,032</b>
Income tax credit	7	522	-
<b>Profit attributable to equity shareholders</b>		<b>9,754</b>	<b>80,032</b>
<b>Other comprehensive income - items that will or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences		(17,854)	2,544
<b>Other comprehensive (expenditure) / income</b>		<b>(17,854)</b>	<b>2,544</b>
<b>Total comprehensive (expenditure) / income attributable to equity shareholders</b>		<b>(8,100)</b>	<b>82,576</b>

The notes on pages 15 to 30 form part of these financial statements.

**SIMON MIDCO LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2019**

		<b>31 December 2019 £000</b>	<b>31 December 2018 £000</b>
<b>Assets</b>	<b>Note</b>		
<b>Non-current assets</b>			
Investments	8	709,919	746,668
Other receivables	9	564,416	593,004
<b>Total non-current assets</b>		<b>1,274,335</b>	<b>1,339,672</b>
<b>Current assets</b>			
Other receivables	9	4,691	13,038
Cash and cash equivalents		407	70
Deferred tax asset	7	522	-
<b>Total current assets</b>		<b>5,620</b>	<b>13,108</b>
<b>Total assets</b>		<b>1,279,955</b>	<b>1,352,780</b>
<b>Equity</b>			
Share capital	10	10,160	10,160
Share premium		250,531	250,531
Translation reserve		21,781	39,635
Retained profit		38,605	28,851
<b>Total equity</b>		<b>321,077</b>	<b>329,177</b>
<b>Non-current liabilities</b>			
Borrowings	11	938,991	1,006,585
<b>Total non-current liabilities</b>		<b>938,991</b>	<b>1,006,585</b>
<b>Current liabilities</b>			
Derivatives		12,126	1,435
Borrowings	11	2,214	2,538
Other payables	12	5,547	13,045
<b>Total current liabilities</b>		<b>19,887</b>	<b>17,018</b>
<b>Total equity and liabilities</b>		<b>1,279,955</b>	<b>1,352,780</b>

The notes on pages 15 to 30 form part of these financial statements.

These financial statements of Simon Midco Limited, Company No. 09722126, were approved by the Board of Directors and signed on behalf of the Board of Directors by:

**DANIEL ROSENBERG**

D Rosenberg  
Director  
1 June 2020

**SIMON MIDCO LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**Year ended 31 December 2019**

	Share Capital £000	Share Premium £000	Translation reserve £000	Retained deficit £000	Total £000
<b>Balance at 1 January 2018</b>	<b>10,160</b>	<b>202,209</b>	<b>37,091</b>	<b>(51,181)</b>	<b>198,279</b>
Issue of shares	-	48,322	-	-	48,322
Profit for the year	-	-	-	80,032	80,032
Exchange differences	-	-	2,544	-	2,544
<b>Balance at 31 December 2018</b>	<b>10,160</b>	<b>250,531</b>	<b>39,635</b>	<b>28,851</b>	<b>329,177</b>
Profit for the year	-	-	-	9,754	9,754
Exchange differences	-	-	(17,854)	-	(17,854)
<b>Balance at 31 December 2019</b>	<b>10,160</b>	<b>250,531</b>	<b>21,781</b>	<b>38,605</b>	<b>321,077</b>

The notes on pages 15 to 30 form part of these financial statements.

**SIMON MIDCO LIMITED**  
**STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2019**

		<b>Year ended 31 December 2019 £000</b>	<b>Year ended 31 December 2018 £000</b>
	<b>Note</b>		
Profit before tax		9,232	80,032
<b>Adjustments for:</b>			
Finance income	5	(29,876)	(21,284)
Finance costs	6	74,552	58,914
Dividend income	8	(53,918)	(117,689)
Unrealised gains from foreign exchange		(643)	(484)
Increase/(Decrease) in other receivables		2,407	(855)
Decrease in other payables		(3,598)	(236)
<b>Cash used in operating activities</b>		<b>(1,844)</b>	<b>(1,602)</b>
Income taxes paid		-	-
<b>Net cash used in operating activities</b>		<b>(1,844)</b>	<b>(1,602)</b>
<b>Investing activities</b>			
Interest received		25,116	17,225
Dividends received		53,918	117,329
Investment in subsidiary		-	(100,597)
<b>Net cash used in investing activities</b>		<b>79,034</b>	<b>33,957</b>
<b>Financing activities</b>			
Proceeds from loans and borrowings		-	601,737
Proceeds from the issue of share capital		-	48,322
Repayment of borrowings		(48,703)	(77,430)
Loans issued		-	(580,447)
Interest paid		(28,137)	(24,469)
<b>Net cash used in financing activities</b>		<b>(76,840)</b>	<b>(32,287)</b>
<b>Net increase in cash and cash equivalents</b>		<b>350</b>	<b>68</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>70</b>	<b>2</b>
Effect of movement in exchange rates on cash held		(13)	-
<b>Cash and cash equivalents at end of period</b>		<b>407</b>	<b>70</b>

The notes on pages 15 to 30 form part of these financial statements.



## **SIMON MIDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

#### **1. ACCOUNTING POLICIES**

##### **General information and basis of preparation**

These financial statements are prepared under the historical cost convention, apart from derivatives which are measured at fair value, and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU).

The Company is domiciled in the UK.

##### **Adoption of new and revised standards**

The following new accounting standard became effective for periods commencing on or after 1 January 2019 and has been adopted in the current year. This amendment did not have a material impact on the financial statements.

IFRS 16 – Leases

##### **Going concern**

The assessment of the going concern basis of preparation for the Company has considered both the position at 31 December 2019 and the outlook for the Company, and also the going concern position of the Group as a whole. This is due to the integrated nature of the companies across the Group and the reliance of the Company on the Group's going concern position. In assessing whether the going concern basis is appropriate to adopt, the directors have undertaken a review of forecast cash flow models and scenarios for a period in excess of 12 months from the date of approval of these financial statements. These scenarios have been subject to stress testing, and downside scenarios have been considered as a result of the impact of COVID-19 on the Group's cash flows. The scenarios consider a range of cash flow reductions including smaller as well as more significant and substantial double-digit reductions in collections across the UK, DACH and the Nordics, over a 6 to 9 month period prior to a phased recovery period of 3 to 6 months. Management have identified available actions to offset the impact which principally include a reduction in portfolio acquisitions together with cost mitigations, including pausing litigation expenditure, management of headcount and placing staff in DACH on the German short time working scheme (Kurzarbeit), delaying change projects and reducing other discretionary spend. These scenarios are considered to be reasonable by management and after taking management actions as required, the Group maintains sufficient liquidity and cash reserves to continue as a going concern.

The Group has four main sources of funding at 31 December 2019, €365m, £565m, €415m, €530m and SEK1,280m of listed Senior Secured loan notes ("notes"), £196.5m of listed Senior loan notes, a €455m RCF and a securitisation facility with an option to reset of £255m. There are covenants on the funding which are detailed in note 20 of the Group's financial statements. No maintenance covenants have been breached in 2019. The earliest debt maturity horizon is 31 December 2021 and the latest is 10 April 2024, being the RCF and the Securitisation Loan respectively. The Group continues to monitor its funding requirements and will take action to extend or re-negotiate existing facilities, or explore new funding arrangements as appropriate.

At the balance sheet date, management assessed that the combined operating cash flows of the Group, together with the cash resources and borrowings under the RCF, will be sufficient to fund the Group's debt and tax servicing requirements as they become due, working capital requirements and anticipated debt purchases. However, the Group's ability to obtain funding in the future from these sources will depend on its performance and prospects, as well as other factors beyond its control, such factors may include weak economic and capital market conditions. An inability to procure sufficient funding at favourable terms to purchase portfolios as they become available could have an adverse effect on the Group's business, results of operations or financial condition. As one of a number of mitigating measures, the Group is focussed on reducing leverage in line with its guidance.

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

##### **Group accounts**

The financial statements present information about the Company as an individual undertaking and not as a group. The Company has not prepared group accounts as it is exempt from the requirement to do so

## **SIMON MIDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

#### **1. ACCOUNTING POLICIES (continued)**

under section 400 of the Companies Act 2006 as it is a wholly-owned subsidiary and its results are included in the consolidated financial statements of Garfunkelux Holdco 2 S.A. ("the Group").

##### **Functional and presentational currency**

The Company's functional currency is euro. For the purposes of these financial statements, the results are presented in sterling. This is to align with the presentational currency of the Group. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The assets and liabilities of the Company are translated to the presentational currency (sterling) at foreign exchange rates ruling at the balance sheet date. Transactions are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign balances and transactions are reported as an item of other comprehensive income and accumulated in the translation reserve.

##### **Foreign currency**

Transactions in foreign currencies are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign balances and transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

##### **Non-current asset investments**

Investments are stated at cost less provision for impairment. 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 recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell, or its value in use. Value in use is the present value of future cash flows expected to be derived from the asset. The recoverable amount is determined using discounted cash flow models.

##### **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.

## **SIMON MIDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position ("SFP") when the Company becomes a party to the contractual provisions of the instrument.

##### *Loans and receivables*

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'other receivables'. Other receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each period 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, the estimated future cash flows of the investment have been affected.

##### *Financial liabilities and equity*

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

##### *Financial liabilities*

The company holds financial liabilities in the form of borrowings and other payables. These financial liabilities are measured at amortised cost using the effective interest rate method. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### *Derivative financial instrument*

The company does not hold derivative instruments for trading purposes. Derivative financial instruments have been issued for economic hedging through natural offset of cash flows but are not designated in formal hedge relationships. As at the balance sheet date, they relate to hedges taken out to hedge the risk of the variability in cash flows.

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 Statement of comprehensive income immediately. All derivatives are carried as assets when the fair value is positive and liabilities when the fair is negative.

##### **Taxation**

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

##### *Current tax*

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

## SIMON MIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

#### 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 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.

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.

#### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors were not paid any emoluments for their services to the Company in the year ended 31 December 2019 (2018: £nil).

The Company had no employees in 2018 or 2019.

#### 3. AUDIT FEES

The auditor's remuneration was borne by another group company and not recharged.

Audit fees in respect of the audit of these financial statements were £8,890 (2018: £6,271).

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There are no sources of estimation uncertainty used in preparing the financial statements.

Judgements were used to evaluate the carrying value of investments and amounts due from / due to group undertakings when preparing these financial statements. It has been judged that no indicators of impairment exist with respect to the investments made or intercompany positions. As such, the assets continue to be recognised at their carrying value.

If indicators of impairment were identified, an impairment could be recognised if the recoverable amount of the asset was less than the carrying value.

#### 5. FINANCE INCOME

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Interest income	27,800	21,275
Foreign exchange gains	2,076	9
<b>Total finance income</b>	<b>29,876</b>	<b>21,284</b>

**SIMON MIDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**6. FINANCE COSTS**

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Interest payable on shareholder loan (note 15)	29,635	29,653
Interest payable on other loan (note 15)	31,077	26,390
Net loss on financial instruments designated as fair value through profit or loss	13,612	2,503
Other finance costs	20	20
Fees payable on the loans	208	348
<b>Total finance costs</b>	<b>74,552</b>	<b>58,914</b>

**7. INCOME TAX**

**a) Amounts recognised in the Statement of Comprehensive Income**

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
<b>Current taxation</b>		
UK corporation tax	-	-
<b>Total current tax credit</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Current year	(583)	-
Adjustment in respect of previous periods	61	-
<b>Total deferred tax credit</b>	<b>(522)</b>	<b>-</b>
<b>Total tax credit</b>	<b>(522)</b>	<b>-</b>

**SIMON MIDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**7. INCOME TAX (continued)**

**b) Reconciliation of effective tax rate**

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
<b>Profit on ordinary activities before taxation</b>	<b>9,232</b>	<b>80,032</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	1,754	15,206
Effects of:		
Expenses not deductible	3,776	2,221
Income not taxable	(10,233)	(22,361)
Tax rate changes	50	-
Effects of group relief/other reliefs	4,131	4,934
<b>Tax credit for the period</b>	<b>(522)</b>	<b>-</b>

**c) Deferred taxation**

Deferred taxation assets recognised in the financial statements are as follows:

	Deferred tax on losses £000	Total £000
At 31 December 2018	-	-
Credited to the income statement	522	522
<b>At 31 December 2019</b>	<b>522</b>	<b>522</b>

The deferred tax asset relates to losses carried forward. Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the carried forward losses are expected to be utilised based on tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

The Company notes that as part of the Finance Bill 2020, the rate of corporation tax rate will remain at 19% and will take effect from 1 April 2020. The impact of this will be to increase the value of the deferred tax asset on the balance sheet, however, as deemed immaterial, the change will be reflected in the 2020 financial statements.

# SIMON MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 8. INVESTMENTS

	31 December £000
<b>Subsidiary undertakings</b>	
At 31 December 2018	746,668
Foreign exchange on retranslation	(36,749)
	<hr/>
At 31 December 2019	<b>709,919</b>
	<hr/> <hr/>

The Company has investments in the following subsidiary undertakings:

Name	Country of incorporation	Ordinary share holding % as at 31 December 2019	Ordinary share holding % as at 31 December 2018
Simon Bidco Limited*	UK	100	100
Hansa Holdco Limited	UK	100	100
Metis Bidco Limited	UK	100	100
Lowell Finance Holdings Limited <sup>1</sup>	UK	100	100
Lowell Group Financing Plc <sup>1</sup>	UK	100	100
Lowell Group Limited <sup>2</sup> (formerly Lowell Portfolio III Limited)	UK	100	100
Lowell Funding Limited <sup>1</sup>	UK	100	100
Lowell Acquisitions Limited <sup>1</sup>	UK	100	100
Lowell Holdings Limited <sup>1</sup>	UK	100	100
Lowell Finance Limited <sup>1</sup>	UK	100	100
Lowell Financial Limited	UK	100	100
Lowell Portfolio I Limited	UK	100	100
Tocatto Limited <sup>1</sup>	UK	100	100
Lowell Portfolio III Holdings Limited	UK	100	100
Lowell Portfolio III Limited <sup>1</sup> (Formerly Lowell Group Limited)	UK	100	100
Lowell Portfolio IV Holdings Limited	UK	100	100
Lowell Portfolio IV Limited	UK	100	100
Lowell Solicitors Limited	UK	100	100
Interlaken Group Limited <sup>1</sup>	UK	100	100
Fredrickson International Limited	UK	100	100
SRJ Debt Recoveries Limited <sup>1</sup>	UK	100	100
Lowell Receivables Financing 1 Limited	UK	100	100
Lucas Credit Services Limited <sup>3</sup>	UK	100	-
Lowell Nordics Oy	Finland	100	100
Lowell Sverige AB	Sweden	100	100
Mentpayland AB <sup>4</sup>	Sweden	-	100

# SIMON MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 8. INVESTMENTS (continued)

Name		Ordinary share holding % as at 31 December 2019	Ordinary share holding % as at 31 December 2018
Lowell AS	Norway	100	100
Lindorff Payment Services AS <sup>5</sup>	Norway	-	100
Lowell Norge AS	Norway	100	100
Lowell Finans AS	Norway	100	100
Lindorff Payment Services Holding AB <sup>4</sup>	Sweden	-	100
Lowell Danmark A/S	Denmark	100	100
Lowell Finans A/S	Denmark	100	100
Aktieselskabet af 18. Maj 2018 A/S	Denmark	100	100
Lowell Rahoitus Oy <sup>6</sup>	Finland	-	100
Lowell Suomi OY	Finland	100	100
Lowell Eesti AS <sup>7</sup>	Estonia	-	100

\*Held directly by the Company. In the year Simon Bidco Limited paid a dividend of £53,917,886 (31 December 2018: £117,688,899)

<sup>1</sup>Certain non trading entities are currently going through a voluntary members liquidation initiated on 18 December 2019.

<sup>2</sup>Name changed from Lowell Portfolio III Limited to Lowell Group Limited on 18 December 2019.

<sup>3</sup>Lucas Credit Services Limited was acquired on 13 July 2019 by a subsidiary for cash consideration of £4.4m.

<sup>4</sup>Non trading entity liquidated on 18 December 2019.

<sup>5</sup>Liquidated 23 September 2019.

<sup>6</sup>During 2019 Lowell Rahoitus Oy merged with Lowell Suomi Oy.

<sup>7</sup>Lowell Eesti AS was disposed of in July 2019 through sale by a subsidiary to a company outside of the Group.

The registered office for the UK incorporated subsidiaries is the same as the registered office for the Company.

The registered office for the subsidiaries incorporated in Finland is: Joukahaisenkatu 6, FI-20520 Turku, Finland.

The registered office for the subsidiaries incorporated in Sweden is: Kungsgatan 57 A, 111 22 Stockholm, Sweden.

The registered office for the subsidiaries incorporated in Norway is: Nils Hansens vei 8, 0667 OSLO, Norway.

The registered office for the subsidiaries incorporated in Denmark is: Langmarksvej 57D, 8700 Horsens, Denmark.

### 9. OTHER RECEIVABLES

31 December 2019	31 December 2018
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# SIMON MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

	£000	£000
<b>Non-current</b>		
Amounts owed from group undertakings (note 15)	564,416	593,004
<b>Total non-current receivables</b>	<b>564,416</b>	<b>593,004</b>
<b>Current</b>		
Amounts owed from group undertakings (note 15)	2,132	13,038
Prepayments	2,559	-
<b>Total current receivables</b>	<b>4,691</b>	<b>13,038</b>
<b>Total receivables</b>	<b>569,107</b>	<b>606,042</b>

### 10. CAPITAL AND RESERVES

#### Share Capital

	31 December 2019 £000
<b>Allotted</b>	
734,780,559 Ordinary shares of €0.01 each	5,482
627,111,763 Preference shares of €0.01 each	4,678
<b>Total at 31 December 2018 and 31 December 2019</b>	<b>10,160</b>

At 31 December 2018 and 31 December 2019, £2.0m share capital was unpaid.

On incorporation, the Company was set up with the issue of 100 ordinary shares with a nominal value of €0.01 per share.

On 13 October 2015, the Company issued 900 ordinary shares with a nominal value of €0.01 per share. Additionally, on 13 October 2015, the Company issued 1,000 preference shares with a nominal value of €0.01 per share. The Company issued one PBA share with a nominal value of €1.00.

On 23 October 2015, the Company issued 734,779,658 ordinary shares with a nominal value of €0.01 per share. On this date the Company also issued 627,110,763 preference shares at €0.01 per share.

On 11 January 2016, the company repurchased and cancelled 100 ordinary shares with a nominal value of €0.01 per share.

On 20 March 2018, the company issued 1 ordinary shares with a nominal value of €0.01 per share.

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

## **SIMON MIDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

#### **10. CAPITAL AND RESERVES (continued)**

##### **Voting**

The ordinary shares shall 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 shall only be 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 shall have one vote for each ordinary share.

The holders of the preference shares shall not be entitled to receive notice of or attend and speak at or vote at any general meeting of the Company.

The holders of the PBA shares shall not be 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 PBA shares shall:

- 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 will be proposed, and
- b) in respect of any such resolutions, have the right to speak and exercise 25% of the total number of votes and for these purposes, each holder of the PBA shares shall have one vote for each PBA share held.

##### **Dividends**

The profits of the Company available for distribution and resolved to be distributed shall, subject to the provisions of the Companies Act 2006, be distributed as follows:

- a) the holders of the ordinary shares and preference shares pro rata to the number of ordinary shares and preference shares held by them respectively, and
- b) the holders of the PBA shares shall 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 shall be distributed among the holders of the shares in the following priority:

- a) first, in paying to each holder of shares, in respect of each share a sum equal to the issue price, and
- b) thereafter, of the balance remaining, to the holders of the ordinary shares and preference shares only (and not to any holders of the PBA shares) pro rata to the number of ordinary shares and preference shares.

##### **Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements to presentational currency.

# SIMON MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 11. BORROWINGS

	31 December 2019 £000	31 December 2018 £000
<b>Non-current borrowings</b>		
Shareholder loan owed to Garfunkelux Holdco 3 S.A. (note 15)	357,335	342,444
Other intercompany borrowings (note 15)	582,305	665,010
Prepaid costs on borrowings	(649)	(869)
<b>Total non-current borrowings</b>	<b>938,991</b>	<b>1,006,585</b>
<b>Current borrowings</b>		
Interest payable on other intercompany loans (note 15)	2,214	2,538
<b>Total current borrowings</b>	<b>2,214</b>	<b>2,538</b>
<b>Total borrowings</b>	<b>941,205</b>	<b>1,009,123</b>

The Company entered into a shareholder loan facility in October 2015 for €260.4m with Group undertaking Garfunkelux Holdco 3 S.A. The loan has an interest rate of 9.7255% (2018: 9.7615%). A further loan was issued in March 2018 for €28.9m and has an interest rate of 9.7255% (2018: 9.472%). The loans have a maturity date that falls the later of six months following the maturity of the £230m Senior Notes issued by Garfunkelux Holdco 3 S.A., a related group undertaking, being 1 May 2024 or the date of the last maturing of any outstanding senior debt of the Group, being currently 1 November 2023.

The Company entered into a further shareholder loan facility in September 2017 for €176.0m with Group undertaking Garfunkelux Holdco 3 S.A. The loan has an interest rate of 3.56% and has a maturity date of 1 September 2023. On 21 November 2018, €87.0m of the loan was repaid to Garfunkelux Holdco 3 S.A., with a further €56.5m repaid on 15 April 2019.

The Company entered into a loan facility in March 2018 for €530m with Group undertaking Garfunkelux Holdco 3 S.A. The loan has an interest rate of 4.5240% (2018: 4.5292%) and has a maturity date of 1 September 2023.

The Company entered into a loan facility in March 2018 for SEK1,280m with Group undertaking Garfunkelux Holdco 3 S.A. The loan has an interest rate of 4.7740 (2018: 4.7792%) and has a maturity date of 1 September 2023.

### 12. OTHER PAYABLES

	31 December 2019 £000	31 December 2018 £000
<b>Current</b>		
Amounts owed to group undertakings (note 15)	3,036	13,045
Other payables	2,511	-
	<b>5,547</b>	<b>13,045</b>

# SIMON MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 13. 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

	31 December 2019 £000	31 December 2018 £000
<b>Financial Assets</b>		
Cash	407	70
Other receivables	569,629	606,042
	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>		
Liabilities held at amortised cost:		
Borrowings	941,205	1,009,992
Other payables	5,547	13,045
	<u>          </u>	<u>          </u>
Liabilities held at fair value:		
Derivatives	12,126	1,435
	<u>          </u>	<u>          </u>

#### Financial risk management objectives

As a result of its normal business activities, the Company has the following financial risks, and these are managed as follows:

#### Liquidity risk management

Liquidity risk is the risk of the Company 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 reputation.

The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows. At 31 December 2019, the Group had available undrawn committed borrowing facilities by way of a Group Securitisation and RCF of £198.4m (2018: £377.7m).

#### Group financing facilities

	31 December 2019 £000	31 December 2018 £000
<b>Securitisation and RCF</b>		
Amount used	459,901	276,049
Amount unused	198,385	377,664
	<u>658,286</u>	<u>653,713</u>

# SIMON MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 13. FINANCIAL INSTRUMENTS (continued)

The following table shows the Company's gross undiscounted contractual cash flows of financial liabilities including interest payments at the statement of financial position date:

As at 31 December 2019

	Weighted average interest rate %	Carrying amount £000	Contractual cash flows £000	0-6 months £000	6-12 months £000	1-5 years £000	Over 5 years £000
Shareholder loan	9.7255	357,335	357,335	-	-	357,335	-
Other loan	4.5229	584,519	682,442	13,330	13,383	655,729	-
Other payables	-	5,547	5,547	5,547	-	-	-
<b>Total liabilities</b>		<b>947,401</b>	<b>1,045,324</b>	<b>18,877</b>	<b>13,383</b>	<b>1,013,064</b>	<b>-</b>

As at 31 December 2018

	Weighted average interest rate %	Carrying amount £000	Contractual cash flows £000	0-6 months £000	6-12 months £000	1-5 years £000	Over 5 years £000
Shareholder loan	9.7615	342,444	342,444	-	-	-	342,444
Other loan	4.4552	667,548	807,783	14,965	15,060	777,758	-
Other payables	-	13,045	13,045	13,045	-	-	-
<b>Total liabilities</b>		<b>1,023,037</b>	<b>1,163,272</b>	<b>28,010</b>	<b>15,060</b>	<b>777,758</b>	<b>342,444</b>

Shareholder loan: includes loan principal outstanding and accrued interest.

#### Credit risk

The Company has potential exposure to credit risk on its intercompany debtors. By nature, intercompany positions are all held with companies within the wider Group and therefore under management of the Group treasury function. The Group treasury function uses robust planning to ensure that funds are available where required to repay contractual intercompany positions.

#### Valuation risk

The Company has exposure to valuation risk in relation to its investments in Group companies, specifically the risk that an investment becomes impaired. Management continues to review the performance of all companies within the Group and takes action where required to ensure that it is sustained at an appropriate level.

#### Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

**SIMON MIDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**14. NOTE TO THE STATEMENT OF CASHFLOWS**

	Note	Shareholder loan £000	Other loan £000	Prepaid costs £000	Total £000
<b>Balance at 31 December 2017</b>	11	<b>284,382</b>	<b>156,604</b>	<b>(2,062)</b>	<b>438,924</b>
<b>Changes from financing cash flows</b>					
Interest paid		-	(24,469)		(24,469)
<b>Total changes from financing cash flows</b>		<b>-</b>	<b>(24,469)</b>	<b>-</b>	<b>(24,469)</b>
<b>The effect of changes in foreign exchange rates</b>		<b>3,150</b>	<b>9,975</b>	<b>-</b>	<b>13,125</b>
<b>Changes from liabilities</b>					
Interest expense	6	29,653	26,390	-	56,043
Repayment of borrowings		-	(77,430)	-	(77,430)
Recharge of prepaid costs		-	-	845	845
Prepaid cost release	6	-	-	348	348
Increase in loans and borrowings		25,259	576,478	-	601,737
<b>Total liability related changes</b>		<b>54,912</b>	<b>525,438</b>	<b>1,193</b>	<b>581,543</b>
<b>Balance at 31 December 2018</b>	11	<b>342,444</b>	<b>667,548</b>	<b>(869)</b>	<b>1,009,123</b>
<b>Changes from financing cash flows</b>					
Interest paid		-	(28,137)	-	(28,137)
Repayment of borrowings		-	(48,703)	-	(48,703)
<b>Total changes from financing cash flows</b>		<b>-</b>	<b>(76,840)</b>	<b>-</b>	<b>(76,840)</b>
<b>The effect of changes in foreign exchange rates</b>		<b>(14,744)</b>	<b>(37,266)</b>	<b>37</b>	<b>(51,973)</b>
<b>Changes from liabilities</b>					
Interest expense	6	29,635	31,077	-	60,712
Prepaid cost release	6	-	-	183	183
<b>Total liability related changes</b>		<b>29,635</b>	<b>31,077</b>	<b>183</b>	<b>60,895</b>
<b>Balance at 31 December 2019</b>	11	<b>357,335</b>	<b>584,519</b>	<b>(649)</b>	<b>941,205</b>

# SIMON MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 15. RELATED PARTIES

The Company is a wholly owned subsidiary undertaking of Simon Holdco Limited, which is part of a wider group headed by Garfunkelux Holdco 2 S.A.

Period end balances with related parties	31 December 2019 £000	31 December 2018 £000
<b>Balances with immediate parent</b>		
Simon Holdco Limited (Note A) (Note 9)	2,038	2,038
<b>Balances with an intermediate parent</b>		
Shareholder loan principal with Garfunkelux Holdco 3 S.A. (Note 11)	(349,968)	(335,353)
Shareholder loan interest with Garfunkelux Holdco 3 S.A. (Note 11)	(7,367)	(7,091)
Other loan principal with Garfunkelux Holdco 3 S.A. (Note 11)	(582,305)	(665,010)
Other loan interest with Garfunkelux Holdco 3 S.A. (Note 11)	(2,214)	(2,538)
Trading balances with Garfunkelux Holdco 3 S.A. (Note A) (Note 9)	10	10,043
Trading balances with Garfunkelux Holdco 3 S.A. (Note A) (Note 12)	(20)	(5)
<b>Balances with subsidiary undertaking</b>		
Trading balance with Simon Bidco Limited (Note A) (Note 12)	(3,016)	(2,997)
Trading balance with Simon Bidco Limited (Note A) (Note 12)	-	(10,043)
Shareholder principal due from Simon Bidco Limited (Note 9)	28,452	27,263
Shareholder interest due from Simon Bidco Limited (Note 9)	599	575
Other loan interest due from Simon Bidco Limited (Note 9)	2,041	2,191
Other loan principal and interest with Simon Bidco Limited (Note 9)	533,405	563,067
Lowell Financial Services GmbH (Note A) (Note 9)	-	566
Lowell Holding GmbH (Note A) (Note 9)	-	15
Lowell Nordics Oy (Note A) (Note 9)	-	283
Expenses recharged to Metis Bidco Limited (Note A) (Note 9)	3	-

Note A: these balances are non-interest bearing, unsecured and repayable on demand.

## SIMON MIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

#### 15. RELATED PARTIES (continued)

##### Transactions with related parties

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
<b>Transactions with an intermediate parent</b>		
Shareholder loan interest charge on loan with Garfunkelux Holdco 3 S.A. (note 6)	(29,635)	(29,653)
Other loan interest charge on loan with Garfunkelux Holdco 3 S.A. (note 6)	(31,077)	(26,390)
Recharges made from Garfunkelux Holdco 3. S.A.	(14,846)	-
<b>Transactions with subsidiary undertaking</b>		
Loan interest receivable from Simon Bidco	27,801	21,275
Dividend received from Simon Bidco Limited (note 8)	53,918	117,689
Expenses recharged to Metis Bidco Limited	3	-

#### 16. ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of Garfunkelux S.à 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 consolidated financial statements of Garfunkelux Holdco 2 S.A. are available from their registered offices at 488, route de Longwy, L – 1940, Luxembourg.

#### 17. SUBSEQUENT EVENTS

The speed of the Coronavirus spreading globally has resulted in Governments announcing emergency measures to cushion the expected adverse economic impact. The Group, like many other businesses, has taken steps in accordance with local government and regulatory guidance, and in particular has carried out scenario assessments to determine its resiliency during the Coronavirus pandemic.

During April 2020, the Group drew down €195.4m from the RCF to utilise the €455m commitment in full.