

**Company No. 09722126**

**SIMON MIDCO LIMITED**

**Report and Financial Statements  
Year ended 31 December 2018**



**SIMON MIDCO LIMITED**  
**REPORT AND FINANCIAL STATEMENTS 2018**  
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**SIMON MIDCO LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**Directors**

D Brueckmann  
D Gagie  
H Hilgert  
P S Muelder  
C Pell  
M Teubner  
J Rockenhauser  
C Storrar  
J Cornell  
C Cheung (appointed 2 May 2018)

**Company secretary**

W Flynn

**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 2018**

The directors present their annual report and the audited financial statements of Simon Midco Limited ("the Company") for the year ended 31 December 2018.

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.

**DIRECTORS**

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

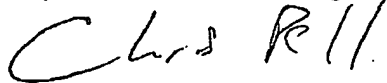
**DISCLOSURE OF INFORMATION TO THE COMPANY'S AUDITOR**

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:



C Pell  
Director

15 April 2019

**SIMON MIDCO LIMITED**  
**STRATEGIC REPORT**  
**Year ended 31 December 2018**

**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 Garfunkelux Holdco 2 S.A. ("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 manages these and other risks on a group basis. Documentation of the risk management procedures is included in the consolidated financial statements of Garfunkelux Holdco 2 S.A., given they are applied on a group basis.

**FINANCIAL PERFORMANCE**

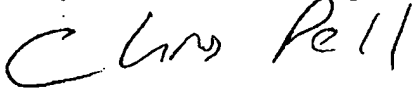
The Company's profit before tax for the period was £80.0m (2017: loss before tax of £25.8m).

The directors consider the Company to be a going concern; 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..

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



C Pell  
Director

15 April 2019

**SIMON MIDCO LIMITED**

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

**Year ended 31 December 2018**

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

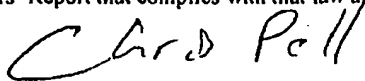
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable 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 its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and the 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 relates 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 its 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.



C Pell  
Director

15 April 2019

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2018**

**Our opinion is unmodified**

We have audited the financial statements of Simon Midco Limited ("the Company") for the year ended 31 December 2018 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 the Company's affairs as at 31 December 2018 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.

**Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgment, 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, in decreasing order of audit significance, were as follows:

**Brexit Uncertainty**

**The risk**

**Unprecedented levels of uncertainty**

All audits assess and challenge the reasonableness of estimates, in particular as described in recoverability of investment in subsidiaries, recoverability of amounts owed from group undertakings and other related parties below, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements see below. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2018**

**Our response**

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:

- Our Brexit knowledge – 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.
- Sensitivity analysis – When addressing recoverability of investment in subsidiaries and 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.
- Assessing transparency – 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.

**Our results**

As reported under recoverability of investment in subsidiaries and of amounts owed from group undertakings and other related parties, we found the resulting estimates and related disclosures of recoverability of investment in subsidiaries and of amounts owed from group undertakings and other related parties and disclosures in relation to going concern to be acceptable. 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.

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

**The risk**

The carrying amount of the company's investment in subsidiaries and amounts owed from group undertakings and other related parties represents 99.99% (2017: 99.7%) of the company's total assets. The recoverability of the specified assets are not subject to significant judgment 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.

**Our response**

**Our procedures included:**

- Tests of detail: Comparing the carrying amount of 100% of investments with the relevant subsidiaries' financial statements to identify whether the net assets of each subsidiary, being an approximation of the minimum recoverable amount, were in excess of the carrying amount and assessing whether those subsidiaries have historically been profit making.
- Tests of detail: 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.
- Assessing subsidiary audits: Assessing the work performed on the individual subsidiary audits on that sample of subsidiaries, considering the results of that work on the subsidiaries' profits and net assets.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2018**

**Our results**

We found the assessment of the recoverability of the investment in subsidiaries and amounts owed from group undertakings and other related parties to be acceptable.

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

Materiality for the financial statements as a whole was set at £2.35m (2017: £2.00m), determined with reference to a benchmark of total assets, of which it represents 0.17% (2017: 0.32%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £117,500 (2017: £100,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

**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 its 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.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the impact of Brexit on the reduction of cash collections impacting the Group's ability to comply with financing covenants.

As this risk could potentially cast significant doubt on the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from this risk and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risk materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2018**

**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.

**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.

**Respective responsibilities**

***Directors' responsibilities***

As explained more fully in their statement set out on page 4, 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 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).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
SIMON MIDCO LIMITED  
Year ended 31 December 2018**

***Irregularities – ability to detect***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

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

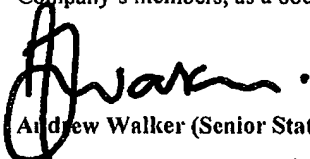
Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws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

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of company's licence to operate. We identified the following areas as those most likely to have such an effect: anti-bribery and certain aspects of company legislation recognising the financial and regulated nature of the company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**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.



Andrew Walker (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Leeds

LS1 4DA

15 April 2019

**SIMON MIDCO LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December 2018**

		<b>Year ended 31 December 2018 £000</b>	<b>Year ended 31 December 2017 £000</b>
	<b>Note</b>		
Finance income	6	21,284	4
Finance costs	7	(58,914)	(26,936)
<b>Net financing costs</b>		<b>(37,630)</b>	<b>(26,932)</b>
Other expenses		(27)	(16)
<b>Operating loss</b>		<b>(37,657)</b>	<b>(26,948)</b>
Dividend income	9	117,689	1,131
<b>Profit/(loss) before tax</b>		<b>80,032</b>	<b>(25,817)</b>
Income tax expense	8	-	-
<b>Profit/(loss) attributable to equity shareholders</b>		<b>80,032</b>	<b>(25,817)</b>
<b>Other comprehensive income - items that will or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences		2,544	7,528
<b>Other comprehensive income</b>		<b>2,544</b>	<b>7,528</b>
<b>Total comprehensive income/ (expenditure) attributable to equity shareholders</b>		<b>82,576</b>	<b>(18,289)</b>

The notes on pages 14 to 26 form part of these financial statements.

# **SIMON MIDCO LIMITED**

## **STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2018**

		<b>31 December 2018 £000</b>	<b>31 December 2017 £000</b>
<b>Assets</b>	<b>Note</b>		
<b>Non current assets</b>			
Investments	9	746,668	638,729
Other receivables	10	593,004	-
<b>Total non current assets</b>		<b>1,339,672</b>	<b>638,729</b>
<b>Current assets</b>			
Other receivables	10	13,038	2,038
Cash and cash equivalents		70	2
<b>Total current assets</b>		<b>13,108</b>	<b>2,040</b>
<b>Total assets</b>		<b>1,352,780</b>	<b>640,769</b>
<b>Equity</b>			
Share capital	11	10,160	10,160
Share premium		250,531	202,209
Translation reserve		39,635	37,091
Retained profit/ (deficit)		28,851	(51,181)
<b>Total equity</b>		<b>329,177</b>	<b>198,279</b>
<b>Non current liabilities</b>			
Borrowings	12	1,006,585	438,458
<b>Total non current liabilities</b>		<b>1,006,585</b>	<b>438,458</b>
<b>Current liabilities</b>			
Derivatives		1,435	286
Borrowings	12	2,538	466
Other payables	13	13,045	3,280
<b>Total current liabilities</b>		<b>17,018</b>	<b>4,032</b>
<b>Total equity and liabilities</b>		<b>1,352,780</b>	<b>640,769</b>

These financial statements of Simon Midco Limited, Company No. 09722126, were approved by the Board of Directors on 15 April 2019.

Signed on behalf of the Board of Directors by:

*Chris Poll*

C Pell  
Director

15 April 2019

The notes on pages 14 to 26 form part of these financial statements.

**SIMON MIDCO LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**Year ended 31 December 2018**

	Share Capital £000	Share Premium £000	Translation reserve £000	Retained deficit £000	Total £000
Balance at 1 January 2017	10,160	202,209	29,563	(25,364)	216,568
Loss for the year	-	-	-	(25,817)	(25,817)
Exchange differences	-	-	7,528	-	7,528
<b>Balance at 31 December 2017</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>

The notes on pages 14 to 26 form part of these financial statements.

**SIMON MIDCO LIMITED**  
**STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2018**

	Note	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Profit/ (loss) before tax		80,032	(25,817)
<b>Adjustments for:</b>			
Finance income	6	(21,284)	(4)
Finance costs	7	58,914	26,936
Dividend income	9	(117,689)	(1,131)
Unrealised (gains)/ losses from foreign exchange		(484)	2
Increase in other receivables		(855)	(2,153)
(Decrease)/ increase in other payables		(236)	2,152
<b>Cash generated used in operating activities</b>		<b>(1,602)</b>	<b>(15)</b>
Income taxes paid		-	-
<b>Net cash used in operating activities</b>		<b>(1,602)</b>	<b>(15)</b>
<b>Investing activities</b>			
Interest received		17,225	-
Dividends received		117,329	1,131
Investment in subsidiary		(100,597)	-
<b>Net cash used in investing activities</b>		<b>33,957</b>	<b>1,131</b>
<b>Financing activities</b>			
Proceeds from loans and borrowings		601,737	-
Proceeds from the issue of share capital		48,322	-
Repayment of borrowings		(77,430)	-
Loans issued		(580,447)	-
Interest paid		(24,469)	(1,114)
<b>Net cash used in financing activities</b>		<b>(32,287)</b>	<b>(1,114)</b>
<b>Net increase in cash and cash equivalents</b>		<b>68</b>	<b>2</b>
Cash and cash equivalents at beginning of period		2	-
Effect of movement in exchange rates on cash held		-	-
<b>Cash and cash equivalents at end of period</b>		<b>70</b>	<b>2</b>

The notes on pages 14 to 26 form part of these financial statements.

## **SIMON MIDCO LIMITED**

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

**Year ended 31 December 2018**

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

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

These financial statements are prepared under the historical cost convention and in accordance with applicable International 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 2018 and has been adopted in the current year. This amendment did not have a material impact on the financial statements.

##### **IFRS 9 – Financial Instruments**

##### **Going concern**

The directors consider the Company to be a going concern. The Company has positive net assets. There are long term business plans and short term forecasts in place at a group level which are reviewed and updated on a regular basis by management.

##### **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 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.

##### **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 2018**

#### **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.

##### *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 hedging. 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 SFP immediately. All derivative are carried as assets when the fair value is positive and liabilities when the fair is negative.

##### *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.

##### **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 SFP 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.

##### *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.

#### **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 2018 (2017: £nil).

The Company had no employees in 2017 or 2018.

**SIMON MIDCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2018****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 £6,271 (2017: £6,130).

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

No estimates have been used when preparing these 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.

**5. SIGNIFICANT RISKS**

The principal risks to the Company are liquidity risk of the Company being able to meet its financial obligations as they fall due, intercompany recoverability of amounts due and the risk of investment impairment.

**6. FINANCE INCOME**

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Interest income	21,275	-
Foreign exchange gains	9	4
<b>Total finance income</b>	<b>21,284</b>	<b>4</b>

**7. FINANCE COSTS**

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Interest payable on shareholder loan (note 16)	29,653	24,970
Interest payable on other loan (note 16)	26,390	1,591
Net loss on financial instruments designated as fair value through profit or loss	2,503	284
Other finance costs	20	-
Fees payable on the loans	348	91
<b>Total finance costs</b>	<b>58,914</b>	<b>26,936</b>

**SIMON MIDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

**8. INCOME TAX**

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

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
<b>Tax</b>		
Tax per Statement of Comprehensive Income	-	-

**b) Reconciliation of effective tax rate**

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
<b>Profit/ (loss) on ordinary activities before taxation</b>	<b>80,032</b>	<b>(25,817)</b>
Tax on profit/ (loss) on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.25%)	15,206	(4,969)
<b>Effects of:</b>		
Expenses not deductible	2,221	1,452
Income not taxable	(22,361)	(218)
Effects of group relief/other reliefs	4,934	3,735
<b>Tax charge for the period</b>	<b>-</b>	<b>-</b>

# **SIMON MIDCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

### **9. INVESTMENTS**

	<b>£000</b>
<b>Subsidiary undertakings</b>	
At 31 December 2017	638,729
Acquisition of shares in subsidiary	100,597
Foreign exchange on retranslation	7,342
	<hr/>
At 31 December 2018	<b>746,668</b>
	<hr/>

The Company has investments in the following subsidiary undertakings:

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Ordinary share holding %</b>
Simon Bidco Limited <sup>1</sup>	UK	Holding company	100*
Hansa Holdco Limited	UK	Holding company	100
Metis Bidco Limited	UK	Holding company	100
Lowell Finance Holdings Limited	UK	Holding company	100
Lowell Group Financing Plc	UK	Dormant	100
Lowell Group Limited	UK	Holding company	100
Lowell Funding Limited	UK	Holding company	100
Lowell Acquisitions Limited	UK	Holding company	100
Lowell Holdings Limited	UK	Holding company	100
Lowell Finance Limited	UK	Holding company	100
Lowell Financial Limited	UK	Consumer debt collection	100
Lowell Portfolio I Limited	UK	Consumer debt acquisition and collection	100
Tocatto Limited	UK	Dormant	100
Lowell Portfolio III Holdings Limited	UK	Holding company	100
Lowell Portfolio III Limited	UK	Dormant	100
Lowell Portfolio IV Holdings Limited	UK	Holding company	100
Lowell Portfolio IV Limited	UK	Dormant	100
Lowell Solicitors Limited	UK	Litigation services	100
Interlaken Group Limited	UK	Holding company	100
Fredrickson International Limited	UK	Consumer debt collection	100
SRJ Debt Recoveries Limited	UK	Dormant	100
Lowell Receivables Financing I Limited <sup>2</sup>	UK	Financing company	100
Lowell Nordics Oy (formerly Hansa Bidco Oy, formerly Pofidax Oy)	Finland	Holding company	100
Lowell Sverige AB (formerly Lindorff Sverige AB)	Sweden	Consumer debt acquisition and collection	100
Mentpayland AB (formerly Goldup 15689 AB)	Sweden	Dormant	100
Lowell AS (formerly Fair Pay Please AS)	Norway	Consumer debt acquisition and collection	100
Lindorff Payment Services AS	Norway	Dormant	100
Lowell Norge AS (formerly Intrum Justita AS)	Norway	Consumer debt acquisition and collection	100
Lowell Finans AS (formerly Intrum Justita Finans AS)	Norway	Consumer debt acquisition and collection	100
Remco Management Services AS <sup>3</sup>	Norway	N/a	-

**SIMON MIDCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2018**

**9. INVESTMENTS (continued)**

Name	Country of incorporation	Principal activity	Ordinary share holding %
Lindorff Payment Services Holding AB	Sweden	Dormant	100
Lindorff Payment Services AB <sup>1</sup>	Sweden	N/a	-
Lowell Danmark A/S (formerly Lindorff Danmark A/S)	Denmark	Consumer debt acquisition and collection	100
Lowell Finans A/S (formerly Lindorff A/S)	Denmark	Consumer debt acquisition and collection	100
Aktieselskabet af 18. Maj 2018 A/S	Denmark	Dormant	100
Lowell Suomi OY (formerly Lindorff Oy)	Finland	Consumer debt acquisition and collection	100
Lowell Rahoitus Oy (formerly Lindorff Invest OY)	Finland	Consumer debt acquisition and collection	100
Lowell Eesti AS (formerly Lindorff Eesti AS)	Estonia	Consumer debt acquisition and collection	100

\*Held directly by the Company.

<sup>1</sup>During the year, Simon Midco Limited received a dividend of £117,688,899 (2017: £1,131,185) from Simon Bidco Limited. At 31 December 2018, £360,000 remained outstanding (2017: £nil).

<sup>2</sup>Lowell Receivables Financing 1 Limited was incorporated on 3 May 2018.

<sup>3</sup>Remco Management Services AS and Lindorff Payment Services AB were acquired as part of the Intrum Carve out acquisition but subsequently liquidated/ disposed of respectively in December 2018.

**10. OTHER RECEIVABLES**

	31 December 2018 £000	31 December 2017 £000
<b>Non current</b>		
Amounts owed from group undertakings (note 16)	593,004	-
<b>Total non current receivables</b>	<b>593,004</b>	<b>-</b>
<b>Current</b>		
Amounts owed from group undertakings (note 16)	13,038	2,038
<b>Total current receivables</b>	<b>13,038</b>	<b>2,038</b>
<b>Total receivables</b>	<b>606,042</b>	<b>2,038</b>

**SIMON MIDCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2018**

**11. CAPITAL AND RESERVES**

**Share Capital**

	<b>31 December</b>
	<b>2018</b>
	<b>£000</b>
<b>Allotted</b>	
734,781,558 Ordinary shares of €0.01 each	5,482
627,111,763 Preference shares of €0.01 each	4,678
	<hr/>
	<b>10,160</b>
	<hr/>

At 31 December 2017 and 31 December 2018, £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 1,000 ordinary shares with a nominal value of €0.01 per share.

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

**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.

## **SIMON MIDCO LIMITED**

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

**Year ended 31 December 2018**

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

##### **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.

#### **12. BORROWINGS**

	<b>31 December 2018 £000</b>	<b>31 December 2017 £000</b>
<b>Non current borrowings</b>		
Shareholder loan owed to Garfunkelux Holdco 3 S.A. (note 16)	342,444	284,382
Other intercompany borrowings (note 16)	665,010	156,138
Prepaid costs on borrowings	(869)	(2,062)
<b>Total non current borrowings</b>	<b>1,006,585</b>	<b>438,458</b>
<b>Current borrowings</b>		
Interest payable on other intercompany loans (note 16)	2,538	466
<b>Total current borrowings</b>	<b>2,538</b>	<b>466</b>
<b>Total borrowings</b>	<b>1,009,123</b>	<b>438,924</b>

The Company entered into a loan facility in October 2015 for €260.4m with Group undertaking Garfunkelux Holdco 3 S.A.. The loan has an interest rate of 9.7615% (2017: 9.7614%). A further loan was issued in March 2018 for €28.9m and has an interest rate of 9.472%. The loans have a maturity date that falls six months following the maturity of the £230m Senior Notes issued by Garfunkelux Holdco 3 S.A., a related group undertaking, or the date of the last maturing of any outstanding senior debt of the Group.

# **SIMON MIDCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

### **12. BORROWINGS (continued)**

The Company entered into a 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..

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 4.5292% 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 4.7792% and has a maturity date of 1 September 2023.

### **13. OTHER PAYABLES**

	31 December 2018 £000	31 December 2017 £000
<b>Current</b>		
Amounts owed to group undertakings (note 16)	13,045	3,154
Other payables	-	126
	<u>13,045</u>	<u>3,280</u>

### **14. 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 2018 £000	31 December 2017 £000
<b>Financial Assets</b>		
Cash	70	2
<i>Assets classified as loans &amp; receivables:</i>		
Other receivables	<u>606,042</u>	<u>2,038</u>
<b>Financial liabilities</b>		
<i>Liabilities held at amortised cost:</i>		
Borrowings	1,009,992	440,986
Other payables	<u>13,045</u>	<u>3,280</u>
<i>Liabilities held at fair value:</i>		
Derivatives	<u>1,435</u>	<u>286</u>



# SIMON MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 14. FINANCIAL INSTRUMENTS (continued)

#### Financial risk management objectives

As a result of its normal business activities, the Company has exposure to liquidity risk.

#### 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 2018, the Group had available undrawn committed borrowing facilities by way of a group Revolving Credit Facility (RCF) facility of €455m (2017: €200m). Details of additional undrawn RCF facility that the Group has at its disposal to further reduce liquidity risk are set out below.

#### Group financing facilities

	31 December 2018 £000	31 December 2017 £000
<b>RCF</b>		
Amount used	14,046	41,000
Amount unused	371,672	136,400
	<b>385,718</b>	<b>177,400</b>

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 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	9.73	342,444	342,444	-	-	-	342,444
Other loan	4.46	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>

**SIMON MIDCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2018**

**14. FINANCIAL INSTRUMENTS (continued)**

As at 31 December 2017

	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	9.76	284,382	284,382	-	-	-	284,382
Other loan	3.56	156,604	188,550	2,797	2,826	22,558	160,369
Other payables	-	3,280	3,280	3,280	-	-	-
<b>Total liabilities</b>		<b>444,266</b>	<b>476,212</b>	<b>6,077</b>	<b>2,826</b>	<b>22,558</b>	<b>444,751</b>

Shareholder loan: includes loan principal outstanding and accrued interest.

**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.

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

	Note	Shareholder loan £000	Other loan £000	Prepaid costs £000	Total £000
Balance at 31 December 2017	12	284,382	156,604	(2,062)	438,924
<b>Changes from financing cash flows</b>					
Interest paid		-	(24,469)	-	(24,469)
<b>Total changes from financing cash flows</b>		-	(24,469)	-	(24,469)
<b>The effect of changes in foreign exchange rates</b>		3,150	9,975	-	13,125
<b>Changes from liabilities</b>					
Interest expense	7	29,653	26,390	-	56,043
Repayment of borrowings		-	(77,430)	-	(77,430)
Recharge of prepaid costs		-	-	845	845
Prepaid cost release	7	-	-	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>
Balance at 31 December 2018	12	342,444	667,548	(869)	1,009,123

# **SIMON MIDCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

### **16. 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..

<b>Period end balances with related parties</b>	<b>31 December 2018 £000</b>	<b>31 December 2017 £000</b>
<b>Balances with immediate parent</b>		
Simon Holdco Limited (Note A) (Note 10)	2,038	2,038
<b>Balances with an intermediate parent</b>		
Shareholder loan principal with Garfunkelux Holdco 3 S.A. (Note 12)	(335,353)	(278,492)
Shareholder loan interest with Garfunkelux Holdco 3 S.A. (Note 12)	(7,091)	(5,890)
Other loan principal with Garfunkelux Holdco 3 S.A. (Note 12)	(665,010)	(156,138)
Other loan interest with Garfunkelux Holdco 3 S.A. (Note 12)	(2,538)	(466)
Trading balances with Garfunkelux Holdco 3 S.A. (Note A)	10,043	-
Trading balances with Garfunkelux Holdco 3 S.A. (Note A) (Note 13)	(5)	-
<b>Balances with subsidiary undertaking</b>		
Trading balance with Simon Bidco Limited (Note A) (Note 13)	(2,997)	(3,154)
Trading balance with Simon Bidco Limited (Note A) (Note 13)	(10,043)	-
Shareholder principal due from Simon Bidco Limited (Note 10)	27,263	-
Shareholder interest due from Simon Bidco Limited (Note 10)	575	-
Other loan interest due from Simon Bidco Limited (Note 10)	2,191	-
Other loan principal and interest with Simon Bidco Limited (Note 10)	563,067	-
Lowell Financial Services GmbH (Note A) (Note 10)	566	-
Lowell Holding GmbH (Note A) (Note 10)	15	-
Lowell Nordics Oy (Note A) (Note 10)	283	-
Expenses recharged from Metis Bidco Limited (Note A)	-	(2)

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 2018****16. RELATED PARTIES (continued)****Transactions with related parties**

	<b>Year ended 31 December 2018 £000</b>	<b>Year ended 31 December 2017 £000</b>
<b>Transactions with an intermediate parent</b>		
Shareholder loan interest charge on loan with Garfunkelux Holdco 3 S.A. (note 7)	(29,653)	(24,970)
Other loan interest charge on loan with Garfunkelux Holdco 3 S.A. (note 7)	(26,390)	(1,591)
<b>Transactions with subsidiary undertaking</b>		
Loan interest receivable from Simon Bidco	21,275	-
Dividend received from Simon Bidco Limited (note 9)	117,689	1,131

**17. 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.