

Lowell Danmark A/S

Langmarksvej 57D
8700 Horsens
Denmark

CVR no. 18 45 79 70

Annual report for the period 1 January – 31 December 2018

The annual report was presented and approved at
the Company's annual general meeting on

31 May 2019

Dennis Feyling Serup
chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lowell Danmark A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Horsens, 31 May 2019

Executive Board:

Morten Goldermann
Engelbæk

Board of Directors:

Johan Erik Magnus
Agerman
Chairman

Geir Inge Skålevik
Deputy Chairman

Lars Hjarrand

Rene Lund Mejlstrup

Dennis Feyling Serup

Independent auditor's report

To the shareholders of Lowell Danmark A/S

Opinion

We have audited the financial statements of Lowell Danmark A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Kolding, 31 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Lowell Danmark A/S
Annual report 2018
CVR no. 18 45 79 70

Management's review

Company details

Lowell Danmark A/S
Langmarksvej 57D
8700 Horsens
Denmark

Telephone: +45 76282828
Website: www.lowell.dk

CVR no.: 18 45 79 70
Established: 1 March 1995
Registered office: Horsens
Financial year: 1 January – 31 December

Board of Directors

Johan Erik Magnus Agerman, Chairman
Geir Inge Skålevik, Deputy Chairman
Lars Hjarrand
Rene Lund Mejlstrup
Dennis Feyling Serup

Executive Board

Morten Goldermann Engelbæk

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4
6000 Kolding
Denmark

Lawyer

Gorrissen Federspiel
Silkeborgvej 2
8000 Aarhus C

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Gross profit/loss	150,798	124,935	98,912	96,052	97,650
Operating profit	61,342	50,710	25,732	24,236	17,636
Profit/loss for the year	30,097	40,568	16,433	20,612	13,167
Ratios					
Return on assets	5.9%	5.1%	5.0%	4.5%	3.1%
Return on equity	5.7%	8.2%	3.5%	4.6%	3.1%
Solvency ratio	52.5%	51.7%	91.5%	85.5%	75.9%
Average number of full-time employees					
	150	125	124	134	136

Financial ratios are calculated in accordance with the guidelines "Recomendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Return on assets
$$\frac{\text{Operating profit/loss} \times 100}{\text{Total assets}}$$

Management's review

Operating review

Principal activities

The Company's main activities are to carry out collection and credit processing activities, invest and arrange for receivables.

Profit/loss for the year

The Company's income statement for 2018 shows a profit of tDKK 30,097 as against tDKK 40,568 in 2017. Equity in the Company's balance sheet at 31 December 2018 stood at tDKK 545,616 as against tDKK 515,519 at 31 December 2017.

Particular risks

Operating risks

The Company's most significant operating risk relates to the ability to recover claims.

Uncertainty regarding recognition and measurement

In accordance with the Danish Financial Statements Act, the Company's Annual Report is prepared based on assumptions which, in certain areas, involve the use of accounting estimates. Such estimates are made by Company's Management in accordance with the accounting policies and past experience together with expectations and assumptions which Management considers sound and realistic.

The most significant areas for the Financial Statements are:

- Measurement of acquired loans based on amortised cost
- Impairment test of acquired loans
- Valuation of deferred tax.

Measurement of acquired loans based on amortised cost implies that the historical cost of acquired portfolios is measured against future revenue which forms the basis of the computation of amortisation.

When carrying out an impairment test of acquired loans, an estimate is made of whether future cash flows support the carrying amount of assets. Estimates of expected future cash flows for many years to come are required, which naturally involves some uncertainty.

When a deferred tax asset is evaluated, an estimate is also made of the Company's ability to generate positive taxable profit within a future period, which also involves some uncertainty.

Unusual circumstances

The financial position at 31 December 2018 of the Company and the results of the activities and cash flows of the Company for the financial year for 2018 have not been affected by any unusual events.

Management's review

Operating review

Development in activities and financial position

As part of the sale of the Company to the Lowell Group, the Company has changed its principle for estimates for portfolios to the Lowell principle. This had a negative effect in the income statement and equity and caused a decrease in total assets of DKK 20 million.

Events after the balance sheet date

Moreover, reference is made to note 18, in which the matter is described in further detail.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Gross profit		150,798	124,935
Staff costs	3	-87,668	-72,814
Depreciation, amortisation and impairment	4	-1,788	-1,411
Operating profit		61,342	50,710
Financial income	5	1,286	530
Financial expenses	6	-23,666	-5,047
Profit before tax		38,962	46,193
Tax on profit for the year	7	-8,865	-5,625
Profit for the year	8	30,097	40,568

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets	9		
Development projects in progress		11,652	0
Property, plant and equipment	10		
Fixtures and fittings, tools and equipment		5,211	4,374
Leasehold improvements		956	1,139
		6,167	5,513
Investments	11		
Acquired loans		791,302	889,656
Total fixed assets		809,121	895,169
Current assets			
Receivables			
Trade receivables		4,074	3,741
Receivables from group entities		27,591	39,085
Other receivables		3,244	6,825
Deferred tax asset	12	8,691	16,053
Prepayments	13	6,517	5,343
		50,117	71,047
Cash at bank and in hand		174,626	31,541
Total current assets		224,743	102,588
TOTAL ASSETS		1,033,864	997,757

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	14	15,000	15,000
Retained earnings		415,616	500,519
Proposed dividends for the financial year		115,000	0
Total equity		<u>545,616</u>	<u>515,519</u>
Liabilities			
Non-current liabilities			
Payables to group entities	15	<u>413,499</u>	<u>156,571</u>
Current liabilities			
Trade payables		6,328	284,537
Payables to group entities		22,437	2,139
Corporation tax		1,813	1,888
Other payables		<u>44,171</u>	<u>37,103</u>
		<u>74,749</u>	<u>325,667</u>
Total liabilities		<u>488,248</u>	<u>482,238</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,033,864</u></u>	<u><u>997,757</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2018	15,000	500,519	0	515,519
Transferred over the profit appropriation	0	-84,903	115,000	30,097
Equity at 31 December 2018	15,000	415,616	115,000	545,616

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Lowell Danmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Garfunkelux Holdco 2 S.A.

Change in accounting estimates

As part of the sale of the Company to the Lowell Group, the Company has changed its principle for estimates for portfolios to the Lowell principle. This had a negative effect in the income statement and equity and caused a decrease in total assets of DKK 17 million.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue comprises of sales of services as well as received payments from acquired receivables. Services are recognised in the income statement when the service has been performed. Received payments are recognised when the payments have been received from the debtor.

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish associated companies.

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development costs are measured at cost less accumulated amortisation and impairment losses. Development costs are amortised on a straight-line basis.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Acquired loans

Acquired loans are measured at amortised cost. Measurement of acquired loans according to amortised cost implies that the historical cost of acquired portfolios is measured against future revenue which forms the basis of the computation of amortisation.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

2 Uncertainty regarding recognition and measurement

In accordance with the Danish Financial Statements Act the Company's Annual Report is prepared based on assumptions which, in certain areas, involve the use of accounting estimates.

Such estimates are made by Company Management in accordance with the accounting policies and historic experience together with expectations and assumptions which Management considers sound and realistic.

The most significant areas for the Financial Statements are:

- Measurement of acquired loans based on amortised cost
- Impairment test of acquired loans
- Valuation of deferred tax.

Measurement of acquired loans based on amortised cost implies that the historical cost of acquired portfolios is measured against future revenue which forms the basis of the computation of amortisation. When carrying out an impairment test of acquired loans, an estimate is made whether future cash flows support the carrying amount of the assets.

Estimates of expected future cash flows for many years to come are required, which naturally involves some uncertainty.

When making a valuation of the deferred tax asset, an estimate is also made of the Company's ability to generate a positive taxable profit within a future period, which also involves some uncertainty

Financial statements 1 January – 31 December

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	DKK'000	2018	2017
3 Staff costs			
Wages and salaries		78,803	65,173
Pensions		7,859	6,887
Other social security costs		1,006	754
		<u>87,668</u>	<u>72,814</u>
Average number of full-time employees		<u>150</u>	<u>125</u>
Referring to section 98 b (3) of the Danish Financial Statements Act, remuneration of the Executive Board is not disclosed.			
4 Depreciation, amortisation and impairment			
Property, plant and equipment		<u>1,788</u>	<u>1,411</u>
		<u>1,788</u>	<u>1,411</u>
5 Financial income			
Interest income from group entities		1,285	520
Other financial income		<u>1</u>	<u>10</u>
		<u>1,286</u>	<u>530</u>
6 Financial expenses			
Interest expense to group entities		19,727	4,520
Other financial costs		2,511	386
Exchange losses		<u>1,428</u>	<u>141</u>
		<u>23,666</u>	<u>5,047</u>

Financial statements 1 January – 31 December

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DKK'000	2018	2017	
7 Tax on profit/loss for the year			
Current tax for the year	1,448	1,888	
Deferred tax for the year	7,417	3,737	
Adjustment of tax concerning previous years	55	0	
Adjustment of deferred tax concerning previous years	-55	0	
	<u>8,865</u>	<u>5,625</u>	
8 Proposed profit appropriation			
Proposed dividends for the year	115,000	0	
Retained earnings	-84,903	40,568	
	<u>30,097</u>	<u>40,568</u>	
9 Intangible assets			
DKK'000		Development projects in progress	
Cost at 1 January 2018		0	
Additions for the year		11,652	
Cost at 31 December 2018		11,652	
Carrying amount at 31 December 2018		<u>11,652</u>	
10 Property, plant and equipment			
DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2018	8,490	2,651	11,141
Additions for the year	2,276	166	2,442
Cost at 31 December 2018	10,766	2,817	13,583
Depreciation and impairment losses at 1 January 2018	-4,116	-1,512	-5,628
Depreciation for the year	-1,439	-349	-1,788
Depreciation and impairment losses at 31 December 2018	-5,555	-1,861	-7,416
Carrying amount at 31 December 2018	<u>5,211</u>	<u>956</u>	<u>6,167</u>

Financial statements 1 January – 31 December

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11 Investments

DKK'000	Acquired loans
Cost at 1 January 2018	1,202,407
Additions for the year	61,651
Disposals for the year	<u>-117,505</u>
Cost at 31 December 2018	1,146,553
Impairment losses at 1 January	-312,751
Impairment losses for the year	-104,600
Reversals for the year of impairment losses	<u>62,100</u>
Revaluations 31 December 2018	<u>-355,251</u>
Carrying amount at 31 December 2018	<u>791,302</u>

12 Deferred tax asset

DKK'000	2018	2017
Deferred tax asset	<u>8,691</u>	<u>16,053</u>
	8,691	16,053
Property, plant and equipment	-1,572	-2,003
Other payables	0	-251
Trade receivables	-631	-601
Tax loss carry-forward	-6,368	-13,198
Transferred to deferred tax asset	8,691	16,053
Loan	<u>-120</u>	<u>0</u>
	0	0

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13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

14 Equity

The contributed capital consists of 2 types of shares A and B.

A-shares, 15,000 of a nominal value of DKK 1,000 each.

B-shares, 4 of a nominal value of DKK 1 each.

In respect of the election or removal of members of the board of directors, the holders of the class A shares are not eligible to vote.

In respect of all matters other than the election or removal of members of the board of directors, the holders of the class B shares are not eligible to vote.

The holders of the class A shares are eligible to receive dividends in accordance with the rules set out in the Danish Companies Act (Selskabsloven). The holders of the class B shares are not eligible to receive dividends.

DKK'000	2018	2017
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15 Non-current liabilities other than provisions

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

Payables to group enterprises

Between 1 and 5 years	413,499	156,571
Other short-term debt to group enterprises	22,436	2,139
	<u>435,935</u>	<u>158,710</u>

Financial statements 1 January – 31 December

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16 Contractual obligations, contingencies, etc.

Charges and security

Guarantee in accordance with the Danish Act on debt collecting business	5,000	5,000
Guarantee on rent deposits	2,002	1,974
Of the Company's cash at hand and in bank	<u>200</u>	<u>200</u>
	<u>7,202</u>	<u>7,174</u>

Rental and lease obligations

Within 1 year	5,630	6,039
Between 1 and 5 years	<u>6,223</u>	<u>11,123</u>
Lease obligations in period of interminability	<u>11,853</u>	<u>17,162</u>

The Company has signed framework agreements on debt collection with clients which include guaranteed solution degrees.

The agreements involve an estimated maximum risk on future debt collection business of approx. DKK 3.6 million.

Any material company or other member of the Group, which becomes a guarantor of the RCF is required (subject to agreed security principles) to grant security over certain of its material assets and (if wholly owned by another member or members of the Group) to have its shares (or equivalent ownership interests) secured in favour of the Security Agent.

Lowell Danmark A/S is a guarantor in the Lowell group security pack and at 31 Dec 2018 the total RCF Facility available to the group was EUR 431.5m. The total amount drawn at 31 Dec 2018 was EUR 15.7m.

Financial statements 1 January – 31 December

Notes

17 Related party disclosures

Lowell Danmark A/S related parties comprise the following:

Control

Lowell AS., Nils Hansens Vei 2, Oslo, Norway.

Lowell AS holds the majority of the contributed capital in the Company.

Lowell Danmark A/S is part of the consolidated financial statements of Garfunkelux Holdco 2 S.A., 488 route de Longwy, L-1940, Luxembourg, which is the largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Garfunkelux Holdco 2 S.A. can be obtained by contacting the company at the address above.

Related party transactions

DKK'000	2018
Services sold to group entities	3,652
Purchase of services from group entities	-26,735
Financial income of loan and receivables to group entities	1,285
Financial expenses on loan from group entities	-18,103
	<u>-39,901</u>

18 Disclosure of events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.