ANNUAL REPORT

2018

Graydon Holding N.V.

Registered in the Trade Registry of the Amsterdam
Chamber of Commerce under number 33189409

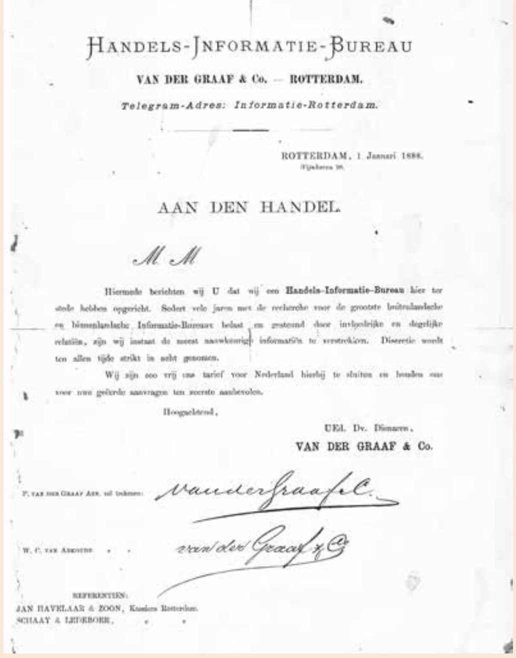
Graydon Holding N.V.
Hullenbergweg 260
1101 BV Amsterdam
The Netherlands

GRAYDON
open in business

Content

130 years of Graydon
Timeline and Company profile

Van der Graaf & Co. was registered
on 1st January 1888



HANDELS-INFORMATIE-BUREAU

VAN DER GRAAF & Co. — ROTTERDAM.

Telegram-Adres: Informatie-Rotterdam.

ROTTERDAM, 1 Januari 1888.

AAN DEN HANDEL.

M M

Hiermede berichten wij U dat wij een **Handels-Informatie-Bureau** hier ter stede hebben opgericht. Sedert vele jaren met de recherche voor de grootste buitenlandsche en binnenlandsche Informatie-Bureaux belast en gesteund door invloedrijke en degelijke relatiën, zijn wij instaat de meest nauwkeurige informatiën te verstrekken. Discretie wordt ten allen tijde strikt in acht genomen.

Wij zijn zoo vrij ons tarief voor Nederland hierbij te sluiten en houden ons voor uwe geëerde aanvragen ten zeerste aanbevolen.

Hoogachtend,

UEd. Dw. Dienaren,

VAN DER GRAAF & Co.

vanderGraaf & C.

van der Graaf & C°

REFERENTIEN:
JAN HAVELAAR & ZOON, Kassiers Rotterdam.
SCHAAY & LEDEBOER,

1888
Pieter Van der Graaf and W.C. van Abcoude Van der Graaf founded a credit information service in Rotterdam and later in Amsterdam (1909).

1981
In Belgium, René De Maeyer joins nv Dongelmans to start a new credit information provider called Dongelmans International.

1987
Graydon acquires London information agency Amalgamated Trade Protection and Graydon UK is born.

1862
The first credit information provider in the Netherlands was founded in Amsterdam. It was called Wijs, Muller & Co.

1945
Van der Graaf acquires Wijs, Muller & Co. Adriaan van Nooij leaves the company and starts a new enterprise, which is later called nv Dongelmans.

1986
A merger takes place between Van der Graaf & Co and Dongelmans. By combining the two names, Graydon is born in the Netherlands and Belgium.

The first credit reports were carefully compiled based on information from local correspondents

The Graydon Insights portal is launched for new and existing customers

1988
Graydon introduces automated credit reports. From now on, reports are automatically generated from the financial database.

1991
Graydon, which also offers debt collection services, introduces a new debt collector system that automatically triggers and generates actions.

1997
Graydon launches online credit reports.

2005
Graydon introduces Web services. This new technology allows clients and their IT systems to communicate directly with the Graydon database.

2015
Graydon has evolved into an international business information provider of financial management, marketing information, risk & compliance and debt collections.

2017
Long-time shareholder Atradius acquires Graydon to strengthen its information services.

2018
New information solutions and scores are launched to the market via API and on its new portal, Graydon Insights.

Refurbished workspaces in Belgium and the Netherlands invite to collaborate

Profile

Graydon is celebrating its 130 anniversary this year. The company was founded in Rotterdam by Van der Graaf and became Graydon in a merger with Dongelmans in 1986.

Today, Graydon is an international company with subsidiaries and offices in the Netherlands (Amsterdam), Belgium (Antwerp) and the United Kingdom (Cardiff and London), and headquarters in Amsterdam. All subsidiaries are fully owned by Graydon Holding N.V. ("Graydon"), which is domiciled in The Netherlands and is the holding company for the Business Information companies across the group.

For 130 years, Graydon has been providing valuable information that enables companies to make important financial and commercial decisions. Founder, Pieter van der Graaf, was convinced that companies should only embark on business endeavours if they were well informed and clear on their destination. He believed in the power of data and made it his mission to help companies grow, by providing them with accurate, relevant business information. It's a mission Graydon is determined to carry on for current and future generations.

The rise of search engines, news sites, social media, and free data sources has increased the need for accurate information. More and more companies are struggling to differentiate true from false, relevant from irrelevant. Having the right information today will make a difference in business tomorrow.

Graydon's data-analysts have the expertise to identify the right data amid this complexity, filtering and analysing it to provide predictive scores and insights that will change the way companies operate and evolve. After 130 years, it's part of the Graydon DNA.

For many decades, companies have relied on Graydon's scores and business information. These insights and scores vary from Credit Management Information and Client Due Diligence to Risk & Compliance Solutions and Market Information. That information is integrated in multiple ways, and clients can choose the information that matches their requirements and integrate it into their systems, whether it is via the Graydon Insights platform, an API (Application Programming Interface) or integrated in an ERP- or CRM tool.

- **Graydon's Credit Management Solutions** offer clients advanced Credit Information services and new innovative credit scores. They are powered by an extensive network of databases containing specific, relevant information on businesses in more than 140 countries, covering more than 90 million companies. These databases are continuously updated via a global network of partner agencies. They Graydon specialists draw on the company's 130 years of experience in the credit management industry.

- **Graydon's Risk and Compliance Solutions** support clients in compliance with rules and regulations around Know Your Customer and Anti-Money Laundering/Sanctions. These insights enable clients to validate business ownership structures and identify possible fraud early on.

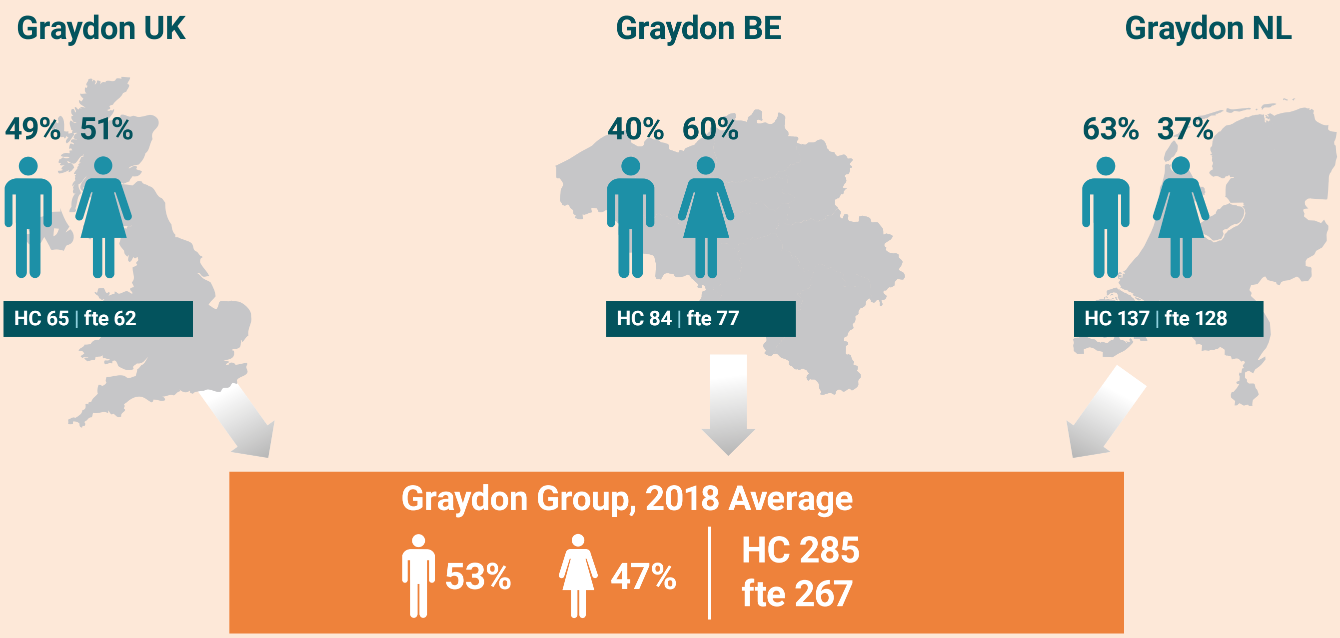
- **Graydon's Marketing Information Services** are built using a wide variety of data sources, providing clients with a wealth of information and allowing them to successfully create and run marketing campaigns. The collected data is further enhanced with the client's own proprietary data and aggregated according to their needs, resulting in an increased return on their marketing investments. Graydon's innovative market scores provide clients with insights into opportunities in the market that can help them grow.

Graydon has made it its mission to facilitate its clients' growth by enabling them to identify, accept and develop relationships with the right business partners.

Clients are essential to everything Graydon does. As a company, Graydon always strives to provide insights than can truly make an impact on their business. The Graydon employees are proud of the fact that thousands of companies use Graydon services and Graydon aims for accuracy and quality in its information, seamless data integration into clients' systems and innovative scores.

The quality of its people, data, and insights are the foundation of the reputation. Graydon is further strengthening its proposition through a Thought Leadership program. To obtain true client intimacy Graydon uses a sector-driven sales strategy and enhanced client contact (model).

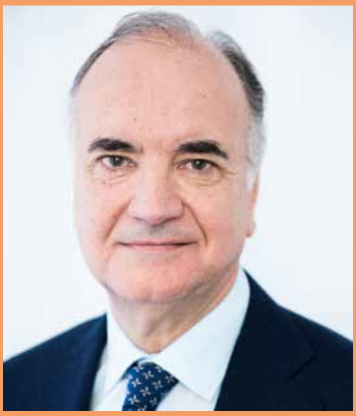
The Graydon people are its best ambassadors. Their service, expertise and attitude are an essential part of the relationships that Graydon builds and maintains. The service and insights provided by its people have great impact. Graydon is continually investing in ongoing staff development and the quality of its services. In 2018, Graydon had an average workforce of 267 employees (Full Time Equivalents) (2017: 277) and earned € 44.2 million in revenue (2017: € 44.7 million), with € 0.6 million in net profit (2017: -1.7 million).



Diversity is a percentage of the average headcount (HC) in 2018

Board report

Supervisory Board members



Isidoro Unda (1952)
President and member of the Supervisory Board since 1 December 2018
Nationality: Spanish
Other Board memberships: Chairman of the Atradius Management Board

Dominique Charpentier (1950)
Member of the Supervisory Board since 1 January 2017
Chairman of the Supervisory Board since 6 March 2017
Nationality: French
Other Board memberships: Chairman of the Board of LCI sal (Libanese Credit Insurer, Beirut)

Tom Kaars Sijpesteijn (1967)
Member of the Supervisory Board since 1 February 2017
Present position: Country Director Atradius Nederland
Nationality: Dutch
Other Board memberships: none

Jörg Müller (1967)
Member of the Supervisory Board since 1 February 2017
Present position: Group IT Director Atradius
Nationality: German
Other Board memberships: none

Marta Nodal Martín (1970)
Member of the Supervisory Board since 1 February 2017
Present position: Head of Commercial Department and Member of the Steering Committee of Atradius Crédito y Caución de Seguros y Reaseguros (Country: Spain)
Nationality: Spanish
Other Board memberships: none

Michel Abbink (1972)
Member of the Supervisory Board since 18 May 2017
Present position: Co-founder, Director of Inforcehub, a UK-based InsurTech
Nationality: Dutch, British
Other Board memberships: none

Supervisory Board Report

Graydon's purpose is to allow companies to grow. By providing information and innovative scores, Graydon supports its customers in better decision making. When economic situations deteriorate, the level of uncertainty increases and the need for information increases.

Graydon will continue to pursue its strategy of collecting large volumes of data from various sources and converting that data into innovative insights for its clients. This vision is supported by its shareholder, Atradius. Atradius has been a shareholder of Graydon for many years and acquired full ownership at the end of 2016. Graydon's solutions and services are complementary to Atradius' credit insurance and Debt Collection businesses, and Graydon is a valuable member of the Atradius family.

Graydon operates in the predictive (credit) information market and enhances the strong proposition of combined insights. It has a strong brand and reputation in its home markets, whilst price pressure is strong. Graydon strengthens its position by launching easy to use solutions, introducing flexible packages and turning its organisation around.

In 2018, Graydon improved the net result by € 2.3 million (2017: decrease € 0.9 million) . Net result from continuing operations decreased € 0.7 million. Net result from discontinued operations improved € 3.0 million due to a one-off gain on the disposal of collection activities. Revenue declined with 1% (2017: 3% decline) to € 44.2 million (2017 € 44.7 million). Graydon has taken important steps to continue improving its service to customers and enhancing and extending the product range. This is reflected in the growth in revenue of the Risk & Compliance and Market Information product lines.

In 2018 the Supervisory Board met four times, visiting all Graydon countries and had two meetings by telephone calls. This allowed the Supervisory Board members to enhance their perspective on local markets and local service offerings to the clients. In their meetings, the company's strategy, the general course of affairs, the financial reports and corporate governance were also discussed with the Managing Board.

The Supervisory Board regularly advised the Managing Board on the management of the company and monitored its activities closely. The Managing Board also provided the Supervisory Board with regular, timely updates around the material aspects of business developments. The Supervisory Board was kept well informed of the earnings situation and risk management in an equally comprehensive way.

Changes were made to the Supervisory Board in 2018. To enhance the relationship with the shareholder, Mr. Isidoro Unda, Chairman of the Atradius Management Board, joined the Supervisory Board as of December 2018 and took over the chairmanship from Mr. D. Charpentier.

During the year under review, the Graydon Holding N.V. Supervisory Board ("Supervisory Board") fulfilled all of the duties assigned to it by Dutch law and the Graydon Holding N.V. ("Graydon") articles of association.

This Annual Report from Graydon contains the 2018 financial statements, audited by PWC Accountants N.V. The Supervisory Board has discussed the 2018 financial statements and the proposed appropriation of the results contained therein as presented by the Graydon Managing Board, and recommends that the General Meeting of the Graydon Shareholders adopt the 2018 financial statements and grant the Managing Board and the Supervisory Board discharge for the management and supervisory duties respectively performed during the 2018 financial year.

The Supervisory Board wishes to express its gratitude to the Board of Directors and to all Graydon employees for their hard work and dedication in 2018.

Amsterdam, 9 April 2019

The Supervisory Board:
Mr. Isidoro Unda, President
Mr. Dominique Charpentier
Mr. Tom Kaars Sijpesteijn
Ms. Marta Nodal Martín
Mr. Jörg Müller
Mr. Michel Abbink

From left Idris Ahmad, Gertjan Kampman, Caroline Schouten en Rob Veneboer

Managing Board

Gertjan Kampman
CEO

Board of Directors

Gertjan Kampman
CEO

Caroline Schouten
CFO

Idris Ahmad
CIO

Rob Veneboer
COO

Managing Board Report

Graydon in its markets

2018 was a year of overall growth in the economy. Household consumption, investments and exports grew. International instability did not influence the economic performance during the year. Graydon reported a record low number of bankruptcies and the trend towards better company payment behaviour continued in 2018.

In its three home markets Graydon operates in line with the economic circumstances. The economic situation in the Netherlands and Belgium was still good, although early signals of an economic slowdown were identified in the last quarter of 2018. Graydon publications based on its data reported this trend. The decrease in bankruptcies slowed down, the employee market became very competitive and growth slowed down as a result of the large open positions. Companies also started to struggle with their cash flow, especially larger companies took a greater number of days to pay their invoices. At this moment of writing there is still uncertainty about the implementation of Brexit and the effect on the economic activity.

In order to obtain growth in a dynamic and unstable environment, companies became more interested in using Business Intelligence, Credit Information, Risk & Compliance and Market Information.

With more than 130 years' experience, Graydon has a leading position in Credit Information. Companies trust Graydon's data and insights as a foundation for the decisions they make. Customers are loyal to Graydon, but the market is tough. More and more competitors and new start-ups are entering the SME market, where price pressure is strong. Graydon can build on its strong brand and reputation in its markets, especially Belgium and the Netherlands. In order to stay ahead in the market, Graydon delivers Credit Information in a customer friendly way via the Graydon Insights portal, APIs or Graydon Go for one-off and simplified credit reports.

Managing Board Report

A new milestone was reached in Market Information in 2018, with the launch of Graydon Market Information on the Graydon Insights platform. In a challenging economy, Market Information is top of mind for companies to uncover opportunities in the market, optimise their marketing campaigns and achieve growth. This offers opportunities for Graydon to develop new solutions, APIs and products aligned with its strategy: to help companies grow.

Graydon has a well-established position in Risk and Compliance. Enhanced awareness around Know Your Customer and Know Your Supplier has contributed to a growing revenue line as well as strong growth potential. Risk and Compliance drives insights beyond the organisation towards the ultimate beneficial owners. As a business intelligence provider, this gives Graydon the opportunity to combine this information with new available insights.

At the end of 2017, Graydon set its strategic course to focus on customers in the information market. As a result, Graydon decided to sell its debt collection activities. In 2018, the collections activities in the Netherlands and Belgium were sold and the transition of activities to the acquiring parties were completed, with a focus on service for the clients and opportunities for the employees. The effect of this transaction is incorporated in this annual report.

Graydon enhances its customer experience

2018 was an exciting year for Graydon. The company executed on its strategy and is on track to extend its customer service and the proposition to its customers. Investments in state-of-the-art technology – the Graydon Insights platform are still been made to deliver a future proof experience.

Further investments were made in a customer centricity program to enhance the customer experience, with a focus on operational excellence in client service. Graydon is in a continuous process of improving its systems, platforms and solutions based on client feedback and in collaboration with its clients. The company has succeeded to enhance company efficacy by embracing this operational excellence in all functions and improving its technology.

The company invested in the growth of its services portfolio. In 2018, the portfolio was expanded with new scores and analytical scores, combining Credit Information, Market Information and Risk and Compliance to create new insights and solutions in line with the Graydon purpose: 'Here to help you grow'. These combinations are enhancing cross and upsell in the market. The product range has been extended beyond standard products to work with clients to define tailored scores and insights with Graydon data or with combined data. This increases the Graydon footprint at its customers and gives the opportunity to align with more buyer personas and strategic decision makers within the company, e.g. CFO and CMO.

In 2018 the strategic plan of Graydon focuses on the five following pillars:

- **Returning to profitable growth**
- **Providing distinctive, innovative insights**
- **Leading in high-margin niches**
- **Being a connected company**
- **Being a responsive organisation**

Managing Board Report

Return to profitable growth

The business information market is growing worldwide. Although growth in the European Credit Information market is limited, the market for Company Information, Market Solutions and Risk and Compliance is growing. The amount of data and capacity processing are increasing exponentially, creating the need for reliable and trusted information. In 2018, Graydon delivered on its strategic roadmap by launching key products and starting to sell customer services on a larger scale – high-quality, predictive insights that help clients generate new business and to grow their existing business, but also reduce risk, increase compliance and improve their cash flow. Graydon's vision is an evolution into an integrated, innovative insights provider in its key markets. The company is well positioned to make this vision a reality, capitalising on its strengths in data coverage, brand and service delivery.

In 2018, Graydon launched new product segments and scores created on Graydon Insights. These new solutions connect with its clients in a preeminent, future-proof way. The infrastructure also allows to provide data, functionality and analytical insights through APIs and integrate Graydon solutions with client's core processes.

Graydon's value proposition follows a three-tier approach based on core client needs: Customer services, Information products and Simple solution:

- Graydon accelerates its existing customer services by developing scalable analytical solutions with customised delivery for its core client segments. The first solutions were developed in collaboration with clients; they exemplify the power of business intelligence tailored to client needs.
- Information products are at the core of Graydon's current proposition, with innovative scores, improved usability and dash boarding to support customer's insights.
- For smaller companies, Graydon can offer Simple, yet high quality, cost-effective online solutions in its domains of Credit Information, Risk & Compliance and Market Information.

Client needs and industry trends have been translated into solution development and new scores. As a result, Graydon has started to accelerate its innovation capacity through strategic partnerships and co-creation with clients, Graydon's parent company Atradius, fintechs, start-ups, universities and industry organisations.

As a result of its strategic course to focus on business information activities, Graydon divested its Collection activities in the Netherlands and Belgium. In the UK, debt collections were no part of the Graydon portfolio. By effecting this transaction in 2018, Graydon has ended its last business to consumer activities and is now only operating in the business market. In 2018, net result from the Debt collections activities amounted to € 1.1 million positive due to gain on the sale (2017 € - 2.0 million) . Reference is made to note 20 to the consolidated financial statements.

Managing Board Report

Providing distinctive, innovative insights

In 2018, Graydon continued to invest in its product proposition following a three-tiered approach based on core client needs: customer services, information products and simple online (pay-as-you-go) solutions

Driving value with Customer services, business intelligence tailored on client needs.

In 2018, Graydon built out its big data analytics capabilities with the analytics team:

- Graydon has strengthened the Analytics-as-a-Service proposition in its markets:
  Revenue at Risk, helping customers identify financial risks in their customer base, and **Market Analysis**, helping customers get more (predictive) insights into sales opportunities.
- Several customer service projects have been initiated to customise and integrate analytical insights into the client's processes and data.
- Graydon continuously improved its scoring models and built new insights and scores to help clients make better informed decisions.

Ready to use, **Information Products**

- In 2018, the company continued to invest in developing its Graydon Insights Platform. In Q1, the Marketing Information product was launched to help clients identify and develop their (prospective) customers.
- Company profile, Risk scores and Compliance check APIs were released on the Graydon developer platform, along with the Credit decision model API and Company search API.
- In the remainder of the year, Graydon continued to develop its flagship credit information product, to be launched in Q2 2019.

Graydon has also been making significant background investments in improving the data quality and integrating all of its data into a single data environment serving all of the use cases in Credit, Risk and Market Information.

The initial results of a **collaboration programme with the Jheronimus Academy of Data Science**, a joint venture between Tilburg University and Eindhoven Technical University, were published in 2018. During their research into the DNA for growth of companies, the researchers concluded that the text of a company's website helps predict the growth of that company. Their research used machine learning to examine specific combinations of word usage on the websites of thousands of SME firms and looked into correlations with growth at these companies. A follow-up is guaranteed to be forthcoming, and multiple students have already approached Graydon with new research proposals. The scientific results using Graydon data were published in financial newspapers and magazines in the Netherlands, Belgium and the UK.

Leading in high margin niches

The clients of Graydon operate in a dynamic business environment. Accurate and timely information on growth opportunities and the financial stability of their prospects is important information that directly influences their decision-making processes. Therefore Graydon is continuously engaging with its clients to discover and deliver industry insights, adding these tailored scores to its value proposition.

In 2018, Graydon expanded the solutions portfolio, making a clear distinction between high-volume information products and high-value tailored/customised services. This focus and branding is delivering results and Graydon is transitioning towards a more dynamic pricing strategy that reflects the value the company provides.

Graydon supports its clients through a Thought Leadership program, inspiring them with relevant and dynamic insights about their industries. The sector approach has been ingrained into the "go-to-market" activities and account management. Graydon is often approached for sector-specific scores and insights. Clients are keen to find the right prospects in their sector, but also to learn about which clients they should accept for financing or goods delivery.

This sector-specific approach led to a number of successes in 2018:

- Graydon UK was for the third time annual finalist for the credit awards from the prestigious Chartered Institute of Credit Management (CICM) in the Credit Information Provider of the year, Risk Management achievement, Credit Professional of the year categories.
- The first APIs with new scores were launched to the market. Via this channel, clients can receive Graydon data and scores, directly integrated in their systems.
- A new predictive score was developed and launched in the three markets. The growth score is the first new opportunity score that provides insights around a company's financial potential. The data analytics team is working on a new range of scores in line with the Graydon business domains focused on opportunity, credit and risk.
- In Belgium, the developers and research colleagues developed the Graydon City Dashboard in close collaboration with sales, a dashboard that provides insights on a local level. The platform was launched prior to local elections in Belgium. The Graydon City Dashboard combines Graydon data and insights and helps local authorities in their decision-making processes. The Graydon City Dashboard, which provides the most relevant local economic indicators, shows the effects of governmental decisions.
- Graydon strengthened its position on fraud in the UK market with two new solutions: Graydon Onboarding and Graydon Detect. Graydon Onboarding combines three customer onboarding processes – Credit, Compliance and Fraud – into a single, user-friendly, modular platform. This allows clients to maintain effective compliance with AML/KYC regulations. Graydon Detect helps clients detect fraud via a B2B fraud prevention consortium.
- Market Information was added to the Graydon Insights portal with the launch of Graydon Market Information, which offers a range of marketing solutions: Graydon Market Data, to analyse and identify the market, Graydon Data Enrichment, to enrich customer data and Graydon List Management, a list management tool. These products were developed in close collaboration with clients. With this launch, Market Information became part of the UK product portfolio.
- New Customer Services with scalable analytical solutions were developed for clients in the Netherlands and the UK. Graydon helped specific clients with new insights that help them make strategic decisions.
- In the Netherlands, a multi-year partnership agreement was signed to provide business information for insurance companies and assignees. This partnership strengthens Graydon's reputation in the insurance industry with data and insights for risk analysis and fraud prevention.

Managing Board Report

A connected company

Graydon believes that company success is strongly dependent on how successful its people are in their jobs. The company values them as the most important asset. It's the people who make Graydon stand out from competitors. That's why attitude and behaviour are valued as equally important as knowledge and expertise.

Being a trusted company for more than 130 years means that the organisation constantly needs to live up to very high customer and market expectations. By closely listening to and collaborating with its customers, Graydon always works hard to go above and beyond to exceed expectations. It's the Graydon mission to help companies grow their businesses. But there is more to it. Therefore the company needs a strong value-based culture where people challenge each other to grow and become their best selves, every day.

Trust not only means that Graydon is compliant, delivers quality and does what it promises. It also means that the Graydon people trust each other in doing what's right and what's needed, for Graydon and its customers. Graydon has invested in a more caring organisation, and that is reflected in a significant increase on the engagement survey. Its staff sees Graydon as a respectful company offering a sense of belonging and an inspiring workplace.

The company strongly believes that acting as one Graydon is the key to its success. This means that employees work together, share the same objectives and focus on customers. The Graydon people are intrinsically motivated to develop themselves. And the organisation is here to support and challenge them by providing continuous learning and development content via the Graydon Learning Centre, so they can continually develop and learn new skills. It perfectly aligns with the Graydon purpose: 'Here to help you grow'.

The total employee base is diverse, representing various cultures at all levels and in all countries where Graydon operates. The Managing Board consist of one person and this is a man. In the Board of Directors, 25% of the seats are held by women and women account for 17% of the seats in the Supervisory Board. The current composition of the Boards deviates from the percentages, recommended by the Dutch Civil Code. With regard to future appointments, Graydon will take (gender) diversity objectives into account as far as possible.

Trust is ingrained in the management and leadership style and Graydon provides a healthy, safe environment where employees can speak freely and openly, with transparent communication and room for feedback.

Learning from and with each other is a great way to get inspired. In 2018, Graydon developed a number of initiatives to stimulate that learning:

- Executive development programmes, leadership programmes, coaching sessions to support the changing demands in the workforce of today;
- GDPR compliancy within set timeframes to safeguard the trustworthy reputation of Graydon
- Activation of continuous feedback culture;
- Office refurbishment where walls literally were brought down and plenty of new glass walls were installed to increase transparency, stimulate collaboration and foster connection amongst departments and colleagues.

Here to help you grow also means that the organisation goes the extra mile to achieve its goals. That includes looking after the personal vitality in initiatives such as organising weekly boot camp workouts and measuring progress towards individual goals, and employees contributing to a better, cleaner environment by setting a 40,000 kilometre target to travel on foot, by bike, on public transport or in carpools, with all of the money raised going to charity.

As the organisation considers itself as a 130-year-old Fintech, this anniversary year is used to evaluate and recalibrate its core values. Acting as one Graydon means that the Graydon staff not only needs to collaborate with each other, it also means that Graydon is one with its customers. Customer centricity is part of the Graydon DNA. This is why the employees listen to, collaborate and co-create with the customers to deliver growth and higher value for these clients.

Managing Board Report

A responsive organisation

Graydon operates in an industry that is continuously evolving and changing. Flexibility and agility are key to deliver the most valuable insights to its clients, to truly make an impact, help them to grow, and reduce their risks. Therefore as an organisation Graydon needs to be close with the market and its clients. By knowing the needs in the market, it can translate the opportunity into a data-driven business solution.

This means Graydon has been focussing on a number of elements in 2018:

- **A customer centric organisation:**

Graydon furthered its capacity to learn from the organisation and from its clients and business partners. Several meetings were organised with to businesses across the markets, including deep-dive interviews with a number of clients to learn from their experiences with Graydon, and their ambitions in the market. The valuable feedback that was received is integrated in to the processes and the approach of clients and markets. By this customer centric approach Graydon has a better understanding of its buyer's personas.

Market planners give the organisation focus on the needs in the market. This approach creates urgency within Graydon on new trends and developments in the market. This strengthens the salesforce to liaise with the market via account based marketing. This customer focus stimulates the product developers to create innovations that fit the needs of the market.

- **An empowered organisation:**

Operating in a dynamic international environment, Graydon wants to achieve a positive client-centric culture where all employees feel safe and welcome. Continuous development and innovation are key in the employee journey. To increase the innovation capacity and speed of development, Graydon applies an agile way of working into its daily operations. Therefore, collaboration is stimulated by setting up cross functional teams that take ownership in creating new solutions for all clients.

As a technology and data-driven company, Graydon invests in skills. For example sales training to enhance capabilities in solution selling, change management, leadership programs, market & industry knowledge and product trainings. In 2018, learning on the job is continued, besides active coaching and feedback loops as an essential part of the day-to-day business. The organisation also focussed on sales training courses, consultative selling and improving sector expertise. Through the Graydon Learning Centre, the company offers a broad spectrum of learning activities and programs, such as e-learnings, webinars, video learnings and publications. Graydon ongoing invests in upgrading skills and knowledge of all staff with respect to compliance and security awareness and enhance skills in leadership effectiveness.

- **A future proof organisation:**

In line with the market, the Graydon organisation changes. The company further invested in new talented data experts, with specific knowledge in big data and the development of economic and predictive scores. This led amongst others to the development of new innovative scores, that ensures Graydon's position as a frontrunner in the market of innovative insights.

The way Graydon develops products is also changing, as teams in the company transition to more Agile ways of working, built around the products and supporting services, comprised of colleagues from multiple disciplines. The company also invests in updating its infrastructure to make a more flexible environment. This allows Graydon to innovate and adapt at greater speeds, in line with the customer needs. In 2018, the company further developed its global database and Insights portal, which are the basis of the new product delivery platform. The new Market Information tool is released and a new API offering, which enables customers and partners to integrate their own systems with targeted Graydon data sets, is introduced. This lays the foundations for further product releases in the coming year.

Risk governance and management

The quality of the data and services and the level of compliance are essential for the Graydon reputation as a trusted business partner. Graydon adheres to solid risk management and compliance standards. It is an important element of safeguarding the sound operation of the organisation and helps to realise the strategic objectives. Graydon uses the COSO Enterprise Risk Management framework as a reference model and has adopted compatible processes and terminology. This framework ensures that risks are assumed and managed in a controlled way and in line with the company's risk appetite. Graydon's risk appetite is moderate and in line with its core value, 'We are trusted'. Clients rely on its risk management procedures to guarantee the integrity of the insights from Graydon. Graydon is ISO 9001 certified. Graydon has invested in 2018 to prepare for the op ISO27001 certification and will apply in 2019 to obtain this certificate. This will enable Graydon to demonstrate the reliability and quality of our processes and allows us to build out our trusted brand.

Management teams in the Graydon companies and departments bear ultimate responsibility and accountability for risk management and internal control within the organisation. The Managing Board owns, implements and oversees Graydon's risk management policies and governance under scrutiny of the Supervisory Board. It ensures that the system functions effectively and that identified risks are managed as agreed.

Graydon classifies its main risk types as operational and financial. Operational risks are related to the execution of the strategy, inadequate or failed internal processes and systems or external events. The financial risks are limited and related to an exposure on the GDP. Moreover our credit risk is controlled and managed on a weekly basis.

Risk profile and assessment

Graydon's risk profile is related to the core business model, which is providing solutions from business intelligence tailored to client needs to information products and simple online solutions. This also involves controlling risks with regard to achieving strategic and operational objectives and complying with applicable laws and regulations. The Managing Board has delegated responsibility for maintaining the risk management and control system to the respective management teams. The management teams are responsible for local decision making and are accountable for the material completeness of risk identification, the material correctness of risk analyses and the timeliness and appropriateness of risk decisions at an individual and aggregate level.

Risk overview

Below is an overview of the main risks that could affect the Graydon objectives. The sequence of the risks below does not reflect any order of importance, vulnerability or materiality.

- Market position can be threatened by new competitors and new technology. To stay ahead of the competition, Graydon is continuously developing new solutions and services and is using new technologies that enable us to deliver smarter business intelligence.
- The strong brand and reputation can be damaged. A communications strategy is in place. Graydon has also policies and procedures in place to secure its business operations are aligned with compliance rules & regulations. Ethical thinking and ways of doing business are key to the corporate values.
- The data-quality risk affecting the products, scoring and rating methods is controlled through strict data control procedures, which are part of the primary processes.
- GDPR-compliance: Graydon makes every effort to ensure that customers have confidence in the organisation. The European General Data Protection Regulation (GDPR) came into force on 25 May 2018. Graydon takes the protection of data subjects very seriously and has ensured that GDPR-compliant procedures are embedded in the organisation. As a thought leader, Graydon has published several articles in the media to inform the business market and its clients. The information and the privacy statement of Graydon can be found on all the company websites (e.g. https://www.graydon.nl/en/gdpr)
- Brexit: the current uncertainty around Brexit is of generic concern. Graydon has performed an impact analysis applying several scenarios and is identifying opportunities as well as taking necessary precautions. The developments are closely monitored.
- IT Risk: An IT disruption could affect the service to clients and business. That is why strict general IT controls are in place and monitored on an ongoing basis.
- To enable Graydon to successfully execute its strategy, it is important to have motivated, capable employees. Graydon's core values programme is to stimulate common behaviour and more connected workforce.
- The Group does not run large risks regarding financial instruments: credit risks mainly arise from customers and from deposits (at least in parties rated as A+). Interest rate risks would not be significant in case of a change of 100 basis points in interest rate at the reporting date. The Group liquidity risk is very limited, because the majority of the clients pay up front and deferred income consists largely of already-paid amounts. The exposure to foreign currency exchange risk is limited and management has chosen not to hedge this risk.

Managing Board Report

Control system
All risks are assessed on a regular basis and controls are identified to mediate the risk to an acceptable level. The effectiveness of the control is audited by the Internal Audit department. This is done in close cooperation with Atradius Internal Audit, audit methodology is aligned and audit observations are exchanged. The Internal Audit department reports their progress to the Managing Board and the Supervisory Board.

Financial performance in 2018
The overall revenue decreased in 2018 to € 44.2 million from € 44.7 million in 2017. In 2018, revenue decreased -1% compared to prior year (2017: -3%). The sale of Collections and the accompanying focus on information is an important element of the Graydon strategy. In 2018, the Risk & Compliance and Market Information products posted significant growth figures. Risk and Compliance increased 27% (2017: 22%). Market Information increased 7% (2017: -1%). Credit information is acting in a more mature market with strong dynamics. Graydon has maintained its brand position in by being able to renew and extend important contracts and grow in the niche markets. In the UK, a large and mature market, the CI market share is under pressure due to fierce price competition. Graydon has launched Graydon Detect and Graydon inside. The solution delivers an integrated data- and R&C-platform.

Cost consciousness is an important theme within Graydon that allows us to build a sustainable business. Operating expenses for continuing operations have increased 5%. Graydon continues to invest in enhancing Graydon Insights and strengthening its analytical skills to build product offerings in customer specific analytics and building innovative scores. This is reflected in the investments in ICT. Moreover the data cost have increased. Graydon undertook several initiatives to improve its service offering and client intimacy to enhance its strong value proposition to customers to support top line growth. In addition to the thought leadership program and deep industry insights, Graydon has also developed more connected solutions that embed Graydon insights into customer's processes and systems to build an integrated ecosystem, e.g. APIs and the self-service platform.

In 2018 Graydon has invested in the delivery of the new products and the new platform. This has affected the cash flow of the company.

In 2018, the disposal of the Collections activities has had a one-off positive effect on net earnings of € 1.1 million.

The net result amounts to € 0.6 million compared to € -1.7 million in 2017.

In 2018, Graydon demonstrates a solid balance sheet position with sufficient cash reserves and equity. Non-current liabilities are restricted to deferred taxes for an amount of € 0.6 million (2017: € 0.5 million). Current liabilities exceed current assets by € 4.7 million (2017: € 7.5 million). Corrected for deferred revenues of € 11.3 million (2017: € 10.5 million), received in advance, current assets exceed current liabilities by € 6.6 million (2017 € 3.0 million) . Graydon has a solid liquidity with ample cash reserves and no significant restrictions on cash. The solvency ratio increased to 39% as at 31 December 2018 (2017: 25%).

Remuneration of directors and supervisory board members
Graydon has a remuneration policy in place which is in line with that of organisations of similar size and nature and which is considered at market conditions. Supervisory Board members employed by our Shareholder receive compensation through their employer's remuneration packages. Independent Supervisory Board members receive market conform compensation in line with the time spent fulfilling their duties.

Forward-looking statement
In 2019, Graydon will continue to reduce operational cost while it will develop new customer solutions. An increased focus on customer retention to improve results and operational cash flow in the upcoming year. In 2019 the level of investments will still be substantial but will be invested out of the operational cash flow. Current cash reserves are deemed sufficient to absorb this cash outflow and the company expects no additional funding requirement in the upcoming year.

Graydon is continuing its search for talent and improving our employee base. No significant developments are expected in terms of employee base except for regular joiner and leaver activity.

The Managing Board is confident that the risk management and control systems will work properly in 2019. Continuous efforts will be made to further improve the risk management and control systems. All risks are reviewed and addressed in response to changing circumstances and conditions and appropriate measures are taken. Furthermore, Graydon's control systems are subject to continuous review and improvement.

Amsterdam, 9 April 2019

The Managing Board
Gertjan Kampman

Financial statements

Financial Statements
Consolidated statement of financial position

Before result appropriation
As at 31 December

in thousands of €	NOTE	2018	2017*
Assets			
Intangible assets	7	17,323	14,918
Property, plant and equipment	6	1,431	1,069
Deferred tax assets	8	-	886
Total non-current assets		**18,754**	**16,873**
Trade receivables	9	5,301	6,071
Other receivables and prepayments	9	1,808	2,756
Income tax receivable	9	1,989	660
Cash and cash equivalents	10	5,674	8,301
Total current assets		**14,774**	**17,788**
Total assets		**33,526**	**34,661**
Equity			
Share capital	11	1,500	1,500
Share premium	11	5,376	1,376
Legal reserves	11	17,323	14,918
Translation reserve	11	-823	-796
Retained earnings	11	-10,593	-6,508
Result for the year	11	637	-1,660
Total equity		**13,420**	**8,830**
Liabilities			
Deferred tax liabilities	8	646	547
Provisions	12	-	-
Employee Benefits	15	-	24
Total non-current liabilities		**646**	**571**
Trade and other payables	13	7,403	13,393
Current portion of provisions	12	800	1,414
Deferred income	14	11,257	10,453
Total current liabilities		**19,460**	**25,260**
Total liabilities		**20,106**	**25,831**
Total equity and liabilities		**33,526**	**34,661**

* Restated

The notes on pages 28 to 53 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and comprehensive income

For the year ended 31 December

in thousands of €	NOTE	2018			2017*		
Continuing operations							
Revenue	1		44,178				44,696
Expenses							
Salaries	2	-13,841			-12,592		
Social charges and pension expenses	2	-3,249			-2,924		
Depreciation	6	-324			-384		
Amortisation	7,20	-10,619			-9,250		
Other operating expenses	4	-17,073			-17,442		
Net impairment loss financial assets	9	-221			-630		
			-45,326			-43,224	
Operating result				**-1,148**			**1,473**
Finance income			166			164	
Finance costs			-135			-189	
Net finance costs				29			-25
Result before taxation from continuing operations				**-1,119**			**1,448**
Income tax	5	697				-1,130	
Net Result from continuing operations, net of tax				**-422**			**318**
Discontinued operation							
Result from discontinued operation, net of tax	20	1,059					-1,978
Result				**637**			**-1,660**

* Restated

Consolidated statement of profit or loss and comprehensive income

For the year ended 31 December

in thousands of €	NOTE	2018	2017
Result		**637**	**-1,660**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Foreign exchange translation differences		-47	-72
Foreign exchange translation differences, net of tax		-47	-72
Other comprehensive income / (expense), net of tax		-47	-72
Total comprehensive income		**590**	**-1,732**

	NOTE	2018	2017*
Result from continuing operations attributable to:			
Owners of the Company		-422	318
Non-controlling interests		-	-
		-422	**318**
Total comprehensive income / (expense) from continuing operations attributable to:			
Owners of the Company		-459	246
Non-controlling interests		-	-
		-459	**246**
Earnings per share from continuing operations			
Basic earnings per share (EUR)		-0.31	0.16
Diluted earnings per share (EUR)		-0.31	0.16

* Restated

Consolidated statement of changes in equity

in thousands of €	Share capital	Share premium	Legal reserves	Translation reserve	Retained earnings	Profit for the year	Total equity
Balance as at 1 January 2017	**1,500**	**1,376**	**12,463**	**-724**	**-3,552**	**-727**	**10,336**
Correction of error**	**-**	**-**	**226**	**-**	**-226**	**226**	**226**
Balance as at 1 January 2017*	**1,500**	**1,376**	**12,689**	**-724**	**-3,778**	**-501**	**10,562**
Total comprehensive income							
Retained earnings	-	-	-	-	-501	501	-
Result from continuing operations	-	-	-	-	-	318	318
Result from discontinued operations	-	-	-	-	-	-1,978	-1,978
Other comprehensive income / (expense)	-	-	2,229	-72	-2,229	-	-72
Total comprehensive income / (expense)	**-**	**-**	**2,229**	**-72**	**-2,731**	**-1,159**	**-1,732**
Transactions with owners of the Company							
Dividends	-	-	-	-	-	-	-
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 December 2017	**1,500**	**1,376**	**14,918**	**-796**	**-6,508**	**-1,660**	**8,830**
Balance as at 1 January 2018*	**1,500**	**1,376**	**14,918**	**-796**	**-6,508**	**-1,660**	**8,830**
Total comprehensive income							
Retained earnings	-	-	-	-	-1,660	1,660	-
Result from continuing operations	-	-	-	-	-	-422	-422
Result from discontinued operations	-	-	-	-	-	1,059	1,059
Other comprehensive income / (expense)	-	-	2,405	-27	-2,425	-	-47
Total comprehensive income (expense)	**-**	**-**	**2,405**	**-27**	**-4,085**	**2,297**	**590**
Transactions with owners of the Company							
Dividends	-	-	-	-	-	-	-
Capital contribution		4,000					4,000
Total transactions with owners of the Company	**-**	**4,000**	**-**	**-**	**-**	**-**	**4,000**
Balance as at 31 December 2018	**1,500**	**5,376**	**17,323**	**-823**	**-10,593**	**637**	**13,420**

* Restated

** Refer to note 7

Consolidated statement of cash flows

For the year ended 31 December

in thousands of €	NOTE	2018			2017*
Cash flows from operating activities					
Operating result from continuing operations			**-1,148**		**1,473**
Operating result from discontinued operations			**-353**		**-2,257**
Adjustments for:					
Amortisation	7,20	10,671		9,355	
Depreciation	6	324		384	
Provisions (non-cash movements)	12	-		-95	
			11,015		9,644
Changes in:					
Trade and other receivables		-1,718		1,542	
Trade and other payables		-4,358		-573	
Provisions and employee benefit	12	-			-
Deferred income	15	804		-2,579	
			-1,836		-1,610
Cash generated from operating activities					
Interest paid (on balance)		35		-36	
Income taxes received (paid)		-600		797	
			-565		761
Net cash from / (used in) operating activities			**7,233**		**8,088**
Cash flows from investing activities					
Investments in property, plant and equipment	6	-680			-842
Disposals of property, plant and equipment	6	-			2
Investments in intangible assets	7	-13,277			-11,537
Disposals of intangible assets	7	-			-
Net cash from / (used in) investing activities			**-13,957**		**-12,377**
Cash flows from financing activities					
Redemption loans and borrowings		-		-261	
Capital contribution		4,000		-	
Dividends		-		-	
Net cash from / (used in) financing activities			**4,000**		**-261**
Net increase/(decrease) in cash and cash equivalents			**-2,615**		**-4,627**
Cash & Cash Equivalents as at 1 January			8,301		12,981
Foreign exchange difference on cash			-12		-53
Cash & cash equivalents as at 31 December	10		**5,674**		**8,301**

* Restated

The notes on pages 28 to 53 are an integral part of these consolidated financial statements.

Notes to the 2018 consolidated financial statement

For the year ended 31 December 2018

Graydon Holding N.V. (the 'Company') is a company domiciled in The Netherlands, registered in the Amsterdam Chamber of Commerce under number 33189409. The address of the Company's registered office is Hullenbergweg 260, 1101 BV Amsterdam. Graydon Holding N.V. is the holding company of credit information companies. The consolidated financial statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as 'Graydon') and Graydon's interest in associates and jointly controlled entities.

Graydon provides business information to commercial organisations, government agencies and non-profit organisations, whilst maintaining optimum standards for security and privacy. Graydon's services portfolio consists of: Credit Management services, Risk & Compliance services and Market Information services. Moreover Graydon offers Collection Services. As per 15 September 2016 Atradius Insurance Holding N.V. is owner of 100% of the Graydon Holding N.V. Shares.

Name	% of shares	Address
Atradius Insurance Holding N.V.	100.0	David Ricardostraat 1 1066 JS Amsterdam The Netherlands

Atradius Insurance Holding N.V. is a 100% (2017: 100%) subsidiary of Atradius N.V. Atradius N.V. and its subsidiaries (together referred to as 'Atradius') is a global credit insurer and aims to support its customers' growth by strengthening their credit and cash management through a wide range of credit insurance management products and services. The parent of Atradius N.V. is Grupo Compañía Española de Crédito y Caución, S.L., which owns 64.23% (2017: the same) of the shares in Atradius N.V. The ultimate parent and the ultimate controlling party of Atradius is Grupo Catalana Occidente, S.A., which holds 73.84% of the shares in Grupo Compañía Española de Crédito y Caución, S.L. and 35.77% (2017: the same) of the shares in Atradius N.V. The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A., which is a listed company in Spain.

Graydon consists of:

	Country of incorporation*	Ownership interest 31 December 2018	Ownership interest 31 December, 2017
Graydon Nederland B.V.	Netherlands	100	100
Open Companies B.V.	Netherlands	100	100
Graydon Belgium N.V.	Belgium	100	100
Graydon UK Ltd.	United Kingdom	100	100
Giant.net B.V.	Netherlands	100	100
Stichting Derdengelden Graydon Incasso***	Netherlands	-	-
Graydon Incasso B.V. ***	Netherlands	-	100
Graydon Collections B.V.B.A.**/***	Belgium	-	-

* Country of incorporation is representative as principal place of business

** As at 1 January 2017, Graydon Collections BVBA was merged with Graydon Belgium N.V.

*** As at 1 July 2018, Graydon Incasso B.V. and Stichting Derdengelden Graydon Incasso were disposed of. As at 1 December 2018, the Graydon Collections BVBA collections portfolio was sold to a related party. Refer to note 20 to the consolidated financial statements.

Basis of preparation

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (EU-IFRSs), and with section 2:362 (a) of the Dutch Civil Code.

The consolidated financial statements were authorised for issue by the Supervisory Board on 9 April 2019.

With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Dutch Civil Code.

(b) Basis of measurement
Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

(c) Functional and presentation currency
These consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro (€) has been rounded to the nearest thousands, except when otherwise indicated.

(d) Use of estimates and judgements
The preparation of the consolidated financial statements in conformity with EU-IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Note 6&7:
Tangible and intangible fixed assets.
Different estimates of future economic lifetime can result in different depreciation and amortisation recognised in the profit and loss as well as different book value balances at year end. Useful life of the software is related to the nature of the business transformation. Graydon estimates the useful life of the self-developed software to be five years based on expected economic applicability of the functionality. The software allows Graydon to renew current products and further develop new products in the coming years.

Corrected for fully amortised assets and Asset Under Construction balances, Graydon's amortisation base of self-developed software approximates € 14 million as at 30 June 2018. Assuming that at that moment, the self-developed software asset is taken into use and amortised, different economic lifetime assumptions have the following impact on the amortisation per annum:

- If the asset's future economic life was estimated at 60 months, annual amortisation would amount to € 2.8 million per annum;
- If the asset's future economic life was estimated at 96 months, annual amortisation would amount to € 1.8 million per annum;
- If the asset's future economic life was estimated at 36 months, annual amortisation would amount to € 4.7 million per annum;

Included in Graydon's self-developed software (internal) are payroll expenses. The amount of capitalised payroll expenses are subject to an estimate percentage of directly attributable labour hours (between 20-90%). If this capitalisation percentage would be 10% lower, then capitalisation for the year would be approximately € 95 (2017: € 70) lower.

Useful life of the databases is related to the time value of the information. The economic useful life is expected to decrease progressively, hence the amortisation rates of 65%, 30% and 5%. If the pace is slower due to a longer shelf life, the depreciation rate could be 40%, 40%, 20%. If the pace would be more aggressive the depreciation rate could be 70%, 30%, 0%. As investment in the databases are quite stable and done continuously each period, the amortisation charge of the database as at 31 December 2018 assets would not differ significantly due to the catch up effect. If the database would be amortised in 2 years instead of three, the amortisation charge would be comparable due to aforementioned catch up effect. The net book value of the database asset would be approximately 5% or € 400 (2017: € 350) lower.

Included in Graydon's databases are payroll expenses. The amount of capitalised payroll expenses are subject to an estimate percentage of directly attributable labour hours (between 20-90%). If this capitalisation percentage would be 10% lower, then capitalisation for the year would be approximately € 276 (2017: € 259) lower.

Note 8:
Deferred taxation in respect of tax losses carried forward.
Differences in the estimate of future taxable profits can result in a different amount of deferred tax asset, recognised at year end. If the estimated future taxable profit would decrease by € 1000, then the DTA in respect of tax losses carried forward would be reduced by the applicable tax rates multiplied by aforementioned amount.

Note 9:
Trade receivables.
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. A different estimate for calculating customer default percentages can result in a different amount of bad debt expense and different amount of bad debt provision per year end. Graydon concludes that a different actual default percentage compared to the estimated default percentage will not result in a significantly different bad debt expenses nor provision as at year end. At recognition of the financial asset concerned, the standard percentage of default is estimated between 1-3% increasing each 30-day period up to a maximum of 100%.

Note 12:
Provisions.
A different estimation scenario, with a different estimate on the likeliness of cash outflows can result in different provision amounts to be recognised as per year end.

(e) Correction of prior year error
Graydon re-assessed its accounting for intangible assets – internally developed software with respect to capitalising directly attributable expenses. Graydon had previously only capitalised external software consultancy expenses. During 2018, Graydon corrected its accounting for intangible assets, where also directly attributable labour cost are capitalised Graydon has applied IAS 8: correction or errors with retrospective application. The opening balances of the affected equity components have been restated for the earliest prior period presented. Comparative amounts have been restated presented as if the accounting policy had always been applied. Quantitative disclosure of the error is included in note 7.

(f) Consistency in accounting policies
Graydon has consistently applied the accounting policies set out in note 'Significant accounting policies' to all periods presented in these consolidated financial statements, except for the application of new standards, except for the impact of discontinued operations and except for the error correction relating to internally developed software described above. For new standards, refer to sections (C) and (J) of the Significant Accounting Policies. For internally developed software, reference is made to section (I) of the Significant Accounting Policies.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except for new standards and correction of error, refer above.

Certain comparative amounts in the consolidated statement of financial position have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation
(i) Subsidiaries
Subsidiaries are entities controlled by Graydon. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, Graydon takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Loss of control
On the loss of control, Graydon derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If Graydon retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained

(iii) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Discontinued operation
A discontinued operation is a component of Graydon's business, the operations and cash flows of which can be clearly distinguished from the rest of Graydon and which:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year. Further reference is made to note 20. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(c) Revenue

(i) Accounting standards

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract

(ii) Restatement resulting from the adoption of IFRS 15

Graydon adopted IFRS 15 on the required effective date using the full retrospective method, and did not apply any of the practical expedients available under this method. The adoption of IFRS 15 did not result in an impact on its 2017 comparative figures. There was no impact on the statement of financial position.

(iii) Revenue arising from contracts with customers

Identify the performance obligation

Graydon provides customers with database information. Graydon sells its database information to customers in the form of reports or in the form of providing access to its database. In general, the promise of these contracts is to provide the customers with permanently upkept database information.

In context of the above, it is Graydon policy to consider the Market Information services product and Credit Information products as distinct at the contract level / Credit Information bundle level. Judgment may need to be applied in highly incidental cases whether there are more than one distinct services in a contract.

Allocation of the transaction price

The transaction price is allocated to each performance obligation (or distinct good or service) in an amount that describes the amount of consideration to which the entity expects to be “entitled” in exchange for transferring the promised goods or services to the customer.

Variable consideration

Contracts generally do not contain elements of variable consideration. In very rare instances, contracts contain elements of variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. it is Graydon policy to treat variable consideration prudently to the extent that it is unlikely that a significant reversal in revenue occurs.

Customer options

Contracts generally do not contain customer options. In very rare instances, when a clause is included that under usage may be offset for a future different product then this is considered a potential material right, accounted for as a customer option. The customer option is treated as a contract modification. The customer option is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved, increasing the amount of revenue that will be deferred. It is Graydon policy to treat variable consideration to the extent that it is unlikely that a significant reversal in revenue occurs.

Recognise revenues

Whenever a customer accesses information from the Graydon database, the customer simultaneously receives and consumes the benefits from the service. Under IFRS 15, Graydon concludes that revenue from services will continue to be recognised over time. Based on evaluating both an input method and an output method to measure progress towards complete satisfaction of the service, Graydon observes a straight-line over time recognition pattern. This is the same as under the previous accounting policy.

(d) Finance income and finance costs

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense and recognised in profit or loss.

(e) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Graydon entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items in a foreign currency that are measured based on historical cost are not translated

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Translation reserve is included under legal reserves within shareholder's equity on the consolidated balance sheet.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When Graydon disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When Graydon disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.
When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(iii) Exchange rates for the most important currencies

	Average exchange rate for the year		Spot rate on balance sheet date	
	2018	2017	2018	2017
GBP	1.13	1.14	1.12	1.13

(f) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if Graydon has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(iii) Defined benefit plans

Graydon's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for Graydon, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Graydon determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. Graydon recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(g) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
In determining the amount of current and deferred tax Graydon takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. Graydon believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes Graydon to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax, Graydon takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes Graydon to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Graydon management considers Graydon a single cash generating unit.

(ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to Graydon. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis, generally recognised in profit or loss over the estimated useful lives of each component and depreciated from the date that they are installed and are ready for use.

The estimated useful lives for the current and comparative years of significant items of machines and equipment are as follows:

• Property, plant and equipment	**3 - 10 years**
• Other components	**4 - 5 years**

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets

(i) Recognition and measurement

Intangible assets are recognised if:

- It is probable that the future economic benefits that are attributable to the asset will flow to the organisation.
- The cost of the asset can be measured reliably.

An intangible asset is initially measured at cost. The cost of the asset comprises of purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets consist of:

Capitalised database costs

Capitalised database costs comprise externally purchased data and directly attributable labour cost to acquire (through digital and other sources), generate or enrich data fields, which are not available from other sources, into information. Each addition to these data fields adds new relevant information for our customers, that require continuously up to date information. This information forms our database content which feeds our Information Services product.

Capitalised development costs

Development expenditures on our projects are recognised as an intangible asset when Graydon can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Self-developed software

Self-developed software refers to software which is developed by Graydon. Self-developed software (external) relates to engineering purchased from a third party and directly attributable labour cost to bring the asset to its intended use. Self-developed software (internal) comprises labour cost directly attributable to the self-developed software to bring this asset to its intended use.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Database

Capitalised database costs are amortised progressively decreasing in a three year period, reflecting its useful life (65%-30%-5%).

Self-developed software

Self-developed software is amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use (3 - 5 years).

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Legal reserve

Following initial recognition of development expenditure as an asset, a legal reserve equivalent to the carrying amount is formed.

(j) Financial instruments

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. This standard encompasses an overall change of accounting principles for financial instruments and replaces IAS 39 – the current standard on financial instruments. The standard contains new requirements for impairment of financial assets and for hedge accounting. Graydon adopted IFRS 9 as at January 1, 2018.

Transition method

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

Classification and measurement
The impact on the classification and measurement of financial assets is not significant. The vast majority of Other financial non-current assets as well as the Trade and other receivables were measured at amortised cost, using the effective interest method, less any impairment losses. In accordance with IFRS 9, these Other financial non-current assets and Trade and other receivables continue to be measured at amortised cost.

Impairment model
IFRS 9 introduces a new impairment model, whereby recognition of an allowance for expected credit losses on financial assets is required, which deviates from the recognition of incurred credit losses under IAS 39. Graydon utilises a simplified model, taking into consideration probability of default and aging of the receivables.

The IFRS 9 impairment model accelerates the timing of recognizing impairment losses. The implementation of IFRS 9 did not result in the recognition of any (material) additional impairment losses within the Graydon Financial Statements.

(i) Non-derivative financial assets
Classification
From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI (Fair Value through OCI ("FVOCI")) or through profit and loss (Fair Value through profit and loss ("FVPL"))", and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments
Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments: Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Impairment
From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 9 for further details.

Presentation
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Graydon has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Classification
Until 31 December 2017, the group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

Recognition and derecognition
Graydon initially recognised loans and receivables on the date that they originated. All other financial assets (including assets designated as at fair value through profit or loss) were recognised initially on the trade date, which is the date that Graydon became a party to the contractual provisions of the instrument.

Graydon derecognised a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that is created or retained by Graydon was recognised as a separate asset or liability.

Measurement

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade receivables and other trade receivables and prepayments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by Graydon in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

Recognition and derecognition

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Graydon initially recognises liabilities initially on the trade date, which is the date that Graydon becomes a party to the contractual provisions of the instrument.

Graydon derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Measurement

Graydon classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of Graydon's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(k) Impairment

The carrying amounts of Graydon's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of an asset or of cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

(l) Provisions

A provision is recognised if, as a result of a past event, Graydon has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by Graydon from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, Graydon recognises any impairment loss on the assets associated with that contract.

(ii) Restructuring

A provision for restructuring is recognised when Graydon has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(m) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, Graydon determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, Graydon separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If Graydon concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using Graydon's incremental borrowing rate.

(ii) Leased assets

Assets held by Graydon under leases that transfer to Graydon substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in Graydon's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) New standards and interpretations not yet adopted

New standards

A number of new standards, amendments to standards and interpretations are effective for the year ended 31 December 2018, and, where relevant, have been applied in the preparation of these consolidated financial statements.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- IFRS 9 Financial Instruments
- Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers FRS 15 revenue from contracts
- IFRIC 22 Foreign Currency Transactions and Advance Considerations
- Annual Improvements Cycle - 2014-2016

For the impact of IFRS 15, refer to section c. For the impact of IFRS 9, refer to section j. Except for IFRS 15 and IFRS 9, the above new standards, amendments and/or interpretations did not have a significant impact on Graydon.

Standards not yet adopted

The nature and the impact of each of the following not yet adopted standards, amendments and/or interpretations are described below:

- IFRS 16 Leases

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, Graydon has continued to assess the potential effect of IFRS 16 on its financial statements. Graydon will apply the modified retrospective approach. Graydon has carried out a comprehensive assessment of contracts and based on this review, Graydon expects a right-of-use asset and corresponding lease liability amounting to € 4- 8 million.

Going forward, under IFRS 16 Graydon will incur amortisation charges and interest expense compared to under legacy IFRS, operational lease expense. At the inception of the lease contract, under IFRS 16 the expenses are expected to be front loaded compared to legacy IFRS, however this effect is expected to be inconsequential.

(o) Segment reporting

The disclosure of segment information is required only by those entities whose debt or equity instruments are traded in public market or that file, or are in the process of filing, their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in the public market. The company has not disclosed segment information.

(p) Determination of fair values
A number of Graydon's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values are determined annually for measurement and/or disclosure of property, plant and equipment, intangible assets and provisions.

The principal methods and assumptions used to estimate the fair value for relevant financial statement captions are:

Trade and other receivables/ trade and other payables
The face value of receivables and liabilities due within one year is regarded as a reflection of their fair value. The fair value of all other receivables and liabilities is measured on the basis of present value. The discount factor is based on the risk free interest rate of the same duration of the receivable and for payable plus a credit mark-up reflecting the credit worthiness of Graydon.

Financial lease liabilities
The fair value is estimated on the basis of the present value of the future cash flows, discounted at the interest rate for lease contracts of a similar kind. The estimated fair value reflects movements in interest rates.

(q) Consolidated statement of cash flows
The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist only of cash. Income and expenditure owing to interest and tax on profits have been included under the cash flow from operating activities.

1. Revenue	**2018**	**2017***
Credit Management Information	34,178	36,102
Risk and Compliance Solutions	6,487	5,080
Debt collection	-	-
Market Information	3,348	3,115
Other	165	399
	44,178	**44,696**

	2018	**2017***
The Netherlands	22,069	21,396
Belgium	13,090	12,845
UK	9,019	10,455
	44,178	**44,696**

* Restated

Contracts with customers - general
The above revenue breakdown contrain all revenues from contracts.

Contract balances
In its current financial year, Graydon did not recognise revenues from performance obligations satisfied in the previous year. Graydon recognises revenue straight line over time. No seasonal pattern has been identified. Due to annual invoicing at the beginning of the contract, contract assets are limited (except for current receivable balances) and contract liabilities are substantially short term.

For the impact of the Collections disposal on deferred revenue balances, reference is made to note 20.

Due to very limited occurrence of variable compensation, there were no cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability. Due to straight line revenue recognition, there were no adjustments arising from a change in the measure of progress. Catch-up adjustments to revenue from changes in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification were insignificant, where this amounts represents deduction of revenue in order to achieve high probability that a significant reversal in the amount of cumulative revenue recognised will not occur. All contract assets are initiated through billing in advance. For impairments on contract assets, refer to note 9. At billing, our contract assets transfer to receivable at the initial billing, resulting in a deferred revenue position (credit) on contracts. Graydon recognises revenue straight line over the contract term. We did not encounter a change in the time frame for a performance obligation to be satisfied.

Performance obligations

As part of Graydon standard Terms & Conditions, upon contract start date, Graydon bills contract terms in advance with 30 days payment terms. At contract inception, that the period between when Graydon transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Contracts do not contain a financing element. As the Graydon product is produced and consumed at the same moment, at balance sheet date, there are no open obligations for suppliers to transfer goods or services, except for the service obligation to provide the customer with the promised product, reflected in our deferred revenue balance. As of balance sheet date, Graydon has no obligations from contracts for returns, refunds and other similar obligations.

Transaction price allocated to the remaining performance obligations

Since our contracts are distinct at the bundle level the deferred revenue balance represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period.

Graydon recognises revenue straight line over the contract term. As Graydon has a significant amount of contracts with customers that have individually different and offsetting patterns which approximates a straight line pattern. Consequently, Graydon has judged that recognizing straight line over time is the most accurate output-based pattern for recognising revenue. Graydon deems its product distinct at the level of the product bundle and at the level of the Market Information Services. As a result there is one performance obligation per contract for which, at contract inception, little judgment is to be applied. Any additional customer usage is not known at the inception of the contract and recognised after occurrence when known, to the extent that it is highly unlikely that a significant reversal in the future will occur".

Significant judgements in the application IFRS 15: Determining the transaction price and the amounts allocated to performance obligations

At contract inception, transaction price is allocated to the performance obligations. As there is one performance obligation in the contract, little judgment is to be applied in determining the transaction price. Any additional usage is not known at the inception of the contract and not recognised at inception date. Variable consideration, applicable in rare circumstances, is recognised at inception date using a best estimate of future customer usage and unit price. Periodically contracts that contain an amount of variable consideration are reviewed and actual under or over usage and unit price is applied to update our best estimate. Graydon makes its best estimates for variable consideration prudently to achieve high probability that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As there is simultaneous production and consumption of our services this does not apply to Graydon, except for obligations for refunds for unused, which occur sporadically and are treated as variable compensation.

Assets recognised from the costs to obtain or fulfil a contract with a customer

As of balance sheet date, Graydon has no assets recognised from the costs incurred to obtain or fulfil a contract with a customer. Relating to such assets, no amortisation nor impairment loss was recognised in the reporting period.

2. Salaries and social charges and pension expenses	**2018**	**2017***
Salaries	13,841	12,592
Compulsory social security contributions	2,232	1,980
Contributions to defined contribution plans	1,017	944
Social charges and pension expenses	3,249	2,924
	17,090	**15,514**

* Restated

Pension plans

At 31 December 2012, the company reported two pension plans as defined benefits plans, one plan relates to the Netherlands and one relates to Belgium. In addition the company contributes to several defined contribution plans. During 2013 the company settled the Dutch defined benefit plan and redefined the status of the Belgium employee benefit plan, leading both plans to be accounted for as defined contribution plans as from 2013.

The Netherlands

At 31 December 2012 the company operated a final pay pension plan for certain Dutch employees. This was a closed pension plan as of 31 December 1997 and was sponsored for the employees who were in service at that date and chose to remain participant in this plan. No new employees were able to enter this plan. At 31 December 2013 this pension plan was settled by means of a transfer to an Insurance company and therefore this plan is accounted for as defined contribution as of 1 January 2013.

The changed pension plan is integrated in the existing defined contribution plan that is executed by an external insurance company (Nationale Nederlanden).

In addition, the defined benefit schemes of three former executives are accounted for as defined contribution schemes due to the fact that the company settled future interest rate, longevity and indexation risks. The company is obliged to pay the predetermined premium for these plans. Graydon did not make any material contributions in 2018 or 2017.

Belgium

In Belgium, a Defined Benefit pension plan is in operation. We refer to note 16 ‘Employee benefits’ for further disclosure of the Belgium defined benefit pension plan.

United Kingdom

In the United Kingdom, the company makes contributions to a relatively small defined contribution plan which is executed by an outside insurance company.

3. The average number of employees	**2018**	**2017***
In full-time equivalents (FTE).		
The Netherlands	128	129
Other countries	139	148
	267	**277**

4. Other operating expenses	**2018**	**2017***
Production & Sales	8,217	8,632
Office	2,116	1,905
Personnel	3,463	4,246
Marketing	1,624	1,625
Other	1,653	1,662
	17,073	**17,442**

5. Income tax expense *Reconciliation of effective tax rate*	**2018**	**2017***
Profit before tax	-1.119	1,448
Tax using the company’s domestic corporation tax rate	280	-362
Effect of tax rates in foreign companies	-171	-184
Tax exempt income (disposal)	-	-
Unrecognised Net Operating Losses		-411
Recognition of previously unrecognised Net Operating Losses	362	-
Impact of rate change	142	-
Adjustments of previous years	109	-169
Other	-25	-4
Income tax in statement of profit or loss	**-697**	**-1,130**

* Restated

Reconciliation of effective tax rate In percentage	2018	2017*
Profit before tax	100	100
Tax using the company's domestic corporation tax rate	-25.0	-25.0
Effect of tax rates in foreign companies	15.2	13.1
Tax exempt income (disposal)	-	-
Unrecognised Net Operating Losses	-	27.4
Recognition of previously unrecognised Net Operating Losses	-32.3	-
Impact of rate change	-12.7	-
Adjustments of previous years	-9.7	-11.3
Other	2.3	1.1
Income tax in statement of profit or loss	**-62.2**	**-25.7**

* Restated

Graydon believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

As of December 2018, Graydon UK has applied tax pooling with Atradius UK, enabling to, retroactively as of September 15, 2017, offset losses borne by Graydon UK with profits of Atradius UK. Due to sufficient profitability of Atradius UK, losses incurred by Graydon UK, originating as of September 15, 2017, up to balance sheet date can be fully offset with Atradius UK profits. As a result of this, there is a change in the applicable tax rate due to the recognition of previously impaired tax loss carryforwards in the UK.

As of April 2017, Graydon NL is part of a fiscal unity with Atradius NL, enabling Graydon NL to, retroactively as of January 1, 2017, offset losses borne by Graydon NL with profits of Atradius NL. This has no impact on the applicable tax rate as previously in NL the Net Operating Losses were recognised.

6. Property, plant and equipment	**Property, plant and equipment**	**Other**	**Total**
Book value as at 1 January 2018			
Acquisition cost as at 1 January 2018	5,202	2,561	7,765
Accumulated depreciation as at 1 January 2018	-4,337	-2,359	-6,696
Book value as at 1 January 2018	**865**	**204**	**1,069**
Movements			
Additions	110	570	680
Disposals: Accumulated acquisition	-201	-	-201
Disposals: Accumulated depreciation	201	-	201
Depreciation charge for the year	-243	-80	-324
FX differences	2	5	7
	-131	**495**	**364**
Book value as at 31 December 2018			
Acquisition costs as at 31 December 2018	5,111	3,131	8,242
Accumulated depreciation as at 31 December 2018	-4,377	-2,434	-6,811
Book value as at 31 December 2018	**734**	**697**	**1,431**

Property, plant and equipment

Property, plant and equipment consist of leasehold improvements and machinery and equipment. Leasehold improvements relate to refurbishment of our offices. Machinery and equipment consist mainly of our computer hardware and office inventory. The other category relates to motor vehicles and art.

Impairment test

The performed impairment analysis does not show any impairment triggers (2017: no impairment triggers).

7. Intangible assets

	Databases	Self-developed software (Internal)	Self-developed software (External)	Self-developed (Total)	Total
Acquisition cost as at 31 December 2016	53,437	3,455	10,969	14,424	67,861
Accumulated amortisation as at 31 December 2016	-47,316	-3,399	-4,682	-8,081	-55,397
Book value as at 31 December 2016	6,120	56	6,287	6,343	12,463
Correction of error	-	301	-	301	301
Acquisition cost as at 31 December 2016*	53,437	3,756	10,969	14,725	68,162
Accumulated amortisation as at 31 December 2016	-47,316	-3,399	-4,682	-8,081	-55,397
Book value as at 1 January 2017*	**6,120**	**357**	**6,287**	**6,644**	**12,764**
Movements					
Additions	8,303	678	2,556	3,234	11,537
FX differences	-	-	-	-	-
Amortisation charge for the year	-7,452	-56	-1,847	-1,903	-9,355
FX differences	-28	-	-	-	-28
	823	**622**	**709**	**1,331**	**2,154**
Book value as at 31 December 2017					
Costs as at 31 December 2017	61,712	4,434	13,525	17,959	79,671
Amortisation as at 31 December 2017	-54,769	-3,455	-6,529	-9,984	-64,753
Book value as at 31 December 2017	**6,943**	**979**	**6,996**	**7,975**	**14,918**
Movements					
Additions	9,685	885	2,707	3,592	13,277
FX differences	-9	-	-49	-49	-58
Disposal	-	-	-525	-525	-525
Amortisation charge for the year	-8,585	-180	-1,906	-2,086	-10,671
FX differences	14	-	-53	-53	-39
Disposal	-	-	421	421	421
	1,105	**705**	**595**	**1,300**	**2,405**
Book value as at 31 December 2018					
Costs as at 31 December 2018	71,388	5,319	15,658	20,977	91,898
Amortisation as at 31 December 2018	-63,340	-3,635	-8,067	-11,702	-74,575
Book value as at 31 December 2018	**8,048**	**1,684**	**7,591**	**9,275**	**17,323**

Databases

Databases refer to the cost of purchasing and enriching data in databases and accompanied employee expenses. Employee expenses relate to the salary and related expenses for the employees, directly attributable to bring the asset to its intended use. In the countries, this approximates 80-90% of the employees' available labour hours.

Amortisation of databases and is according to 65%/30%/5% as the value of progressively decreasing from 1st year onwards.

The additions to databases comprises the following amounts:

	2018	2017*
Salaries	1,755	1,692
Compulsory social security contributions	357	322
Contributions to defined contribution plans	96	73
Purchased data	7,477	6,216
	9,685	**8,303**

* Restated

Self-developed software

Self-developed software refers to software which is developed by Graydon. Self-developed software (external) relates to software engineering purchased from a third party. In the self-developed software an amount of € 2,230 (2017: € 3,424) is included as Assets Under Construction. Self-developed software (internal) relates to the salary and related expenses for the employees, directly attributable to bring the asset to its intended use.

The additions to self-developed software (internal) comprises the following amounts:

	2018	2017*
Salaries	726	557
Compulsory social security contributions	102	77
Contributions to defined contribution plans	57	44
Purchased data	-	-
	885	**678**

* Restated

Correction of prior year error

Refer to "Basis of preparation" section E. As at 31 December 2016, the accumulated impact of the correction of the capitalisation of labour cost relating to developing software on opening equity 2017 amounts to gross € 301 and to € 226 net of tax. As at 31 December 2017, the accumulated impact of the correction of the capitalisation of labour cost relating to developing software on closing equity amounts to gross € 979 and to € 734 net of tax.

The 2017 impact of the correction of the capitalisation of labour cost relating to developing software on the statement of profit or loss and comprehensive income amounts to gross € 678 and to € 508 net of tax. The 2017 impact on basic and diluted earnings per share net of tax is € 0.34. There is no offsetting amortisation in 2016 nor 2017 since the intangible asset was not put into use until April 2018.

Impairment test

The performed impairment analysis does not show any impairment triggers (2017: no impairment triggers).

8. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

As at 31 December	Assets		Liabilities		Net	
	2018	2017	2018	2017*	2018	2017*
Net Operating Losses	1,204	2,012	-	-	1,204	2,012
Tangible assets	-	-	-	-	-	-
Intangible assets	107	250	-1,957	-1,930	-1,850	-1,680
Other	-	8	-	-	-	8
Net tax assets / (liabilities)	**1,311**	**2,269**	**-1,957**	**-1,930**	**-646**	**340**

* Restated

Deferred tax assets and liabilities relate to temporary tax differences regarding valuation of tangible and intangible assets and some other receivables. Due to the long-term nature of the assets, the corresponding deferred tax liability is deemed long-term.

An amount of € nil (2017: € 8) in deferred tax asset related to actuarial results on the Belgium defined benefit pension plan was charged directly to the equity.

Movement in deferred tax assets and liabilities during the year:

Movement in deferred tax assets and liabilities during the year:

2018	Net balance at 1 January*	Recognised in profit or loss	Transfer to current	Net balance at 31 December	Deferred tax assets	Deferred tax liabilities
Net Operating Losses	2,012	1,063	-1,871	1,204	1,204	-
Tangible assets	-	-	-	-	-	-
Intangible assets	-1,680	-170	-	-1,850	107	-1,957
Other receivables	8	-8	-	-	-	-
Net tax assets / (liabilities)	**340**	**885**	**-1,871**	**-646**	**1,311**	**-1,957**

* Restated

Based on the mid-term forecast prepared in 2018 and the renewed corporate strategy, management believes that it's probable that future taxable profits will be available against which they can be utilised. At the end of 2018, Graydon has tax losses carried forward in the Netherlands € 1,204 (2017: € 2,012). The amount that is expected to be settled after 1 year amount to € 1,204 (2017: 2,012).

As at 31 December 2018, Graydon has no unrecognised tax losses (2017: € 1,915).

9. Trade and other receivables, prepayments and income taxes receivable	2018	2017*
Trade receivables	5,301	6,071
Other receivables	803	1,464
Prepayments	1,005	1,291
Income tax receivable	1,989	660
	9,098	**9,486**

* Restated

An amount of € 37 (2017: € 37) is included in the trade receivables and relates to long term contracts. Trade receivables are shown net of a provision for bad debts of 31 December 2018 € 798 (2017: € 951). During the year, an amount of € 221 (2017: € 630) was charged to the statement of profit and loss and added to the provision for expected credit losses. All impairments, if any, on contract assets relate to contracts with customers.

Of the Income tax receivable balance, an amount of € 1,125 (2017: nil) is recorded against a related party relating to tax pooling in the Netherlands. In addition, of the Income tax receivable balance, an amount of € 363 (2017: nil) is recorded against a related party relating to tax pooling in the UK.

10. Cash and cash equivalents	2018	2017
Bank balances	5,674	8,301
Cash and cash equivalents in the statement of cash flows	**5,674**	**8,301**

There are bank guarantees for the rented premises in Belgium for a total of € 315 (2017: € 315). An amount of € 343 (2017: € 343) is guaranteed to third parties related to rented premises in the Netherlands. The remaining cash balances are at Graydon's free disposal.

11. Equity

For an overview of the transactions in equity see the consolidated statement of changes in Equity on page 26.

Share capital

The shares amount to € 1,- nominal each. All shares issued are fully paid up.

Number of shares	Ordinary shares	
	2018	2017
Authorised and issued capital as at 1 January	1,500,000	1,500,000
Authorised and issued capital as at 31 December	**1,500,000**	**1,500,000**

Share premium

This share premium represents the amount received from shareholders for shares in excess of the nominal value at the date of incorporation of the company.

Reserves

The reserves include a legal reserve and a translation reserve.

Legal reserve

The legal reserve represents the amount to be held against the intangible assets. The reserve is not free at disposal to shareholders.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

Proposed appropriation of 2018 result

The Managing Board proposes to the General Meeting of Shareholders to add the profit 2018 of € 673 to the retained earnings.

12. Provisions

Other	OPS restructuring	Other	Total provisions
Provision as at 1 January 2017	1,127	381	1,508
Additions	-	1,264	1,264
Release	-1,127	-231	-1,358
Provision as at 31 December 2017	**-**	**1,414**	**1,414**
Provision as at 1 January 2018	-	1,414	1,414
Additions	-	800	800
Disposal		-1,414	-1,414
Provision as at 31 December	**-**	**800**	**800**

In 2017, OPS restructuring concerns a provision to adjust the organisation to the new, more automated processes in the Netherlands and Belgium. This restructuring was started in previous years for OPS in The Netherlands and has been completely executed during 2016. In 2017 management re assessed the provision, resulting in the release of the provision as the timing of execution of the reorganisation and the scope could no longer be estimated reliably.

In 2017, Graydon released a provision, previously estimated at € 231, due to the expiration of the counterparty's appeal period.

The provisions of € 800 (2017; 1,414) relate to warranties issued. In 2017, the amount of the provisions of € 1,414 was expected due within one year.

13. Trade and other payables

	2018	2017
Trade payables	3,458	5,506
Taxes and social charges	1,140	1,131
Current income tax payable	119	649
Debt collection liabilities	-	2,132
Non- trade payables and accrued expenses	2,686	3,975
	7,403	**13,393**

14. Deferred income

The liability for deferred income of € 11,257 (2017: € 10,453) pertains to amounts paid by customers and set aside for services to be performed in the future; the maximum period is 5 years and the average is 2 years. Deferred income is of a short term nature, as billing is done in advance with a maximum term of 12 months. As a result of this, the revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period of € 10,453 is € 10,453.

15. Employee benefits

As of 1 January 2016, a change in Belgium pension legislation became effective ('Wet Aanvullend Pensioen'). Until 1 January 2016 plan sponsors needed to guarantee an interest rate of 3,25% on employer pension contributions and 3,75% on employee contributions (if any). As of 1 January 2016, the future legal interest guarantee became variable, related to Belgian Bonds (OLO, 10 years), between an interest rate of 1,75% - 3,75%.

The Belgium pension plan is applicable to all Graydon Belgium N.V. employees and is insured with an external insurance company. All employees are affiliated as from their date of hiring. Employees contribution amounts to 1,5% of the 13 months' salary (based on September monthly income). Employer contribution to the plan ranges from 3 - 5% of the 13 months' salary.

Graydon performs an assessment on the qualification of the Graydon Belgium N.V. pension plan and determines that, based on remaining actuarial risk the Graydon Belgium plan can be considered as "plan with guaranteed return" and has to be considered as a Defined benefit plan.

Based on actuarial calculations on the Graydon Belgium NV pension plan, total gross Defined Benefit Obligation and gross Plan Assets have been determined, resulting in an (un)funded asset status of € -14 (2017: liability of € 23).

As plan assets include qualifying insurance policies, the fair value of the insurance policies is deemed the present value of the related obligations. Due to the reinsurance of the pension plan, cash flow exposure is limited to contributions payable. Due to the reinsurance of the pension plan, there is limited remaining actuarial risk.

Employer Liabilities	**31 December 2018**	**31 December 2017**
DBO Excluding Taxes	7,680	7,056
Taxes	-	-
DBO Including Taxes	7,680	7,056
Assets	7,694	7,033
Unfunded Defined Benefit Obligation	**-14**	**23**
Asset ceiling limitation (IAS 19.58)	14	-
Unfunded Defined Benefit Obligation	**-**	**23**

Change in Defined Benefit Obligation	**2018**
Defined Benefit Obligation as at the beginning of the period	**7.056**
Current Service Cost	199
Interest Cost on the DBO	123
Plan Participants' Contributions	31
Net Actuarial (Gain) / Loss - Experience	390
Net Actuarial (Gain) / Loss - Financial Assumptions	-
Disbursements from Plan Assets	-105
Disbursements Directly Paid by the Employer	-14
Defined Benefit Obligation as at the Period End Date	**7,680**

Change in Plan Assets	**2018**
Fair Value of Plan Assets as at the beginning of the period	**7,033**
Interest Income on Plan Assets	125
Return on Plan Assets Greater / (Less) than Discount Rate	438
Employer Contributions	172
Plan Participants' Contributions	31
Disbursements	-105
Fair Value of Plan Assets as at the Period End Date	**7,694**

Contributions	2018	2017
Employer contributions	172	184
Employee contributions	31	30
Total contributions	**203**	**214**
Taxes on employer contribution and employee contribution	9	9
Wage Tax on employer contribution	14	16
Taxes (wage)	**23**	**25**

Graydon expects to pay € 208 (2017: € 172) in contributions to its defined benefit plans .

Economic assumptions

Salary increase:	3.25% per annum until the age of 55 2.00% per annum afterwards. Inflation excluded.

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

• Inflation rate	2.00%
• Discount rate	1.75%
• Expected Return on Assets	1.75%

Employee information

Active members	31 December 2018	31 December 2017
Number	87	88
Total pay-roll (full-time year salaries) (in €)	4,279	3,857
Average salary (in €)	44	44
Average age	42 years and 5 months	41 years and 5 months
Average past service	13 years and 2 months	11 years and 9 months

Deferred vested	31 December 2018	31 December 2017
Number	254	246
Average age	43 years and 8 months	42 years and 5 months

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Original	31 December 2018	31 December 2017
a. Rate	1.75%	1.75%
b. DBO	7,680	7,056
c. Normal Cost	224	226
d. Fair value of assets	7,694	7,033

Valuation Trend	-1.00%	-1.00%
a. Rate	0.75%	0.75%
b. DBO	8,934	8,273
c. Normal Cost	280	261
d. Fair value of assets	8,948	8,242

Valuation Trend	1.00%	1.00%
a. Rate	2.75%	2.75%
b. DBO	6,650	6,060
c. Normal Cost	216	200
d. Fair value of assets	6,664	6,024

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

16. Commitments and contingent liabilities

Commitments

Graydon has commitments for rent of buildings, cars and computer leasing. Total minimum future payments on non-cancellable operating leases are as follows:

Current	2018	2017
Less than one year	2,640	2,694
Non current		
Between one and five years	5,179	4,414
More than five years	249	1,602
	8,068	**8,710**

The building leases vary from 3 years to more than 5 years. The car leases vary from 1 year to 4 years. The computer leases vary from 1 years to 4 years.

Contingent liabilities

There are no contingent liabilities.

17. Related parties

Parent and ultimate controlling party

The company considers its key management, shareholder (see page 28) and the companies in which it holds equity stakes as related parties.

The shareholder is also client of Graydon, the related revenue amounts to € 3,027 (2017 € 565). This is all related to Credit Information services. All the transactions with the shareholder were concluded on and at an arms' length basis.

The transactions with the companies in which the Company holds equity investments were not significant. The balance sheet contains receivables from the shareholder and its subsidiaries of € nil (2017: € 25). In its deferred revenue balances, an amount of € 2,000 (2017: nil) is recorded against a related party. Graydon Holding has Management Service Agreements with her subsidiaries. In 2018, Graydon Holding charged an amount of € 13,858 (2017: € 13,618) to its subsidiaries.

Of the Income tax receivable balance, an amount of € 486 (2017: nil) is recorded against a related party relating to tax pooling in the Netherlands. In addition, of the Income tax receivable balance, an amount of € 363 (2017: nil) is recorded against a related party relating to tax pooling in the UK.

Key management personnel compensation

Key management personnel compensation relates to management team that leads Graydon and amounts to € 1,646 (2017 € 1,892), which includes € 77 (2017: € 144) compensation for pension premiums and € 45 (2017: € 24) related to other compensation such as car allowance. The decrease in management personnel compensation is caused by a change in management structure during the year.

18. Risk Management

General

As part of the operational activities, Graydon is exposed to risks relating to databases and IT issues.

Graydon does not use financial instruments like bonds, shares or derivatives. Graydon only uses time deposits to optimise the interest earnings for the cash at banks.

Therefore, Graydon does not run large risks regarding financial instruments, such as credit risks, liquidity risks and market risks. Market risk can be broken down into interest rate risks, foreign exchange risks and price risks. Graydon runs insignificant interest rate risks on their outstanding cash at banks and credit risks on the time deposits and debtors.

Graydon has subsidiaries in the United Kingdom. Therefore, for Graydon financial statements Graydon is exposed to foreign exchange risk on these activities.

The aim of the risk policy is to limit these risks to levels acceptable to Graydon. This section of the notes provides disclosures concerning the risks identified above and the aims, policies and procedures of Graydon for managing and measuring these risks. In addition, these consolidated financial statements include quantitative disclosures.

The Audit Committee of Graydon oversees the adequacy of the risk management in connection with the risks to which Graydon is exposed. The Audit Committee is supported in its supervisory position by the Internal Audit function within Graydon. This function provides additional assurance concerning the proper control of all the Graydon business processes by performing regular and occasional evaluations. Internal Audit's findings are reported to the Audit Committee.

Concentrations of risk

Due to our diversified accounts receivable portfolio (refer below) and insignificant risks in other areas, Graydon determines that there are no significant concentrations of risk.

Credit risk

Credit risk is the risk of financial loss by Graydon if a counterparty of a financial instrument does not meet its contractual obligations. Credit risks mainly arise from receivables from customers and from time deposits. Graydon's policy regarding the credit risk of the time deposits is that time deposits only may be invested in parties that have at least an A+ Long-term rating (based on S&P rating).

Graydon's credit risk is mainly determined by the individual characteristics of the customers. The demographic aspects of the customer base, the risk of non-payment in the sector and the country in which the customers are active, have less impact on the credit risk.

As part of the credit policy used by the business units, the individual creditworthiness of each customer is assessed before standard payment and delivery conditions are offered to the customer. In the case of contract extensions, figures from the business unit's own experience are also used in assessing the customer's creditworthiness. Deliveries to customers with a high risk profile are only made after approval by the management. Business has been done with the majority of customers for many years, with only incidental non-material losses.

Graydon has formed a provision for impairment for the amount of the estimated losses from trade and other receivables. The most important elements of this provision are a specific loss provision for important individual positions and a group loss provision for groups of comparable assets concerning losses incurred but not yet identified. Graydon loss provision is determined on the basis of historic payment data for comparable financial assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned in note 9. We do not hold any collateral for trade receivables. We do not have a significant customer concentration.

Per year end, the average number days outstanding on trade receivables was 83 (2017: 57). This number includes the days outstanding for long term receivables (mainly related to Graydon Belgium) included in the Trade Receivables number. Based on the amounts received on Trade Receivables outstanding per yearend in the first quarter of 2019, the credit risk on Trade Receivables is assessed as low.

With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of reporting date that the debtors will not meet their payment obligations. As per balance sheet date, Graydon held cash and cash equivalents of € 5,674 (2017: € 8,301). The cash and cash equivalents are mainly held with bank and financial institution counterparties such as ABN AMRO and KBC, which are rated A- to A+, based on ratings by Fitch, Moody's and S&P.

Interest rate risk
A change of 100 basis points in interest rates at the reporting date would have no material impact on equity and profit.

Liquidity risk
Liquidity risk is the risk that Graydon will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk is managed centrally by management, based on rolling cash flow forecasts made on a monthly basis for Graydon as a whole.

The contractual maturities of financial liabilities which result in a payment outflow, all relate to non-derivative financial liabilities and consist of trade and other payables and amount to € 9,948 (2017: € 10,801). All financial liabilities are due within the upcoming year.

The liquidity risk of Graydon is limited. The majority of the clients pay upfront. The deferred income balance consists of amounts billed in advance for which the majority has been received in cash. Reference is made to note 1 and to note 14.

Currency risk
Graydon is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Graydon companies. The functional currencies of Group companies are primarily the Euro and British pound (GBP). The currencies in which these transactions are primarily denominated are Euro and GBP.

Graydon's exposure to foreign currency risk is limited and relates to the subsidiary in the United Kingdom.

Graydon does not use hedges to mitigate the risks of foreign currency exposures.

The following significant exchange rates were applied during the year:

	Average exchange rate for the year		Spot rate on balance sheet date	
	2018	2017	2018	2017
GBP	1.13	1.14	1.12	1.13

Sensitivity analysis
A 10% strengthening of the € against GBP at year-end would have increased profit for the reporting period by € 51 (2017: € 3) and decreased the equity position by € 22 (2017: € 348). This analysis assumes that all other variables, particularly interest rates, remain constant. A 10% weakening of the € against GBP as at year-end would have had the equal but opposite effect, assuming that all other variables remain constant.

Fair value versus carrying amount
The carrying amounts for financial assets and liabilities included on the balance sheet approximate the fair value.

Capital
In order to manage its capital, Graydon Board of Directors has its overall mandate and manages its operations to achieve its desired levels of capital and reserves. There are no formal capital requirements.

19. Financial Instruments

The carrying amounts of financial assets and liabilities belonging to the various measurement categories, classified by balance sheet category and non-current and current items are as follows:

in thousands of €	Measurement category in acc. with IFRS 9	Carrying Amount 31/12	Carrying Amount 01/01	Carrying Amount 31/12	Measurement category in acc. with IAS 39
		2018	2018	2017	
Trade accounts receivable	AC	5,301	6,071	6,071	LaR
Other financial assets	AC	3,797	3,415	3,415	LaR
Cash and cash equivalents	AC	5,674	8,301	8,301	LaR
Financial assets		**14,772**	**17,787**	**17,787**	
Liabilities from financial leases	AC	-	-	-	FLAC
Trade accounts payable	AC	3,458	5,506	5,506	FLAC
Other financial liabilities	AC	3,945	7,887	7,887	FLAC
Financial liabilities		**7,403**	**13,393**	**13,393**	

Aggregated according to categories as defined in IAS 39:			
Loans and receivables (LaR)	n/a	17,787	17,787
Financial liabilities measured at amortised cost (FLAC)	n/a	13,393	13,393
Available for sale (AfS)	n/a	-	-
Financial liabilities held for trading (HfT)	n/a	-	-
Aggregated according to categories as defined in IFRS 9:			
Amortised Cost (AC) (Assets)	14,772	n/a	n/a
Amortised Cost (AC) (Liabilities)	7,403	n/a	n/a
Fair Value through OCI (FVOCI)	-	n/a	n/a
Fair Value through P&L (FVPL)	-	n/a	n/a

There was no significant impact from the adoption of IFRS 9. The carrying amounts for financial assets and liabilities included on the balance sheet approximate the fair value. There were limited gains / losses on these items.

20. Discontinued operations

On September 4, 2018, Graydon announced that third party Ultimoo acquired Graydon's Netherlands Collection activities ("NL Collections"). This enables Graydon to focus on strengthening its core business. Graydon and Ultimoo agreed on a Transitional Services Agreement commencing July 1, 2018, where NL Collections operation is trading for risk and account of Ultimoo starting that date. On December 1, 2018, Graydon transferred its Belgium Collections ("BE Collections) portfolio to a related party. The results of the former NL Collections and BE collections activity are referred to collectively as "Collections activities". The results of the Collections activities for the 2018 and 2017 are presented below:

in thousands of €	2018		2017	
Revenue		2,210		3,902
Expenses				
Salaries	-742		-1,754	
Social charges and pension expenses	-147		-334	
Amortisation	-52		-105	
Other operating expenses	-1,622		-3,976	
		-2,563		-6,169
Operating result		**-353**		**-2,267**
Net finance costs		-1		-11
Gain on sale		1,384		
Result before taxation		**1,030**		**-2,278**
Income tax		29		300
Net Result from discontinued operations		**1,059**		**-1,978**

The net cash flows incurred by NL Collections are as follows:

	2018	2017
Operating	-468	-843
Investing	104	-
Financing	-468	-
Net increase / (decrease) in cash and cash equivalents	**-832**	**-843**

Earnings per share from discontinued operations	2018	2017
Basic earnings per share (€) from discontinued operations	**0.71**	**-1.35**
Diluted earnings per share (€) from discontinued operations	**0.71**	**-1.35**

The major classes of assets and liabilities of NL Collections as at 31 December 2017 are:

in thousands of €	2017
Assets	
Intangible assets	156
Total non-current assets	**156**
Trade receivables	448
Other receivables and prepayments	802
Cash and cash equivalents	3,774
Total current assets	**5,024**
Total assets	**5,180**
Equity	
Share capital	6
Retained earnings	26
Result for the year	-1,978
Total equity	**-1,946**
Liabilities	
Trade and other payables	5,394
Current portion of provisions	1,414
Deferred income	318
Total current liabilities	**7.126**
Total liabilities	**7,126**
Total equity and liabilities	**5,180**

21. Subsequent events

There were no subsequent events.

Company statement of balance sheet

Before result appropriation

As at 31 December

in thousands of €	NOTE	2018	2017*
Assets			
Intangible assets	1	9,020	7,517
Property, plant and equipment	2	305	210
Subsidiaries	3	12,582	11,593
Deferred tax assets		-	886
Total non-current assets		**21,907**	**20,206**
Income tax receivable		1,125	-
Other trade receivables and prepayments	4	4,732	2,116
Cash and cash equivalents		257	293
Total current assets		**6,114**	**2,409**
Total assets		**28,021**	**22,615**
Equity			
Share capital	5	1,500	1,500
Share premium	5	5,376	1,376
Legal reserve	5	17,323	14,918
Translation reserve	5	-823	-796
Retained earnings	5	-10,593	-6,507
Result for the year	5	637	-1,660
Total equity	5	**13,420**	**8,830**
Liabilities			
Deferred tax liabilities		178	-
Loan from related party	7	3,670	5,667
Total non-current liabilities		**3,848**	**5,667**
Provisions	6	1,080	2,159
Loan from related party	7	4,500	4,450
Trade and other payables	8	5,173	1,509
Total current liabilities		**10,753**	**8,118**
Total liabilities		**14,601**	**13,785**
Total equity and liabilities		**28,021**	**22,615**

* Restated

Company income statement

For the year ended 31 December

in thousands of €	2018	2017*
Result from Group companies after taxation	638	-2,112
Other result after taxation	-1	452
Result for the period	**637**	**-1,660**

* Restated

The notes on pages 56 to 61 are an integral part of these company financial statements.

Notes to the 2018 Company financial statements

General

The Company financial statements are part of the 2018 financial statements of Graydon Holding N.V. (the 'Company'). With regard to the Company income statement of Graydon Holding N.V, the Company has made use of the option provided by Section 402 of Book 2 of the Dutch Civil Code.

Graydon provides business information to commercial organisations, government agencies and non-profit organisations, whilst maintaining optimum standards for security and privacy. Graydon's services portfolio consists of: Credit Management services, Risk & Compliance services and Market Information services. Moreover Graydon offers Collection Services. As per 15 September 2016 Atradius Insurance Holding N.V. is owner of 100% of the Graydon Holding N.V. Shares.

Certain comparative amounts in the Company statement of financial position have been reclassified to conform with the current year's presentation.

Principles of valuation of assets and liabilities and determination of result

In selecting the principles of valuation of assets and liabilities and determination of result employed in the company financial statements, Graydon Holding N.V. has made use of the option provided by Section 362, subsection 8, of Book 2 of the Netherlands Civil Code. Consequently, the principles of valuation of assets and liabilities and determination of result (the 'accounting policies') employed in the Company financial statements of Graydon Holding N.V. are identical to those employed in the consolidated EU-IFRS financial statements.. The consolidated EU-IFRS financial statements have been prepared in accordance with the standards adopted by the International Accounting Standards Board as endorsed for use in the European Union (hereinafter referred to as 'EU-IFRS'). These policies are discussed in notes a – q.

Financial fixed assets

Interests in entities in which Graydon Holding N.V. has significant influence are measured using the Net Asset Value method.

Provisions

For subsidiaries with a negative equity value, a provision is recorded. This measurement also covers any receivables provided to the subsidiaries that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. If the Company fully or partially guarantees the debts of the relevant subsidiary, or if it has the constructive obligation to enable the subsidiary to pay its debts, then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the subsidiary.

The share in the result of Group companies relates to the Company's share in the results of those companies. Results on transactions whereby assets and liabilities have been transferred between the Company and its subsidiaries and between subsidiaries have not been recognised to the extent they can be considered unrealised.

1. Intangible assets	Self-developed software (internal)	Self-developed software (external)	Self-developed software (total)
Book value as at 31 December 2016			
Costs as at 31 December 2016	130	9,210	9,340
Amortisation as at 31 December 2016	-130	-3,315	-3,445
Book value as at 31 December 2016	-	5,895	5,895
Correction of prior year error	301	-	301
Acquisition value as at 31 December 2016*	431	9,210	9,641
Accumulated amortisation as at 31 December 2016	-130	-3,315	-3,445
Book value as at 1 January 2017*	**301**	**5,895**	**6,196**
Movements			
Additions	678	2,355	3,033
Disposal	-	-	-
Amortisation charge for the year	-	-1,712	-1,712
	678	**643**	**1,321**
Book value as at 31 December 2017			
Acquisition cost as at 31 December 2017*	1,109	11,565	12,674
Accumulated amortisation as at 31 December 2017*	-130	-5,027	-5,157
Book value as at 31 December 2017*	**979**	**6,538**	**7,517**
Movements			
Additions	885	2,634	3,519
Disposal	-	-	-
Amortisation charge for the year	-180	-1,836	-2,016
	705	**798**	**1,503**
Book value as at 31 December 2018			
Costs as at 31 December 2018	1,994	14,199	16,193
Amortisation as at 31 December 2018	-310	-6,863	-7,173
Book value as at 31 December 2018	**1,684**	**7,335**	**9,020**

* Restated

Self-developed software

Self-developed software refers to software which is developed by Graydon. Self-developed software (external) relates to software engineering purchased from a third party. In the self-developed software an amount of € 2,230 (2017: € 3,424) is included as Assets Under Construction. Self-developed software (internal) relates to the salary and related expenses for the employees, directly attributable to bring the asset to its intended use.

Correction of prior year error

Refer to “Basis of preparation” section E. As at 31 December 2016, the accumulated impact of the correction of the capitalisation of labour cost relating to developing software on opening equity 2017 amounts to gross € 301 and to € 226 net of tax. As at 31 December 2017, the accumulated impact of the correction of the capitalisation of labour cost relating to developing software on closing equity amounts to gross € 979 and to € 734 net of tax.

The 2017 impact of the correction of the capitalisation of labour cost relating to developing software on the statement of profit or loss and comprehensive income amounts to gross € 678 and to € 508 net of tax. The 2017 impact on basic and diluted earnings per share net of tax is € 0.34. There is no offsetting amortisation in 2016 nor 2017 since the intangible asset was not put into use until April 2018.

Impairment test

The performed impairment analysis does not show any impairment triggers in 2018 and 2017.

2. Property, Plant & Equipment	**Property, plant and equipment**
Book value as at 1 January 2018	
Costs as at 1 January 2018	1,104
Depreciation as at 1 January 2018	-894
Book value as at 1 January 2018	**210**
Movements	
Investments	195
Disposals	-
Depreciation charge for the year	-100
	95
Book value as at 31 December 2018	
Costs as at 31 December 2018	1,300
Depreciation as at 31 December 2018	-995
Book value as at 31 December 2018	**305**

Impairment test

The performed impairment analysis does not show any impairment triggers in 2018 and 2017.

3. Subsidiaries	**2018**	**2017***
Balance as at 1 January	9,434	11,643
Exchange rate differences	-26	-72
Result for the year	638	-2,112
Investment	923	-3
Disposal	1,333	-
Other	-	-22
Net balance subsidiaries as at 31 December	**12,302**	**9,434**
Provision negative equity value subsidiaries**	280	2,159
Balance subsidiaries as at 31 December	**12,582**	**11,593**

* Restated

** Refer to note 6 of company financial statements

	Country of incorporation*	Ownership interest 31 December 2018	31 December, 2017
Graydon Nederland B.V.	Netherlands	100	100
Open Companies B.V.	Netherlands	100	100
Graydon Belgium N.V.	Belgium	100	100
Graydon UK Ltd.	United Kingdom	100	100
Giant.net B.V.	Netherlands	100	100
Stichting Derdengelden Graydon Incasso***	Netherlands	-	-
Graydon Incasso B.V.***	Netherlands	-	100
Graydon Collections B.V.B.A.**/***	Belgium	-	-

* Country of incorporation is representative as principal place of business

** As at 1 January 2017, Graydon Collections BVBA was merged with Graydon Belgium N.V.

*** As at 1 July 2018, Graydon Incasso B.V. and Stichting Derdengelden Graydon Incasso were disposed of. As at 1 December 2018, the Graydon Collections BVBA collections portfolio was sold to a related party. Refer to note 20 to the consolidated financial statements.

There are no temporary valuation differences associated with investment in subsidiaries, and consequently no relating deferred tax positions have been recognised.

4. Other trade receivables and prepayments

All receivables are due within one year. No receivables from related parties are included in 2018 and 2017 at balance sheet date.

5. Equity

For an overview of the transactions in equity see the consolidated statement of changes in Equity on page 26.

Share capital

The shares amount to € 1,- nominal each. All shares issued are fully paid up.

Number of shares — **Ordinary shares**

	2018	2017
Authorised and issued capital as at 1 January	1,500,000	1,500,000
Authorised and issued capital as at 31 December – fully paid	**1,500,000**	**1,500,000**

Share premium

This share premium represents the amount received from shareholders for shares in excess of the nominal value at the date of incorporation of the company.

Reserves

The reserves include a legal reserve and a translation reserve.

Legal reserve

The legal reserve represents the amount to be held against the intangible assets.

The reserve is not free at disposal to shareholders.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

Result appropriation for 2017

The loss 2017 of € 1,660 has been allocated to the retained earnings.

Proposed appropriation of 2018 result

The Managing Board proposes to the General Meeting of Shareholders to add the profit 2018 of € 637 to the retained earnings.

As at 31 December 2018, a provision of € 293 (2017: € 2,159) has been recognised relating to negative subsidiary equity value. A reversal of the negative net equity value is expected in 2019.

6. Provisions

	Subsidiaries*	Other	Total provisions
Provision as at 1 January 2017	-	-	-
Additions	2,159	-	2,159
Current portion of provisions	2,159	-	2,159
Provision as at 31 December 2017	**2,159**	**-**	**2,159**
Provision as at 1 January 2018	2,159	-	2,159
Additions	349	800	1,149
Disposals	-1,333	-	-1,333
Investments and loans provided	-924	-	-924
Exchange rate differences	29	-	29
Current portion of provisions	280	800	1,080
Provision as at 31 December 2018	**280**	**800**	**1,080**

* Restated

7. Loan from related party

The loan from a related party relates to a 3-year loan. The nominal amount is € 8,170 (2017: € 10,117). The long term portion of the loan has a maturity between 13 and 24 months. Interest is variable at 12-month Euribor + 1.5%. The book value of the loan approximates the fair value. There are no other obligations, liens, pledges or encumbrances.

8. Current liabilities

All current liabilities are due within one year. The book value of the liabilities approximates the fair value.

9. Remuneration of members of the Managing Board and the Board of Supervisory Directors

In case of one Managing Board member, Dutch legislation does not require to disclose the amount of this remuneration. The combined remuneration of the two current members of the Board of Supervisory Directors amounts to € 55 (2017: € 43) for their 2018 (2017) activities.

10. The average number of employees

	2018	2017
In full-time equivalents (FTE).	**68**	**66**

11. Fees of the independent auditor

With reference to Section 2:382a (1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by PricewaterhouseCoopers Accountants NV (2017: KPMG Accountants NV) to the company:

	2018	2017
Statutory audit of annual accounts	230	180
Other assurance services	-	40
Tax advisory services	-	-
Other non-audit services	-	-
Total	**230**	**220**

12. Commitments and contingent liabilities

The Company has assumed unlimited liability as meant in Article 403, Part 9, Book 2 of the Dutch Civil Code for the wholly owned Dutch subsidiaries whose financial statements have been included in the consolidated financial statements. Accordingly, these subsidiaries apply the exemption provided for in this article, in preparing and filing their financial statements.

Retroactively as at 1 January 2017, the Company and its wholly owned Dutch subsidiaries form one tax unity with Atradius Insurance Services N.V.. As a consequence, the company has full and unlimited liability for all tax liabilities resulting from the tax unity.

There are no additional contractual obligations, liens, pledges or encumbrances.

13. Parent and ultimate controlling party

The company considers its key management, shareholder (see page 26) and the companies in which it holds equity stakes as related parties. All the transactions with related parties were concluded at arms' length conditions.

The company balance sheet contains receivables from related parties of € nil (2017: € 25). Trade and other payables contain liabilities with related parties of € 4,048 (2017: € 1,423).

Graydon Holding has Management Service Agreements with her subsidiaries. In 2018, Graydon Holding charged an amount of € 13,858 (2017: € 13,618) to its subsidiaries.

Of the Income tax receivable balance, an amount of € 1,125 (2017: nil) is recorded against a related party relating to tax pooling in the Netherlands.

14. Cash and cash equivalents

The company's cash and cash equivalent balances are at the company's free disposal.

Amsterdam, 9 April, 2019
The Managing Board
Gertjan Kampman

The Supervisory Board
Mr. Isidoro Unda, President
Mr. Dominique Charpentier
Mr. Tom Kaars Sijpesteijn
Ms. Marta Nodal Martín
Mr. Jörg Müller
Mr. Michel Abbink

Other information

1. Statutory profit appropriation

Article 32 of the Articles of Association provides that:

- The profit is at the disposal of the General Meeting of Shareholders.
- Profit appropriation can only take place with as maximum the distributable reserves.
- Profit appropriation takes place after adoption of the financial statements from which it appears that profit appropriation is permissible.

2. Independent auditor's report

For the independent auditor's report we refer to the next page of this report.

Independent auditor's report

To: the General Meeting and the Supervisory Board of Graydon Holding N.V.

Report on the financial statements 2018

Our opinion

In our opinion, Graydon Holding N.V.'s financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2018, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018 of Graydon Holding N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Graydon Holding N.V. together with its subsidiaries ('the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company statement of financial position as at 31 December 2018;
- the following statements for 2018: the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Graydon Holding N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information that consists of:

- 130 years of Graydon - Timeline and Company profile
- Board report
- The other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the Board Report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were first appointed as auditors of Graydon Holding N.V. on 23 May 2018 by the supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on 23 May 2018.

Responsibilities for the financial statements and the audit

Responsibilities of the Managing Board and the Supervisory Board for the financial statements

The Managing Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Board should prepare the financial statements using the going-concern basis of accounting unless the Managing Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 9 April 2019

PricewaterhouseCoopers Accountants N.V.
Original has been signed by A. van der Spek RA

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Registered in the Trade Registry of the Amsterdam Chamber of Commerce under number 33189409