ANNUAL REPORT 2019

Graydon Holding nv

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

Graydon Holding nv
Hullenbergweg 260
1101 BV Amsterdam
The Netherlands

GRAYDON

Content

About Graydon

Company Profile

More than 130 years ago, Van der Graaf was founded in Rotterdam by Pieter Van der Graaf and later became Graydon after merging with Dongelmans in 1986. Today, Graydon is an international company operating in three markets: The Netherlands, Belgium and the United Kingdom. Graydon offers business insights in 164 countries.

Graydon has a proud heritage of providing valuable business information and enabling its clients to make important financial and commercial decisions. Founder Pieter van der Graaf was convinced that companies should only embark on business journeys if they were well informed and clear about their objectives. 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 is 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 relevant information. An increasing number of companies are struggling to differentiate true from false, and relevant from irrelevant information. Being able to make business decisions based on valuable insights allows Graydon clients to grow.

Graydon its data analysts have the expertise to find and combine relevant information in algorithms to create new scores and insights relevant for companies to make decisions supporting growth.

Clients can choose the information matching their requirements and integrate it into their systems and processes, whether it is via the Graydon Insights platform, an API, or integrated in an ERP- or CRM tool. Graydon offers insights and solutions in three main categories:

- **Credit Management Solutions** offer clients advanced Credit Information services and innovative credit scores. It provides relevant information on the probability of default of businesses in 164 countries, covering more than 90 million companies.

- **Market Information Services** allows clients to screen and identify prospects and to optimise the effectiveness of their marketing campaigns. The targeted information is further enhanced with the client's own proprietary data, resulting in an increased return on their marketing investments. The data contains innovative growth scores which provide clients with insights into opportunities in the market that can help them grow.

- **Risk and Compliance Solutions** support clients to be compliant with rules and regulations around Know Your Customer. These solutions support our clients with checking for policitally exposed persons, sanctions lists and black lists. These solutions also support our clients with fraud detection.

Graydon is committed to exceed its clients' expectations. Its purpose is to help businesses grow and to make a difference in the day-to-day business. Graydon facilitates the acquisition of accurate information and enables professionals to make data-driven business decisions. Employees are proud of the fact that thousands of companies use Graydon its services, and are committed to deliver accurate and high quality information.

The quality of its people, data and insights combined with high standards of service and market specific expertise are the foundation Graydon offers. It is committed to enable business growth and diminish risks.

Key values

Graydon its key values are integral to the way it conducts business. These values are:

We are trusted

After more than 130 years in the business, Graydon has a strong reputation as a business information provider, with thousands of businesses trusting the quality of its information and services. Graydon is committed to deliver the best quality, to keep its promises and always being compliant with laws and regulations.

We are influential

Graydon strives to make a difference and to have a positive impact in the way businesses operate, enabling them to identify opportunities, reduce risks and lower their costs. Graydon employees are credible and are experts in their field and industry.

We are insightful

Graydon its information is accurate and based upon reliable, trusted sources. It provides insights that help businesses to take the right decisions. To deliver new and innovative insights, Graydon collaborates with partners around the globe and continuously invests in data and innovation. Graydon its employees provide timely answers and are forward looking.

We are one

Graydon helps clients to grow by working together as one team. The Graydon employees are its best ambassadors. Their service, expertise and attitude are an essential part of the relationships that Graydon builds and maintains. In 2019, Graydon had an average workforce of 252 employees (Full Time Equivalents) (2018: 267) and earned € 43.2 million in revenue (2018: € 44.2 million), with a net result of € -0.1 million (2018: € 0.6 million).


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Timeline

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

1888: Pieter Van der Graaf and W.C. van Abcoude founded a Credit Information service in Rotterdam and later on in Amsterdam (1909), called Van der Graaf & 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.

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

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.

1987: Graydon acquires London information agency Amalgamated Trade Protection and Graydon UK started.

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, market information, risk & compliance and debt collections.

2016: Long-time shareholder Atradius acquires Graydon to strengthen its information services.

2018: Graydon celebrated its 130 years. Also Graydon has divested Graydon Collections.

2019: Launch of the renewed Credit Information solutions and scores on “Graydon Insights” in all of Graydon its markets.

Group structure

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 nv (the company), which is domiciled in The Netherlands and is the holding company for the Business Information companies across the group. Collectively, the company and its subsidiaries are referred to as Graydon.

Corporate governance

Atradius nv is the only shareholder which holds 100% of the shares in Graydon Holding nv Graydon Holding nv. is a limited liability company organised under the laws of the Netherlands, with a Managing Board and a Supervisory Board. The Managing Board is responsible for achieving the company its objectives, strategy, policy and results, and is guided by the interests of the company and the business connected with it. The Supervisory Board supervises the company its general affairs and the policy pursued by the Managing Board, as well as the performance of the management duties by the Managing Board members, taking into account the interests of the company and the business connected with it.

Board report

Supervisory Board members

David Capdevila (1966)
Chairman and member of the Supervisory Board since 1 January 2020
Nationality: Spanish
Other Board memberships: Chairman of the Managing Board of Atradius nv

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

Dominique Charpentier (1950)
Member of the Supervisory Board since 1 December 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)
Supervisory Board member since 1 February 2017
Current position: Country Director Atradius Nederland
Nationality: Dutch
Other Board memberships: none

Jörg Müller (1967)
Supervisory Board member since 1 February 2017
Current position: Group IT Director Atradius
Nationality: German
Other Board memberships: none

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

Report of the Supervisory Board

Graydon its purpose is to help businesses grow. By providing relevant information and innovative scores, Graydon supports its clients in making better informed decisions. When economic conditions deteriorate, the level of uncertainty increases along with the need for information.

Graydon will continue to pursue its strategy of collecting large volumes of data from a wide variety of sources and extracting innovative insights for its clients. This vision is supported by its shareholder, Atradius.

in 2019, the Graydon Holding nv Supervisory Board fulfilled all of the duties assigned to it by Dutch law and the Graydon Holding nv. articles of association.

Atradius has been a shareholder of Graydon for many years and acquired full ownership at the end of 2016. Graydon its 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 Business Information market and provides relevant business insights by combining its qualified information with new information, scores and algorithms. It has a strong brand reputation in its home markets. Over the past couple of years, Graydon has undergone a complete transformation and has extended its solutions portfolio with innovative business information solutions. As prices are under pressure in the Credit Information industry, the company has started to increase its offerings in the Risk & Compliance and Market Information domains.

During its transition, the company has invested in new technology, partnerships, skills and competences. This strategy has paid off. In 2019, Graydon launched easy-to-use, integrated solutions for Fraud detection and UBO checks combining data and case handling. Graydon also launched tailored-made analytics services to support specific client needs.

In 2019, Graydon shows a decrease in net result of € 0.7 million (2018: increase € 2.3 million). Compared to 2018 continuing operations, Graydon shows a decrease in net result of € 0.3 million. Revenue from continuing operations decreased by 2.2% (2018: 1% decline) to € 43.2 million (2018 € 44.2 million). Graydon has taken important steps to continue improving its service for clients and enhancing and extending its product range. This is reflected in the growth in revenue of the Risk & Compliance and Market Information product lines.

In 2019, all members of the Supervisory Board met four times at the Graydon office in Amsterdam. During these meetings, the company its strategy, general company matters, financial performance and corporate governance were 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 updates with regards to the material aspects of business development. The Supervisory Board was kept well informed of the profit situation and risk management in an equally comprehensive way.

Graydon announced changes to the Supervisory Board in 2019 when Mr. Isidoro Unda, also Chairman of the Atradius Management Board, announced his retirement after 12 years. As of 1st January 2020, Mr. David Capdevila succeeded Mr. Unda as Chairman of the Atradius Management Board and as Chairman and Member of the Graydon Supervisory Board.

The members of the Supervisory Board and the Graydon Managing Board and Board of Directors would sincerely like to thank Mr. Unda for the commitment shown in his role as Chairman of the Graydon Supervisory Board.

This Annual Report from Graydon contains the 2019 financial statements, audited by PwC Accountants nv. The Supervisory Board has discussed the 2019 financial statements and the proposed appropriation of the results contained therein as presented by the Graydon Managing Board. The Supervisory Board recommends that the General Meeting of the Graydon Shareholders adopts the 2019 financial statements and discharges the Managing Board and the Supervisory Board for their management and supervisory duties performed during the financial year 2019.

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 2019.

Amsterdam, 17 April 2020
The Supervisory Board:
Mr. David Capdevila, Chairman
Mr. Michel Abbink
Mr. Dominique Charpentier
Mr. Jörg Müller
Ms. Marta Nodal Martín
Mr. Tom Kaars Sijpesteijn

Left to right: Gertjan Kampman, Rob Veneboer, Caroline Schouten and Idris Ahmad.

Managing Board

CEO **Gertjan Kampman**

Board of Directors

CEO **Gertjan Kampman**

CFO **Caroline Schouten**

CIO **Idris Ahmad**

COO **Rob Veneboer**

Report of the Managing Board

Risk management & Compliance

The Managing Board approves the strategic objectives and validates Graydon its risk appetite. The Board of Directors reviews the key risks and monitors mitigating (counter) measures. The Board of Directors reviews the company its risk management policy and the internal control systems.

The Board of Directors also defines the risk appetite, develops the risk management culture and promotes the awareness of internal controls. The effectiveness of the risk management is assessed by the Internal Audit department.

Business and (IT) Operations management oversees the design and sustainable implementation of the Enterprise Risk Management (ERM) and the internal control systems. Graydon applies the COSO Enterprise Risk Management framework as a reference model and has adopted compatible processes and terminology. This framework ensures that risks are accepted and managed in a controlled way and in line with the company its risk appetite.

Graydon has adopted the three lines of the defence model where first line responsibilities are performed by the managers. The Legal & Compliance and the Control department perform the second line and the internal audit the third line.

The Business and Operations management identifies and manages risk for their areas of responsibility and maintains the day-to-day internal control. The business support functions e.g. Group Control and Legal & Compliance define the internal controls in their areas. Internal Audit develops and promotes the ERM framework to help the Business and Operations management to identify, assess, manage and monitor and report risk. Moreover, Internal Audit provided independent assurance of the effectiveness of Graydon its risk management and internal control frameworks and activities.

After the control frameworks have been reviewed and updated as part of the annual review process, a Control self-assessment is performed by the management. The Control self-assessment is an important technique applied by the management to assess the extent to which they are realising the strategic and business objectives and guard the company against risks.

All risks are assessed regularly and controls are identified to take the risk to an acceptable level. The effectiveness of the control is audited by the Internal Audit department. The Internal Audit department reports their progress to the Managing Board and the Supervisory Board.

Risk profile and assessment

Graydon its risk profile is related to its core business model, which is providing valuable business information which enables companies to make important commercial and financial decisions. This also involves controlling risks to achieve strategic and operational objectives and comply with applicable laws and regulations. The Managing Board has delegated responsibility for maintaining the risk management and control system to the Business and (IT) Operations management teams.

Risk appetite

The extent to which Graydon is prepared to take risks to achieve its strategic objectives differs according to each objective and risk category. Risk limits are set out in various policy documents, handbooks and company regulations which define the specific limits and tolerances of the various activities. Graydon its risk appetite is aligned with its key company value, 'We are trusted'. Clients rely on their risk management procedures to guarantee the integrity of the insights from Graydon.

Graydon classifies its main risk types as strategic, operational, compliance and financial. Strategic risks can be broken down into risks that prevent the execution of the strategy and the employee engagement, operational risks relate to inadequate or failed internal processes and systems or external events. Compliance risks relate to the reputation and the compliance with (external) rules and regulations. The financial risks relate to liquidity to fund long-term investments and revenue development to boost growth. Below is an overview of the main risks, the risk appetite, the impact of the risks and likelihood of occurrence, prior to any countermeasures taken. Graydon has listed the countermeasures that could affect Graydon its objectives. The sequence of the risks on the next page do not reflect any order of importance, vulnerability or materiality.

Category	Risk	Risk appetite	Impact	Likelihood	Main Countermeasures
Strategic	Competitive advantage in Credit Information Business	●●	●●●	●	• Invest in new partnerships & innovation Ecosystem • Introduce new products and services meeting customers needs and build responsive organisation
	Change in legislation affecting the selling and usage of data	●	●●●	●●	• Monitor fair level playing field to be applied by all parties • Participate in professional association for representation towards market and government • Adjust propositions to new legislation
	Employee engagement	●	●●●	●	• Perform annual engagement & enablement survey and monitor and review follow up of actions • Employer branding team in place
Operational	Data Quality affecting Graydon Insights and Scores	●	●●●	●	• Monitor & review on data quality processes • Review and adjust data sources on an ongoing basis
	ICT security/ recovery affecting availability of the systems	●	●●	●	• Monitor and review ICT up time and security incidents • Strengthen ICT capabilities and simplify infrastructure and improve business continuity mgt • Continue to invest in ICT security and retain ISO 27001 certification
Compliance	Reputation	●●	●●	●	• Thought leadership on dedicated subjects and sector sessions to support market position • Communication strategy to respond
	Non compliance with regulations	●	●●●	●●	• Monitor, review and enhance embedded policies and monitor continuing compliance with regulations • Position Graydon as thought leader
Financial	Liquidity to fund long term investments	●●	●●	●●	• Monitor & forecast liquidity and solvency metrics • Maintain adequate cash and capital position
	Revenue development to boost growth	●●	●●	●●	• Invest in new partnerships • Introduce new products and services meeting customers needs • Apply innovative pricing strategies

Legend ● Low ●● Medium ●●● High

After the countermeasures mentioned above, Graydon deems the residual risk identified above as being in line with Graydon its risk appetite.

Risk evaluation in 2019

Strategic

- In the course of 2019, Graydon delivered renewed Credit Information solutions on its Insights platform and has started to promote use of these new solutions. Graydon has delivered according to its roadmap and has started to upgrade its clients.
- In June, in the Netherlands the new Company registry law (in Dutch: Handelsregisterwet) was adopted. This adaptation to the databank could affect Graydon its business and Graydon is investigating what the impact could be.
- Graydon invests in Employer Branding initiatives to sustain people friendly working conditions, it has invested over the years in refurbishing its offices. This has led to a demonstrated increase in engagement & enablement scores for successive years.

Operational

- The data quality scores are one of the key Unique Selling Points (USPs) and therefore have management attention. Failing to maintain it at high level, and distibuting erroneous information could trigger risk of claims from damaged parties, notwithstanding the reputational risk. In 2019, major efforts have been made to implement the consequences of new legislation in Belgium regarding legal entities. Moreover, Graydon has made substantial investments to automate its data entry and processing capabilities.
- Graydon has achieved the ISO certification for ISO 27001 and ISO 9001 to assess the quality of internal information security and quality processes.

Compliance

- Graydon considers its reputation as crucial for its business continuity. Therefore, it monitors and protects its reputation closely.
- Graydon monitors internal and external rules and regulations and reviews her approach on an ongoing improvement basis.

Financial

- Graydon is monitoring liquidity and solvency on a regular basis according to set KPIs.
- Revenue development is monitored carefully, and revenue enhancement initiatives are in place for all markets.

Our performance in 2019

Graydon in its markets

In 2019, the European Union showed GDP growth of 1.5% (2018: 2.1%). Domestic consumption, investments and exports increased. Growth slowed down in most EU countries, however this did not seem to influence economic performance throughout the year. Graydon operates in the Netherlands, Belgium and the UK. Throughout the year, Graydon delivered relevant studies to the markets, which investigate economic developments such as bankruptcies, payment behaviour and the growth potential of specific industries. Particularly in times of more economic uncertainty, Graydon its business information is considered as crucial for businesses to operate.

Graydon is operating in line with the economic circumstances in its three core markets. The economic situation in these markets remained positive, despite initial signs of an economic downturn. Graydon its studies confirmed this trend based on its research. In these markets, unemployment rates continue to be low and companies struggle to find the right talent, which often limits their capacity to grow.

Businesses in our operating markets expressed their concern around Brexit, but also the trade issues between China and the United States, and the effect this would have on the European markets. Stricter legislation around Risk Management, Data Privacy and Compliance furthermore affected the way businesses operate.

All these factors influence the growth rate of the business information market. Although there is limited growth in the European Credit Information market, the demand for business information is increasing. The availability of data and the processing capacity are increasing exponentially, which also results in the availability of "fake" information. There is a need for reliable and trusted information, as it has become more and more difficult to make the correct conclusions and decisions.

Graydon is a market leader in **Credit Information** in the Dutch and Belgian market. Companies trust Graydon its data and insights and use them to support their decision making. Graydon can build on its strong brand reputation in its core markets, particularly in Belgium and the Netherlands. In order to stay ahead in the market, Graydon delivers Credit Information in a client-friendly format via the Graydon Insights portal, APIs or GraydonGo for one-off and simplified credit reports. In 2019, a new portfolio of Credit Management solutions (Graydon Credit Reports, Graydon Ledger Management and Graydon Monitoring Tool) was launched on the Graydon Insights portal.

In a challenging economy, **Market Information** is top-of-mind for companies when it comes to uncovering opportunities in the market, optimising marketing campaigns and achieving growth. This provides Graydon with opportunities to develop new solutions, APIs and products aligned with its purpose: to help businesses grow.

Graydon gained a well-established position in **Risk & Compliance**. Enhanced awareness of Know Your Customer (KYC) and Know Your Supplier (KYS) has contributed to a growing revenue line and strong growth potential. As a business information provider, Graydon can combine this information with new available insights. In the UK, Graydon has been expanding its offering with Graydon Onboarding and Detect, adding a new solution to our portfolio that enables businesses to identify and prevent possible fraud at an early stage.

Graydon assessed the impact of Brexit on its business operations and its clients and has taken necessary precautions, such as amending cross border contracts. In addition any government information on this topic is closely monitored.

Clients

Graydon its clients operate in a dynamic business environment. Accurate and timely information on growth opportunities and the financial stability of prospects is vital information that directly supports decision making processes. Graydon continuously engages with its clients to develop new industry insights and tailored scores to add to its portfolio. Clients often approach Graydon for specific scores and insights. Graydon services CFOs, CMOs and other senior managers, but also the needs of Financial Managers, Sales Managers and start-up entrepreneurs.

Graydon operates in the Business-to-Business (B2B) domain and services thousands of businesses in different segments. Clients are active in many different sectors and their role in the company often defines the type of business information which is needed. Therefore, Graydon provides different value propositions, based upon the needs of each client segment, industry and role.

Large, corporate clients request more tailored solutions and specific industry insights. These corporate clients have their own account manager to attend to their needs. This segment of the market represents the largest part of Graydon its client portfolio, and they use a broad variety of solutions and services. Often, Graydon its business information is fully integrated in their business processes and systems. These clients are closely involved in the product development process, in order to assure that their needs can be met.

The mid-segment is primarily serviced with turnkey solutions and through integrated data solutions such as APIs. Sector specialists assist specific industries which represent a large part of the client base, such as businesses operating in construction and retail. Graydon its expertise in these industries helps businesses with relevant and tailored sector insights.

Small businesses are serviced through user-friendly and automated reports, making it easy for these clients to access information quickly.

Graydon has also invested in new digital sales approaches to enhance the client experience, with a focus on operational excellence in client service. This allows Graydon to service clients through channels such as live video chats. This is in line with the industry-driven sales strategy for the corporate market and more digital sales channels for Small and Medium Enterprises.

Solutions – partnerships

As Graydon accelerates its innovation capacity, it is increasingly expanding its product portfolio through scalable analytical solutions with a customised delivery for its core client segments. To do so, it actively collaborates with partners across the globe. Graydon delivers solutions which provides service to different segments, industries and needs. It provides high volume information products, but also high value tailored/customised analytics.

The Insights platform delivers easy-to-use, turnkey solutions which allow clients to obtain access to innovative scores and client friendly dashboards that provide valuable insights.

Smaller businesses are serviced through user-friendly online solutions in the domains of Credit Information, Market Information and Risk & Compliance.

Graydon firmly believes in partnerships and collaboration being the core of its innovation capacity. Therefore, it actively collaborates with partners such as fintechs, start-ups, clients, Atradius, Universities, Governmental organisations and industry representatives.

In line with the previous year, Graydon continued to expand its product portfolio in 2019. It delivered a range of Credit Management Solutions on the Insights platform, but also a unique Fraud Prevention tool and a variety of tailored analytics to meet specific clients' needs. The company also provides scores, analytical insights and data through APIs and integrates its solution with the client's core processes.

In 2019, the following Credit Management solutions were successfully delivered to the market on the Insights platform and through APIs.

- **Graydon Credit Reports** delivers important business information and provides improved dashboard functionalities, archiving capabilities and a clear and fast overview of businesses.
- **Graydon Monitoring Tool** helps clients to anticipate business relations developments and supports informed business decisions. It provides instant information and helps avoiding bad debts. The client can adjust its settings to its own needs, allowing a personalised monitoring of its business relations.
- **Graydon Ledger Management** takes the clients' sales ledger data and combines it with Graydon its risk management database. Clients can view performance, detect opportunities across their customer portfolio, improve cash flow and reduce payment times and late payers.
- **Graydon International Business** delivers fast and reliable insights of businesses around the globe. Its database comprises immediate online information for 164 countries.

All solutions are mobile responsive and are delivered through intuitive dashboards, which allow clients to navigate fast and to find the appropriate insights in a single spot.

Graydon its Business Intelligence Unit is responsible for investigating and detecting potentially fraudulent and suspect companies who have applied for credits on goods with Graydon clients. In 2019, Graydon its work was recognised with an award for Outstanding Fraud Consultant at the inaugural Tackling Economic Crime Awards in the UK.

In line with its ambition to be the best Fraud Consultant for businesses, the company launched the Graydon Onboarding and Detect at the end of 2018 in the UK market. This Software as a Service (SaaS) based solution, co-created with a technology partner, is a unique solution that quickly gained territory in 2019, due to its unique features to identify, detect and prevent possible fraud. It delivers a combination of process modelling tools and business insights. This solution can serve more use cases and allows clients to build a rich toolset for supporting data-driven decisions.

Graydon its expertise in the field is recognised in the fact that it is now leading the UK Fraud Prevention Network, in collaboration with the prestigious CICM & Forums International. The aim is to create a network of fraud prevention professionals across multiple industries and sectors and facilitate the sharing of best practices.

Organisation

Graydon considers its employees essential for its success. After all, it is through their expertise, enthusiasm and willingness to exceed that Graydon can be successful in the execution of its strategy. Its purpose and key values are inherent to the way Graydon operates and services its clients.

Engaged and enabled employees will deliver the best results. Key objective is to be a company employees like to work for. Graydon wants to provide an environment in which people flourish and feel part of a team. An employer that enables its people to develop themselves, to be empowered in the work they deliver and in which they are supported by their manager and colleagues, so they can excel in their work and continue to grow. Furthermore, Graydon continuously invests in personal wellbeing, a good work-life balance and a strong team spirit.

This is reflected in the high scores that were obtained in the Engagement & Enablement survey in 2019, which rated above industry level. Moreover, Graydon registered a low sick leave percentage and a strong decline in staff turnover. The company registers an improvement in these areas year after year and is committed to be considered as a top employer in the countries where it is present.

The total employee base is diverse, representing various cultures at all levels and in all countries where Graydon operates. The Managing Board consists of one male person. 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.

Graydon is proud to be a diverse group. 56.4%* of the employees is male and 43.6%* is female (2018: 55.3%* of the employees is male and 44.7%* is female). In 2019, the number* of employees amounted to 252 (2018: 267).

Feedback is considered as an important tool to learn and grow as an organisation. Graydon further developed its capacity to learn from one another by embedding processes that ensures continuous feedback.

As the company finds itself in an ever-changing market, in which technology and client needs change rapidly, it is essential that the company invests in skills and competences of its people. The company has further invested in building capabilities in data and the development of economic and predictive scores. Personal development plans, an online learning platform, feedback instruments and coaching programs further enhance the development of its people. Finally, employees are encouraged to take ownership and lead.

** As a percentage of FTE, average over the fiscal year*

To operate more effectively, the company has taken steps to centralise functions and departments and standardise processes. This is an essential step is building a more scalable and responsive organisation. This also will enhance the time to market and Graydon its operational excellence and it enables its employees to develop themselves by working in multi-disciplinary teams.

The company is committed to take a proactive role in Corporate Social Responsibility. Therefore, Graydon actively initiates activities that can support the work of NGOs, schools, Universities and hospitals. Moreover, Graydon promotes the connection between employees in different countries through various health programmes such as a bicycle challenge 'Antwerp – Amsterdam for charity' or the Graydon "Just do it healthy" challenge of walking 131 million steps, which were successfully realised over the course of 2019.

Graydon is open to employees of all backgrounds and fosters an open communication.

Brexit

At 31 January 2020, the UK has left the European Union. As continuing monitoring of this event, in 2019 Graydon has updated its impact analysis based on developments in this area. Graydon has applied scenario analysis. The estimation is that, except for difficult to estimate general economic developments in the United Kingdom and European Union which may impact Graydon its top line, Graydon will have limited impact from the Brexit. Precaution measures, such as amending cross border contracts, have been implemented. In addition any government information on this topic is closely monitored.

Remuneration of directors and supervisory board members

Graydon has a remuneration policy in place which is in line with similar organisations and which is benchmarked with 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.

Financial performance in 2019

Graydon operates in a mature and competitive business information market. Graydon has a leading position in the Belgian and Dutch markets, but finds itself in fierce price competition. In 2019, revenue from continuing operations decreased by 2.2% (2018: 1.0% decline) to € 43.2 million (2018 € 44.2 million).

In 2019, Graydon has successfully launched its renewed Credit Information Solutions. This will enable Graydon to provide current clients with a new solution and Graydon has started to upgrade current clients to the new solution. Graydon has maintained its brand position by being able to renew and cross-sell in the corporate markets and grow into niche markets.

In the UK, a large and mature market, the Credit Information Solutions market share is under pressure due to fierce price competition. In 2019, Graydon has launched Graydon Onboarding and Detect. The solution delivers an integrated data- and Risk & Compliance platform to meet clients demand in fraud and financial crime detection. The solution has been launched to market and a very promising pipeline has been built and delivered the first contracts. The solution will be launched in The Netherlands in 2020.

Credit Information Solutions demonstrates a decrease of 5.2% compared to 2018 (2018: decrease of 5.3%) Moreover, Risk & Compliance product lines have demonstrated strong growth (11.0% (2018: 27.7%). and the Market Information revenues have increased moderately by 3% (2018: 7.5%). Risk & Compliance products meet the demand of our clients to provide more insights on the background of the companies and their shareholders. Furthermore, Graydon has invested in delivering more insights in the Business-to-Business market meeting clients demand on fraud and detecting growth opportunities.

Besides the revenue development, Graydon is very actively managing its cost to income ratio and is managing costs in line with the revenue development. Over the years, the head count is monitored very carefully, and internal operations have been adjusted.

Cost consciousness continues to be an important priority within Graydon to build a sustainable and more digital business model. As a result, the operating expenses for continuing operations have decreased by 5.2% (2018: increase of 4.9%). Key focus of the organisation is operational effectiveness and reducing inefficiencies.

Graydon continues to invest in enhancing Graydon Insights to renew and improve the product and service offerings. Moreover, Graydon is extending its services in the tailor-made market to deliver product offerings in customer specific analytics and building innovative scores. This is reflected in the investments in ICT.

Graydon undertook several initiatives to improve its service offering to enhance its strong value proposition to clients. In addition to the thought leadership program and deep industry insights, Graydon has continued its R&D activities and developed more connected solutions that embed Graydon insights into client's processes and systems to build an integrated ecosystem.

There are no special events that should be taken into account for the financial statements.

In 2019, Graydon shows a decrease in net result of € 0.7 million (2018: increase € 2.3 million). In 2019, Graydon shows an increase in operating result of € 1.4 million compared to 2018. In 2019, Graydon shows a decrease in net result from continuing operations of € 0.3 million compared to 2018.

In 2019, Graydon has invested in the delivery of the new products and the new platform. This has affected the cash flow of the company.

In 2019, Graydon demonstrates a balance sheet position with adequate solvency. In 2019, Graydon implemented IFRS 16, resulting in increased balances for Right of Use assets and lease liabilities. Due to continuous investment in Graydon Insights, Graydon demonstrates reduced liquidity with cash reserves of € 3.3 million (2018: € 5.7 million) and no significant restrictions on cash. As at 31 December 2019, the solvency ratio has decreased to 35.1% from 40.0% in 2018. As a result of adopting IFRS 16, per 1 January 2019, the solvency ratio decreased from 40.0% to 33.5%.

Forward looking statement

In 2020, Graydon will continue to reduce operational costs while it will continue to develop new client solutions and it will finalise upgrading its full client base to Graydon Insights. In 2020 the level of investments will remain substantial.

Graydon is continuing its search for talent and improving its employee base. No significant developments are expected in terms of employee base except for regular employee turnover. Graydon will continue its R&D activities on the current scale.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections worldwide. Measures to taken by various governments to contain the virus have affected economic activity.

Graydon has made every effort to respond to the situation while maintaining its regular business operations. During the outbreak, Graydon can continue its operations as usual.

Graydon's business model and contracts are to a large extent on a subscription basis and most revenues are committed.

The immediate exposure to reduced economic activity will be relatively limited. The majority of revenue is committed in one year contracts. Furthermore, the current uncertainty is expected to lead to increased demand to obtain business insights. Graydon has developed additional scores to provide more insights on the current economic situation and is providing these scores in two countries in multiple markets. The first customer purchasing these scores is the Belgian government.

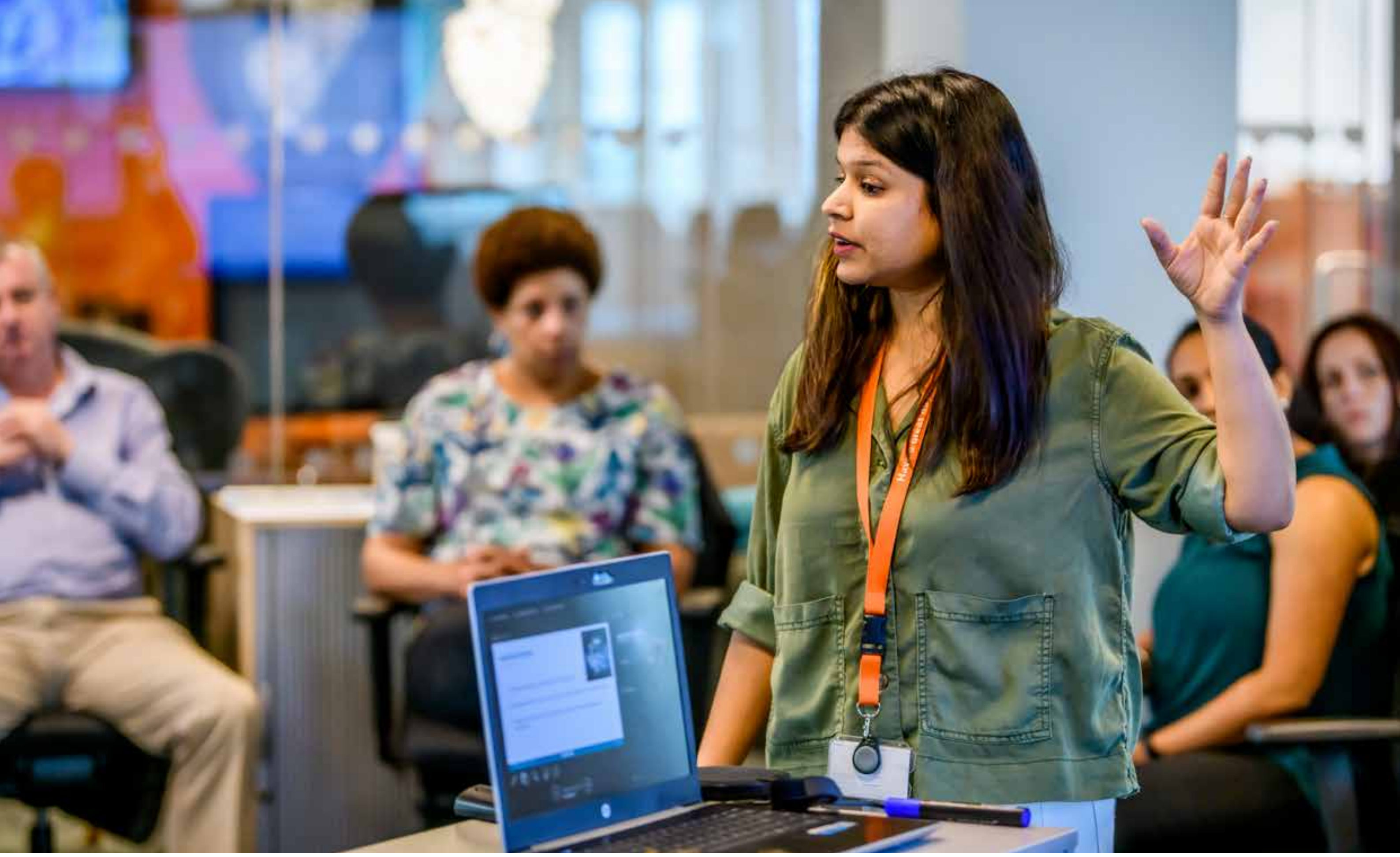
Over the course of the year the revenue could be impacted by:

- Risk of a reduction in the demand for our Pay-as-you-go (non-committed) revenues.
- Increased risk of reduced new customer sales.
- Increased risk of customer defaults and our customers tending payment.

To the extent required, Graydon will adjust cost to adjust to economic circumstances.

Graydon management has taken the following measures to implement social distancing policy and to secure business as usual in our services to clients:

- On-line messaging to our customers on our platform and by email to inform them on the COVID-19 impact on Graydon and the fact that Graydon continues as usual.
- Client meetings continue by (video) call.
- All our employees work from home without significant reduction in productivity and all systems are available to our customers and employees.
- Special attention is given to communication and coordination between departments and to secure employees stay connected and motivated.
- Graydon has in place business continuity- and contingency plans. Considering the COVID-19 outbreak some of the risks have materialized and they have not resulted in significant loss of business continuity. These plans have demonstrated their robustness.
- As part of risk management, Graydon is continuing and evaluating its contingency planning. Currently no significant changes in risk appetite and / or countermeasures are expected.



As a result of these effects, our cumulative revenues in the first quarter of 2020 were approximately in line our 2019 revenues in the same period with some positive impact identified in March 2020. Graydon's operating results have not declined significantly in 2020 by COVID-19. To the extent required, Graydon will adjust cost to adjust to economic circumstances.

In the period since 31 December 2019, the company has not incurred significant changes in losses due to impairments recognised on outstanding receivables and/or write-down of other assets. On January 30, 2020, the shareholder provided a 4-year loan for a total amount of € 4 million with the possibility to withdraw an additional million.

Governments in the countries in which we operate have also announced the implementation of government assistance measures which may mitigate the impact of the COVID-19 outbreak on our results and liquidity. We are currently investigating the extent to which we can apply for such government assistance in the countries in which we operate and will apply it the circumstances it requires.

Depending on the duration of the COVID-19 outbreak and continued negative impact on economic activity, the company may experience further negative results, liquidity restraints and incur impairments on its assets in 2020. The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted.

The economic crisis following the COVID-19 outbreak can have a material impact on the liquidity of Graydon. Management monitors the liquidity of Graydon on a continuous basis. Amongst other measures management of Graydon will seek additional funding/ liquidity from the shareholder Atradius or external parties in case this is deemed necessary based on the liquidity of Graydon.

Based on the facts and circumstances known at this moment and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, the Managing Board has determined that the use of the going concern assumption is warranted, but that there is a material uncertainty resulting from COVID-19 that may cast significant doubt upon Graydon its ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Based on the circumstances described above, the financial statements are prepared on the assumption that Graydon is a going concern.

The Managing Board is confident that the risk management and control systems will continue to work properly in 2020. Ongoing 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 its control systems are subject to continuous review and improvement.

Amsterdam, 17 April 2020
The Managing Board
Gertjan Kampman

Financial statements

Consolidated statement of financial position

As at 31 December

in thousands of €	Note	2019	2018
Assets			
right-of-use asset(s)	6	5,578	-
Intangible assets	7	19,653	17,323
Property, plant and equipment	8	1,231	1,431
Deferred tax assets	9	-	-
Total non-current assets		**26,462**	**18,754**
Trade receivables	10	5,489	5,301
Other receivables and prepayments	10	2,138	1,808
Income tax receivable	10	545	1,989
Cash and cash equivalents	11	3,272	5,674
Total current assets		**11,444**	**14,774**
Total assets		**37,906**	**33,526**
Equity			
Share capital	12	1,500	1,500
Share premium	12	5,376	5,376
Legal reserves	12	19,653	17,323
Translation reserve	12	-882	-823
Retained earnings	12	-12,243	-10,593
Result for the year	12	-89	637
Total equity		**13,315**	**13,420**
Liabilities			
Deferred tax liabilities	9	1,024	646
Lease liabilities	6	5,638	-
Employee Benefits	16	15	-
Total non-current liabilities		**6,677**	**646**
Trade and other payables	14	7,280	7,403
Provisions	13	-	800
Deferred income	15	10,634	11,257
Total current liabilities		**17,914**	**19,460**
Total liabilities		**24,591**	**20,106**
Total equity and liabilities		**37,906**	**33,526**

The notes on pages 34 to 61 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	2019		2018	
Continuing operations					
Revenue	1	43,210		44,178	
Expenses					
Salaries	2	-13,293		-13,841	
Social charges and pension expenses	2	-2,802		-3,249	
Depreciation	6,8	-2,001		-324	
Amortisation	7	-11,101		-10,619	
Other operating expenses	4	-14,002		-17,073	
Net impairment loss/(gain) financial assets	19	195		-221	
Net impairment loss/(gain) other	8	24		-	
		-42,980		-45,326	
Operating result			**230**		**-1,148**
Finance income	22	225		166	
Finance costs	22	-326		-135	
Net finance costs			-101		29
Result before taxation from continuing operations			**129**		**-1,119**
Income tax	5	-218		697	
Net Result from continuing operations, net of tax			**-89**		**-422**
Net Result from discontinued operations, net of tax	**21**		**-**		**1,059**
Result			**-89**		**637**
Other comprehensive income / (expense)					
Items that may be reclassified to profit or loss					
Foreign exchange translation differences		-30		-47	
Actuarial gains and losses		-41		-	
Income tax on actuarial gains and losses		12		-	
Other comprehensive income / (expense), net of tax		**-59**		**-47**	
Items that may not be reclassified to profit or loss		43			
Total other comprehensive income / (expense), net of tax			**-16**		**-47**
Total comprehensive income / (expense)			**-105**		**590**

Consolidated statement of profit or loss and comprehensive income

For the year ended 31 December

in thousands of €	2019	2018
Result from continuing operations attributable to:		
Owners of the Company	-89	-422
Non-controlling interests	-	-
	-89	**-422**
Total comprehensive income / (expense) from continuing operations attributable to:		
Owners of the Company	-105	-459
Non-controlling interests	-	-
	-105	**-459**
Earnings per share from continuing operations		
Basic earnings per share (€)	**-0.07**	**-0.31**
Diluted earnings per share (€)	**-0.07**	**-0.31**

Consolidated statement of changes in equity

in thousands of €	Share capital	Share premium	Legal reserves	OCI	Retained earnings	Result for the year	Total equity
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							
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**
Balance as at 1 January 2019	**1,500**	**5,376**	**17,323**	**-823**	**-10,593**	**637**	**13,420**
Total comprehensive income							
Retained earnings	-	-	-	-	637	-637	-
Result of the year	-	-	-	-	-	-89	-89
Actuarial gains / losses	-	-	-	-29	-	-	-29
Foreign exchange translation	-	-	-	-30	-	-	-30
Correction prior year	-	-	-		43	-	43
Other comprehensive income / (expense)	-	-	2,330	-	-2,330	-	-
Total comprehensive income (expense)	**-**	**-**	**2,330**	**-59**	**-2,287**	**-89**	**-105**
Transactions with owners of the Company							
Capital contribution	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-
Balance as at 31 December 2019	**1,500**	**5,376**	**19,653**	**-882**	**-12,243**	**-89**	**13,315**

Consolidated statement of cash flows

For the year ended 31 December

in thousands of €	Note	2019		2018	
Cash flows from operating activities					
Operating result from continuing operations			**230**		**-1,148**
Operating result from discontinued operations			-		-353
Adjustments for:					
Amortisation	7	11,101		10,671	
Depreciation	6, 8	2,001		324	
Non-cash movements	13, 19	-800		-	
		12,302		11,015	
Changes in:					
Trade and other receivables	10	-518		-1,718	
Trade and other payables	14	-123		-4,358	
Deferred income	15	-623		804	
		-1,264		-1,836	
Cash generated from operating activities					
Interest paid (on balance)		-		35	
Income taxes received (paid)		1,649		-600	
		1,649		-565	
Net cash from / (used in) operating activities			**12,917**		**7,233**
Cash flows from investing activities					
Investments in property, plant and equipment	8	-158		-680	
Disposals of property, plant and equipment	8	24		-	
Investments in intangible assets	7	-13,393		-13,277	
Disposals of intangible assets	7	-		-	
Net cash from / (used in) investing activities			**-13,527**		**-13,957**
Cash flows from financing activities					
Payments on lease contracts		-1,844			
Capital contribution		-		4,000	
Net cash from / (used in) financing activities			**-1,844**		**4,000**
Net increase/(decrease) in cash and cash equivalents			**-2,454**		**-2,615**
Cash & Cash Equivalents as at 1 January			5,674		8,301
Foreign exchange difference on cash			52		-12
Cash & cash equivalents as at 31 December	**11**		**3,272**		**5,674**

The notes on pages 34 to 61 are an integral part of these consolidated financial statements.

Notes to the 2019 consolidated financial statements for the year ended 31 December 2019

Reporting entity

Graydon Holding nv (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 nv is the holding company of credit information companies. The consolidated financial statements of the Company as at and for the year ended 31 December 2019 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. As per 15 September 2016 Atradius Insurance Holding nv is owner of 100% of the Graydon Holding nv Shares.

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

Atradius Insurance Holding nv is a 100% (2018: 100%) subsidiary of Atradius nv Atradius nv 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 nv is Grupo Compañía Española de Crédito y Caución, S.L., which owns 64.23% (2018: the same) of the shares in Atradius nv 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% (2018: the same) of the shares in Atradius nv The financial statements of Atradius nv 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 2019	31 December 2018
Graydon Nederland bv	Netherlands	100	100
Open Companies bv	Netherlands	100	100
Graydon Belgium nv	Belgium	100	100
Graydon UK Ltd.	United Kingdom	100	100
Giant-net bv	Netherlands	100	100
Stichting Derdengelden Graydon Incasso**	Netherlands	-	-
Graydon Incasso bv **	Netherlands	-	100

* *Country of incorporation is representative as principal place of business*

** *As at 1 July 2018, Graydon Incasso bv and Stichting Derdengelden Graydon Incasso were disposed of. 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 17 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) Going concern

As a result of the uncertainty caused by the COVID-19 situation, Graydon management is of the position that there is a material uncertainty related to events or conditions that may cast significant doubt upon Graydon its ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Graydon management deems the going concern assumption used in these financial statements as appropriate. Reference is made to the subsequent events note.

(c) 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 statement of financial position, statement of profit or loss and comprehensive income and the cash flow statement, references are made to the notes.

(d) 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. Amounts may not add up due to rounding.

(e) 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 assessed 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 8 to 15 years based on expected economic applicability of the functionality and based on the technology concerned. The software allows Graydon to renew current products and further develop new products in the coming years.

On April 1, 2019, there was a change in estimated useful life based on the successful Go-Live of Graydon 3.0. As per that date, there was successful achievement of Go Live of Graydon 3.0 and successful upgrade of customers to Graydon 3.0. As per this date it became evident that technical and commercial contingencies, applied in the past, had been lifted. As a result of this longer amortization terms have become applicable. Amortization terms have changed as follows:

- Infrastructure — from 5 years to 15 years
- Delivery — from 5 years to 7 - 11 years
- API technology — from 5 years to 10 years

In accordance with IAS 8.34 this has been adjusted prospectively. The impact of the change in estimate is approximately € 610 in 2019 (decrease of amortization charge), compared to previously applied amortization terms. Comparative numbers have not been restated. Reference is made to note 7.

As at balance sheet date, the amount of self-developed software (internal and external) is € 11,296 (2018: 9,275). Assumptions concerning the economic useful life of self-developed software have the following impact on the amortisation per annum:

- At current weighted average future economic life, 2019 amortisation on self-developed software amounts to € 1,694 (2018: € 2,086).
- If the assets' future economic life was 10% shorter than estimated, amortisation would amount to € 1,851 (2018: € 2,295).
- If the assets' future economic life was 20% shorter than estimated, amortisation would amount to € 2,082 (2018: 2,503).
- If the assets' future economic life was 36 months, 2019 amortisation would amount to € 3,909.
- If the assets' future economic life was 60 months, 2019 amortisation would amount to € 2,345.
- If the assets' future economic life was 96 months, 2019 amortisation would amount to € 1,466.

Included in Graydon's self-developed software (internal) are payroll expenses. Consistent with prior year, the amount of capitalised payroll expenses are subject to an estimate percentage of directly attributable labour hours (between 38-90%). If this capitalisation percentage would be 10 percentage points lower, then capitalisation for the year would have been approximately € 114 (2018: € 95) lower.

The 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 2019 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 € 200 (2018: € 400) 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 percentage points lower, then capitalisation for the year would be approximately € 214 (2018: € 276) lower.

Note 9: 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 € 1,000, then the DTA in respect of tax losses carried forward would be reduced by the applicable tax rates multiplied by aforementioned amount.

Note 10: Trade receivables.
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. Graydon uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Graydon'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 of near 100%.

Note 17: Leases.
Reference is made to (n) Leases. In our calculations, there are estimates about the utilization of renewal clauses. Where it concerns our buildings, renewal clauses are several years from now and there is no significant judgment applied as to whether these will be renewed. Where it concerns our cars, it is our experience that cars contracts are served for the initial term with no extension. Early termination will result in the release of the related right-of-use asset and lease liability.
IFRS 16 requires discounting. The discount rate applied is an estimate. A different discount rate will result in a different valuation of the Right-of-use asset and corresponding lease liability. As these are offsetting this is considered an estimate but not a significant estimate.

(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 impact of new standard IFRS 16. For new standards, refer to sections (m) and (n) 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 improve comparability.

(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 21. 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.

(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. When Graydon satisfies performance obligation and nature of services that Graydon promises to transfer, Graydon concludes that revenue from services are 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.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by Graydon exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(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	
	2019	**2018**	**2019**	**2018**
GBP	1.14	1.13	1.18	1.12

(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, unless the transactions and other events are recognised outside profit or loss. In that case the tax is also recognized outside 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. Where applicable, current tax also includes any income tax consequences arising from dividend distributions.

In accordance with IAS 12.71, 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 and the parent is able to control the timing.

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 assessed 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.

(h) 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 (labour) costs of bringing the asset to working condition for its intended use. Otherwise, it is recognised in profit or loss as incurred.

Directly attributable labour cost relates to the salary and related expenses for the employees, directly attributable to bring the asset to its intended use. Salary and related expense are allocated to the intangibles on a pro-rate basis based on the hours spent by the employees.

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is complete and the assets are available for use.

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 Graydon its Information Services product.

Self-developed software

Development expenditures on our projects are recognised as self-developed software 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.

Prior to bringing the asset into use, the capitalised expenditure is recorded as Assets Under Construction.

Self-developed software (internal)

Self-developed software (internal) comprises Graydon personnel labour cost directly attributable to the self-developed software to bring this asset to its intended use and is capitalised in accordance with abovementioned policy.

Self-developed software (external)

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 and is capitalised in accordance with prevently mentioned policy.

(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 is recognised in profit or loss as incurred.

(iii) Amortisation

Intangible assets are amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. After having been brought into use, the asset is assessed for impairment triggers.

Graydon management considers Graydon a single cash generating unit.

Database

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

Self-developed software (internal and external)

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

• Infrastructure	15 years
• Delivery	7 - 11 years
• API technology	10 years

Amortisation methods, useful lives and residual values are assessed at each reporting date and adjusted if appropriate. In 2019, there was a change in estimated useful life based on the successful Go-Live of Graydon 3.0. Reference is made to note 7.

(iv) Legal reserve

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

(i) 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 assessed at each reporting date and adjusted if appropriate.

(j) Financial instruments

Graydon is not engaged in contracts with derivative financial instruments.

(i) Non-derivative financial instruments

Graydon classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss) and
- those to be measured at amortised cost.

Graydon has no financial assets that are to be measured subsequently at fair value.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which Graydon 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 Graydon has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, Graydon 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 Graydon's business model for managing the asset and the cash flow characteristics of the asset. Graydon carries debt instrument at 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, where substantial, 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

Graydon 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, Graydon applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 18 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.

(ii) Trade and other payables

These amounts represent liabilities for goods and services provided to Graydon prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(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 assessed 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) New standards and interpretations not yet adopted

(i) New standards

Graydon has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9.
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28.
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle.
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19.
- Interpretation 23 Uncertainty over Income Tax Treatments.

Graydon also elected to adopt the following amendments early: 6

- Definition of Material – Amendments to IAS 1 and IAS 8.

Graydon had to change its accounting policies as a result of adopting IFRS 16.. Refer below to (n) Leases. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by Graydon. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(n) Leases

(i) Revised requirements

As explained in Graydon has changed its accounting policy for leases where Graydon is the lessee. The impact of the change is presented in note 17.

As at 31 December 2019 (2018: nil), Graydon had recorded no finance leases. Leases in which a significant portion of the risks and rewards of ownership were not transferred to Graydon as lessee were classified as operating leases (note 17). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

As at 31 December 2019 (2018: nil) , Graydon had no leases where Graydon is a lessor.

(ii) Impact of the adoption

Graydon has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, Graydon recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 1.2%. There were no leases that previously classified as finance leases as per IFRS 17.

Remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

In applying IFRS 16 for the first time, Graydon has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019.
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Graydon has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date Graydon relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(iii) Graydon's leasing activities and how these are accounted for

Graydon leases various offices, vehicles and equipment. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options.

Contracts may contain both lease and non-lease components. Graydon allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which Graydon is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by Graydon. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by Graydon under residual value guarantees.
- The exercise price of a purchase option if Graydon is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects Graydon exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Effect on lease payments following termination options are also included in the measurement of the liability, once reasonable certain. There are no leasing contracts with variable lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in Graydon, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, Graydon:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Graydon, which does not have recent third party financing and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Graydon is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If Graydon is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(o) Segment reporting

Graydon does not disclose segment information. The disclosure of segment information is required 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 authority for the purpose of issuing any class of instruments in the public market.

(p) Country reporting

When information about head count is given, this is obtained as the amount as registered in the books of the respective Graydon legal entity.

(q) Number of employees reporting

When information about employee head count is given, this is done in Full Time Equivalents ("FTE"). Personnel employed on another than full time basis is reported as FTE ratably based on the hours in their labour contract. The number presented is the average number of FTE's over the reporting period.

(r) 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.

(i) Trade and other receivables/ trade and other payables

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

(s) 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. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. Income and expenditure owing to interest and tax on profits have been included under the cash flow from operating activities.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless Graydon has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1. Revenue

	2019	2018
Credit Information Solutions	32,389	34,178
Market Information Services	3,444	3,348
Risk and Compliance Solutions	7,199	6,487
Other	178	165
	43,210	**44,178**

	2019	2018
The Netherlands	21,685	22,069
Belgium	12,759	13,090
UK	8,766	9,019
	43,210	**44,178**

Contracts with customers - general
The above revenue breakdown contains 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.

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 19. 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 at 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 at 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 assessed 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 at 31 December 2019 (2018: € nil), 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, social charges and pension expenses

	2019	2018
Salaries	13,293	13,841
Compulsory social security contributions	2,013	2,232
Contributions to defined contribution plans	789	1,017
Social charges and pension expenses	2,802	3,249
	16,095	**17,090**

Salaries, social charges and pension expenses are presented after capitalisation of directly attributable labour cost. Refer to note 7. The amount of R&D expense included in salaries, social charges and pension expenses is € 134 (2018: € 131).

Pension plans
In the Netherlands and the United Kingdom, Graydon operates defined contribution plans that are operated by external insurance companies. 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.

3. Employees

	2019	2018
The Netherlands	122	128
Other countries	130	139
	252	**267**

4. Other operating expenses

	2019	2018
Production & Sales	7,707	8,217
Office	1,279	2,116
Personnel	2,692	3,463
Marketing	1,496	1,624
Other	828	1,653
	14,002	**17,073**

The amount of R&D expense included in other operating expenses is € nil (2018: € nil).

5. Income tax expense

	2019	2018
Breakdown of income tax expense		
The income tax expense can be broken down as follows:		
Current tax benefit/(expense)	358	1,582
Deferred tax benefit/(expense)	-576	-885
	-218	**697**

Reconciliation of effective tax rate

	2019	2018
Profit before tax	129	-1,119
Tax using the company's domestic corporation tax rate	-32	280
Effect of tax rates in foreign companies	-82	-171
Non deductible expenses	-83	-
Unrecognised Net Operating Losses	-	
Recognition of previously unrecognised Net Operating Losses	-	362
Impact of rate change	-17	142
Adjustments of previous years	19	109
Other	-23	-25
Income tax benefit/(expense) in statement of profit or loss	**-218**	**697**

Reconciliation of effective tax rate

In percentage	2019	2018
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	-65.8	15.2
Non deductible expenses	-64.2	-
Unrecognised Net Operating Losses	-	-
Recognition of previously unrecognised Net Operating Losses	-	-32.3
Impact of rate change	-13.2	-12.7
Adjustments of previous years	16.9	-9.7
Other	-18.0	2.3
Income tax in statement of profit or loss	**-169.2**	**-62.2**

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.

Commencing December 2018, Graydon UK applies tax pooling with Atradius UK, enabling to, retroactively as at September 15, 2017, offset losses borne by Graydon UK with profits of Atradius UK. As a result of this in 2018, there was a change in the applicable tax rate due to the recognition of previously impaired tax loss carryforwards in the UK.

Commencing April 2017, Graydon NL is part of a fiscal unity with Atradius NL, enabling Graydon NL to, retroactively as at January 1, 2017, offset losses borne by Graydon NL with profits of Atradius NL.

6. Leases

This note provides information for leases where Graydon is a lessee. There are no leases where Graydon is a lessor.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	2019	2018
Buildings	1,061	-
Cars	582	-
	1,643	**-**
Interest expense (included in finance cost)	117	-
Expense relating to short-term leases (included in other operating expenses)	-	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses)	-	-
Expense relating to variable lease payments not included in lease liabilities (included in other operating expenses)	-	-

Variable lease payments

Graydon is not engaged in leases that contain variable payment terms.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across Graydon. These are used to maximise operational flexibility in terms of managing the assets used in Graydon's operations. The majority of extension and termination options held are exercisable only by Graydon and not by the respective lessor.

Residual value guarantees

Graydon has not provided residual value guarantees in relation to equipment leases.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	2019	1 January 2019*
Right-of-use assets		
Buildings	4,067	4,966
Cars	1,511	1,598
	5,578	**6,564**
Lease liabilities		
Current	1,634	275
Non-current	4,004	6,289
	5,638	**6,564**

** In the previous year, Graydon only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of Graydon's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 17.*

Additions to the right-of-use assets during the 2019 financial year were € 657 (2018: € nil). The increase is explained by renewal of contracts.

7. Intangible assets

	Databases	Self-developed software (Internal)	Self-developed software (External)	Self-developed (Total)	Total
Book value as at 1 January 2018					
Acquisition cost as at 1 January 2018	61,712	4,434	13,525	17,959	79,671
Accumulated amortisation as at 1 January 2018	-54,769	-3,455	-6,529	-9,984	-64,753
Book value as at 1 January 2018	**6,943**	**979**	**6,996**	**7,975**	**14,918**
Movements					
Additions	9,685	885	2,707	3,592	13,277
Foreign exchange	-9	-	-49	-49	-58
Disposal	-	-	-525	-525	-525
Amortisation	-8,585	-180	-1,906	-2,086	-10,671
Foreign exchange	14	-	-53	-53	-39
Disposal	-	-	421	421	421
	1,105	**705**	**595**	**1,300**	**2,405**
Book value as at 31 December 2018					
Acquisition cost as at 31 December 2018	71,388	5,319	15,658	20,977	92,365
Accumulated amortisation as at 31 December 2018	-63,340	-3,635	-8,067	-11,702	-75,042
Book value as at 31 December 2018	**8,048**	**1,684**	**7,591**	**9,275**	**17,323**
Movements					
Additions	9,679	1,135	2,579	3,714	13,393
Disposal: acquisition cost			-231	-231	-231
Foreign exchange	373	-	-	-	373
Amortisation	-9,407	-111	-1,583	-1,694	-11,101
Disposal: accumulated amortisation			231	231	231
Foreign exchange	-336	-	-	-	-336
	309	**1,024**	**997**	**2,021**	**2,330**
Book value as at 31 December 2019					
Acquisition cost as at 31 December 2019	81,440	6,454	18,006	24,460	105,900
Accumulated amortisation as at 31 December 2019	-73,083	-3,746	-9,418	-13,164	-85,247
Book value as at 31 December 2019	**8,357**	**2,708**	**8,588**	**11,296**	**19,653**

Databases
The additions to databases comprise the following amounts:

	2019	2018
Salaries*	1,733	1,755
Compulsory social security contributions	348	357
Contributions to defined contribution plans	100	96
Purchased data	7,498	7,477
** includes € 44 temporary staff (2018: € nil)*	**9,679**	**9,685**

Self-developed software (internal)
In the self-developed software (internal) an amount of € 273 (2018: € 2,230) is included as Assets Under Construction.

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

	2019	2018
Salaries*	947	726
Compulsory social security contributions	121	102
Contributions to defined contribution plans	67	57
Purchased data	-	-
** includes € 96 temporary staff (2018: € nil)*	**1,135**	**885**

Impairment
During 2019, there was an impairment of software that is no longer used in the business. As at the time of disposal, the software had a book value of € 18 (2018: nil). The amount is included in amortisation.

Impairment test
The performed impairment analysis does not show any impairment triggers in 2019 and in 2018.

Change in estimated future economic life
In 2019, there was a change in the estimated future useful economic life of the self-developed software. Reference is made to section d) of the basis of preparation of these financial statements.

8. 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	2,563	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: acquisition cost	-201	-	-201
Disposals: accumulated depreciation	201	-	201
Depreciation	-243	-80	-324
Foreign exchange	2	5	7
	-131	**495**	**364**
Acquisition cost 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**
Movements			
Additions	78	80	158
Disposals: acquisition cost	-1,178	-920	-2,098
Foreign exchange	17	19	36
Depreciation	-266	-92	-358
Disposals: accumulated depreciation	1,176	920	2,096
Foreign exchange	-15	-19	-34
	-188	**-12**	**-200**
Book value as at 31 December 2019			
Acquisition cost as at 31 December 2019	4,028	2,310	6,338
Accumulated depreciation as at 31 December 2019	**-3,482**	**-1,625**	**-5,107**
Book value as at 31 December 2019	**546**	**685**	**1,231**

Property, plant and equipment

Property, plant and equipment consist of office equipment and IT equipment. Leasehold improvements relate to refurbishment of our offices.

Gain on sale

During 2019, there was a gain on sale on motor vehicles € 24 (2018: nil) as a result of a sale of previously fully depreciated vehicles.

Impairment test

During 2019, no impairment (2018: nil) has been recorded. The performed impairment analysis does not show any impairment triggers in 2019 and in 2018.

9. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

As at 31 December	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Net Operating Losses	1,274	1,204	-	-	1,274	1,204
Right of Use assets	-	-	-1,296	-	-1,296	-
Lease liabilities	1,313	-	-	-	1,313	-
Intangible assets	17	107	-2,336	-1,957	-2,319	-1,850
Other	4	-	-	-	4	-
Net tax assets/ (liabilities)	**2,608**	**1,311**	**-3,632**	**-1,957**	**-1,024**	**-646**

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 € 12 (2018: € nil) 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:

2019	Net balance at 1 January*	Recognised in profit or loss	Recognised in OCI	Net balance at 31 December
Net Operating Losses	1,204	70	-	1,274
Right-of-use assets	-	-1,296	-	-1,296
Lease liabilities	-	1,313	-	1,313
Intangible assets	-1,850	-469	-	-2,319
Other	-	-	4	4
Net tax assets / (liabilities)	**-646**	**-382**	**4**	**-1,024**

Based on the mid-term forecast prepared in 2019 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 2019, Graydon has tax losses carried forward in the Netherlands for an amount of € 1,274 (2018: € 1,204). The amount that is expected to be settled after 1 year is € 1,274 (2018: 1,204). Movement in the deferred tax asset relating to tax losses carried forward is caused by the change in tax rate in the Netherlands. As at 31 December 2019, Graydon has no unrecognised tax losses (2018: nil).

10. Trade and other receivables, prepayments and income taxes receivable

	2019	2018
Trade receivables	5,489	5,301
Other receivables	995	803
Prepayments	1,143	1,005
Income tax receivable	545	1,989
	8,172	**9,098**

An amount of € nil (2018: € 37) is included in the trade receivables and relates to long term contracts. An amount of € 357 (2018: € 401) is included in the other receivables and relates to contract assets. Trade receivables and other receivables are shown net of a provision for bad debts. Information about the impairment of trade receivables and Graydon's exposure to credit risk and foreign currency risk can be found in note 19. Graydon applies tax pooling with related parties. Reference is made to note 18: Related parties.

11. Cash and cash equivalents

	2019	2018
Bank balances	3,272	5,674
Cash and cash equivalents in the statement of cash flows	**3,272**	**5,674**

There are bank guarantees for the rented premises in the Netherlands for a total of € 345 (2018: € 345). The remaining cash balances are at Graydon's free disposal.

12. Equity

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

Share capital

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

Number of shares	Ordinary shares	
	2019	2018
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 the shareholder for shares in excess of the nominal value at the date of incorporation of the company. In 2018, an € 4,000 payment was received from the shareholder.

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 freely distributable to the shareholder.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiary Graydon UK.

Proposed appropriation of 2019 result

The Managing Board proposes to the General Meeting of Shareholders to add the loss 2019 of € 89 to retained earnings.

13. Provisions

	Provisions
As at 1 January 2018	1,414
Additions	800
Disposal	-1,414
As at 31 December 2018	**800**
As at 1 January 2019	800
Utilization	-404
Release	-396
As at 31 December 2019	**-**

The provisions of € --- (2018: 800) relate to warranties issued. In 2018, the amount of the provisions of € 800 was expected due within one year.

14. Trade and other payables

	2019	2018
Trade payables	3,923	3,458
Taxes and social charges	1,096	1,140
Current income tax payable	-	119
Non- trade payables and accrued expenses	2,261	2,686
	7,280	**7,403**

15. Deferred income

The liability for deferred income of € 10,634 (2018: € 11,257) pertains to amounts paid by customers and set aside for services to be performed in the future; the maximum period is 2 years and the average is 1 year. Deferred income is of a short term nature, as billing is done in advance with a maximum term of 12 months. The revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period of € 11,257 is € 9,257. Further reference is made to note 18: Related Parties.

16. Employee benefits

Graydon operates Defined Contribution Plans in the Netherlands and in the UK. In Belgium, Graydon operates a Defined Benefit Plan.
The Belgium pension plan is applicable to all Graydon Belgium nv 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 annualized salary. Employer contribution to the plan ranges from 3 - 5% of annualized salary. Required by Belgian pension legislation, Graydon guarantees a variable future legal interest, between 1,75% - 3,75%.

Graydon has performed an assessment on the qualification of the Graydon Belgium nv pension plan and determines that the Graydon Belgium plan is a "plan with guaranteed return" and based on the remaining actuarial risk it qualifies as a Defined benefit plan.
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.

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 liability status of € 15 (2018: € nil).

Employer Liabilities	31 December 2019	31 December 2018
DBO Excluding Taxes	9,176	7,680
Taxes	-	-
DBO Including Taxes	**9,176**	**7,680**
Assets	**9,161**	**7,694**
Unfunded Defined Benefit Obligation	**15**	**-14**
Asset ceiling limitation (IAS 19.58)	-	14
Unfunded Defined Benefit Obligation	**15**	**0**

Change in Defined Benefit Obligation	2019
Defined Benefit Obligation as at the beginning of the period	**7,680**
Current Service Cost	213
Interest Cost on the DBO	134
Plan Participants' Contributions	30
Net Actuarial (Gain) / Loss - Experience	33
Net Actuarial (Gain) / Loss - Financial Assumptions	1,243
Disbursements from Plan Assets	-140
Disbursements Directly Paid by the Employer	-17
Defined Benefit Obligation as at the Period End Date	**9,176**

Change in Plan Assets	2019
Fair Value of Plan Assets as at the beginning of the period	**7,694**
Interest Income on Plan Assets	136
Return on Plan Assets Greater / (Less) than Discount Rate	1,235
Employer Contributions	206
Plan Participants' Contributions	30
Disbursements	-140
Fair Value of Plan Assets as at the Period End Date	**9,161**

Contributions	2019	2018
Employer contributions	206	172
Employee contributions	30	31
Total contributions	**236**	**203**
Taxes on employer contribution and employee contribution	9	9
Wage Tax on employer contribution	17	14
Taxes (wage)	**26**	**23**

Graydon expects to pay € 213 (2018: € 208) in contributions to its defined benefit plans .

Economic assumptions

Salary increase:	3.25% per annum until the age of 55 1.75% per annum afterwards. Inflation excluded.

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

• Inflation rate	1.75%
• Discount rate	0.75%
• Expected Return on Assets	1.75%

Employee information

Active members	31 December 2019	31 December 2018
Number	87	88
Total pay-roll (full-time year salaries) (in €)	4,279	4,279
Average salary (in €)	44	44
Average age	42 years and 5 months	42 years and 5 months
Average past service	13 years and 2 months	13 years and 2 months

Deferred vested	31 December 2019	31 December 2018
Number	254	254
Average age	43 years and 8 months	43 years and 8 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 and the pension cost by the amounts shown below:

Active members	31 December 2019	31 December 2018
a. Rate	0,75%	1.75%
b. DBO	9,176	7,680
c. Normal Cost	298	224
Valuation Trend	**-1.00%**	**-1.00%**
a. Rate	-0.25%	0.75%
b. DBO	10,674	8,934
c. Normal Cost	341	280
Valuation Trend	**1.00%**	**1.00%**
a. Rate	1.75%	2.75%
b. DBO	7,933	6,650
c. Normal Cost	263	216

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.

17. Leases, commitments and contingent liabilities

Leases

There were no leases that previously classified as finance leases as per IAS 17. No remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application of IFRS 16.

	2019
Operating lease commitments disclosed as at 31 December 2018	8,068
Discounted using the lessee's incremental borrowing rate of at the date of initial application	7,849
Add/(less): contracts reassessed as lease contracts	-1,285
Lease liability recognised as at 1 January	**6,564**
Of which are:	
Current lease liabilities	275
Non-current lease liabilities	6,289

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by € 6,564;
- lease liabilities – increase by € 6,564;
- deferred tax assets – increase by € nil.

The net impact on retained earnings on 1 January 2019 was an increase of € nil.

Commitments

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

	2019	2018
Current		
Less than one year	-	2,640
Non-current		
Between one and five years	-	5,179
More than five years	-	249
	-	**8,068**

In 2018, Graydon had operating lease commitments relating to buildings, cars and computers. 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. There are no additional restrictions, contractual obligations, liens, pledges or encumbrances on Graydon's assets.

18. Related parties

Parent and ultimate controlling party

The company considers its key management, the shareholder, the companies in which it holds equity stakes and the companies in which its shareholder holds equity stakes as related parties. All the transactions with the shareholder were concluded on an at arms' length basis. Transactions with related parties are summarized below:

	2019	2018
Revenues to related parties	3,042	3,027
Expenses from related parties	-	-
Other	-	-
	3,042	**3,027**

Revenues to related parties relate to regular Credit Information Services for fixed local currency amounts. The contract is for a duration of 3 years. The contract expires and is up for renewal in January 2021. An amount of € 2,000 (2018: € 2,000), relating to services to be delivered in 2020 (2018: 2019), was billed in advance in January 2019 (2018: August 2018). No interest is applicable.

Transactions with related parties are summarized below:

	2019	2018
Trade receivables	-	-
Trade payables	-	-
Deferred revenues	-2,000	-2,000
Income tax receivable (NL)*	31	1,125
Income tax receivable (UK)*	288	745

** 2019 amounts contain balances relating to fiscal year 2019. 2018 amounts contain balances relating to fiscal years 2017 and 2018. The 2018 amounts have been fully settled in 2019.*

Key management personnel compensation

Key management personnel compensation relates to management team that leads Graydon. Key management personnel compensation can be broken down as follows:

	2019	2018
Salaries	732	1,524
Compulsory social security contributions	146	305
Contributions to defined contribution plans	54	77
Mobility	26	37
Expense reimbursement	3	8
	961	**1,951**

The decrease in management personnel compensation is caused by a change in management structure implemented in the course of 2018.

19. 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 Supervisory Board and Managing Board of Graydon oversee the adequacy of the risk management in connection with the risks to which Graydon is exposed. The Supervisory Board and Managing Board are 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 Supervisory Board and Managing Board.

Concentrations of risk

Due to Graydon its 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).

As per balance sheet date, Graydon held cash and cash equivalents of € 3,272 (2018: € 5,674). 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.

Risk management

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 disclosed below. Graydon does not hold any collateral for trade receivables. Graydon does not have a significant customer concentration.

Impairment and expected credit loss model

Graydon has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for product sales; and
- contract assets

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Graydon applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Graydon has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on historical credit losses experienced within this period. The historical losses are combined with Graydon its own Risk and Payment behaviour scores resulting in the Expected Credit loss rates.

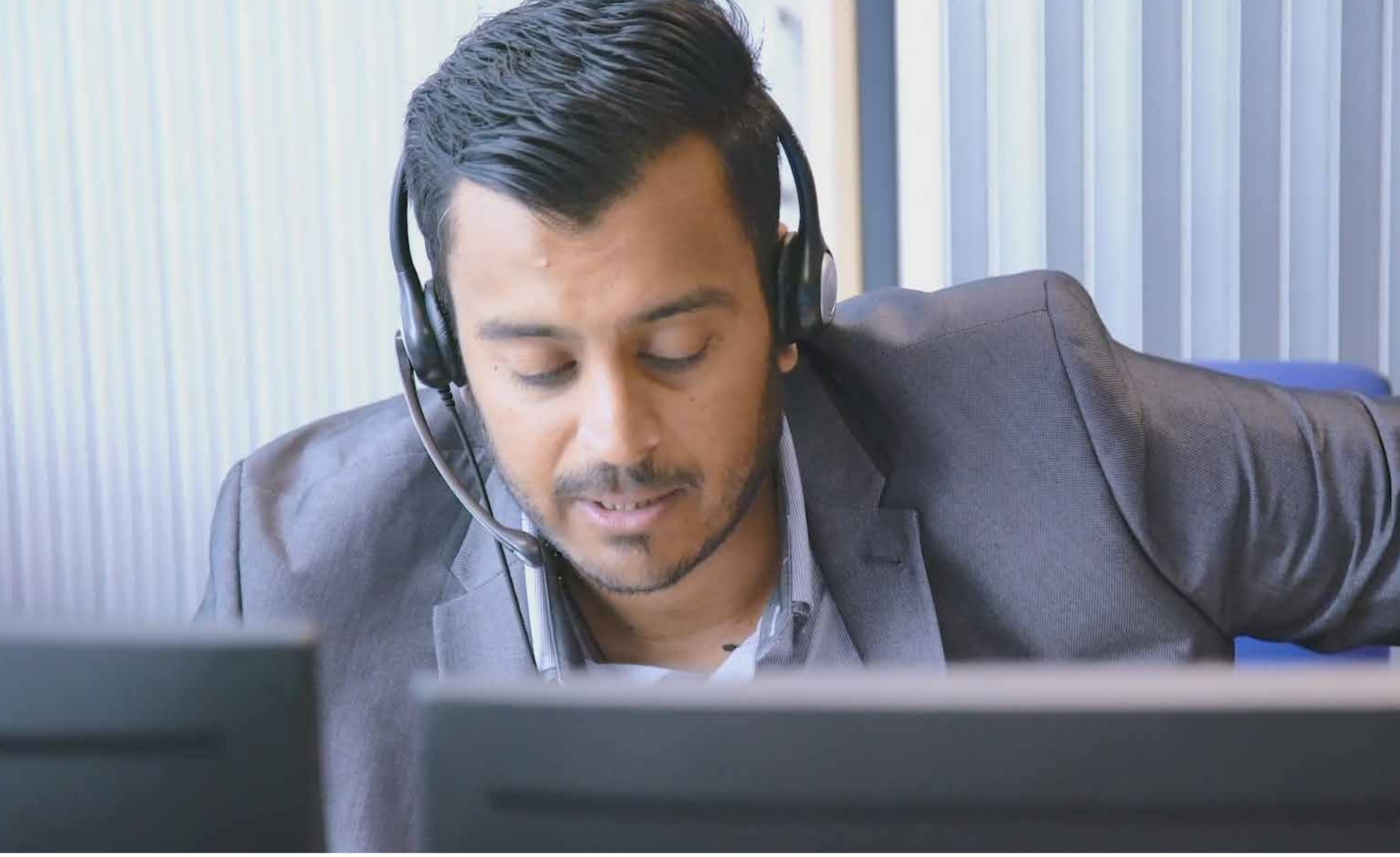
On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for both trade receivables and contract assets:

31 December 2019	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	0.85%	1.11%	3.80%	95.59%	5.52%
Gross carrying amount – trade receivables	3,723	1,170	658	295	5,846
Gross carrying amount – contract assets	624	-	-	-	624
Loss allowance	**-37**	**-13**	**-25**	**-282**	**-357**

31 December 2018	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	1.50%	2.48%	30.04%	76.63%	12.28%
Gross carrying amount – trade receivables	3,453	1,291	709	646	6,099
Gross carrying amount – contract assets	401	-	-	-	401
Loss allowance	**-58**	**-32**	**-213**	**-495**	**-798**

The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	Trade receivables 2019	**Trade receivables 2018**
Opening loss allowance as at 1 January	-798	-951
Decrease / (increase) in loan loss allowance recognised in profit or loss during the year	196	-221
Receivables written off during the year as uncollectible	-144	187
Unused amount reversed	389	61
Disposal	-	126
Closing loss allowance as at 31 December	**-357**	**-798**



Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with Graydon, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. Graydon recorded no doubtful debt charges nor impairment losses on contract assets in 2019 (2018: € nil).

Per year end, the average number of days outstanding on trade receivables is 53 (2018: 83). This number includes the days outstanding for long term receivables 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 at reporting date that the debtors will not meet their payment obligations.

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 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 15.

The tables below analyse Graydon's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2019	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount (assets)/ liabilities
Contractual maturities of financial liabilities						
Trade payables	-3,923	-	-	-	-	-3,923
Taxes and social charges	-1,096	-	-	-	-	-1,096
Accrued expenses	-2,261		-	-	-	-2,261
Lease liabilities	-817	-817	-1,633	-1,920	-559	-5,638
Total	**-8,097**	**-817**	**-1,633**	**-1,920**	**-559**	**-12,918**

31 December 2018	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount (assets)/ liabilities
Contractual maturities of financial liabilities						
Trade payables	-3,458	-	-	-	-	-3,458
Taxes and social charges	-1,140	-	-	-	-	-1,140
Accrued expenses	-2,686	-	-	-	-	-2,686
Current income tax payable	-119	-	-	-	-	-119
Lease liabilities	-	-	-	-	-	-
Total	**-7,403**	**-**	**-**	**-**	**-**	**-7,403**

Graydon does not have any financial derivatives contracts (2018: € nil).

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.

Sensitivity analysis
A 10% strengthening of the GBP against the EUR results in the following exposure:

	2019	%*	2018	%*
Revenues	831	1.92%	921	2.08%
Operating expenses	-1,048	-2.43%	-1,137	-2.51%
Assets	468	1.15%	435	1.30%
Liabilities	-569	-2.15%	-434	-2.16%

** percentage of consolidated total*

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. The exposure to other foreign currencies is limited.

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 as at balance sheet date	
	2019	2018	2019	2018
GBP	1.14	1.13	1.18	1.12

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

Capital
The Board of Directors manage Graydon's overall level of equity. 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. Target is to improve overall capital levels on a structural basis. This is not always achieved and management puts every effort to improving its capital. There are no formal capital requirements.

20. 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:

	IFRS 9 Measurement category	Carrying amount 31 December 2019	Carrying amount 31 December 2018
RoU Assets	AC	5,578	-
Trade receivables	AC	5,489	5,301
Other financial assets	AC	2,683	3,797
Cash and cash equivalents	AC	3,272	5,674
Financial assets		17,022	14,772
Lease liabilities	AC	-5,638	-
Trade payables	AC	-3,923	-3,458
Other financial liabilities	AC	-3,357	-3,945
Financial liabilities		-12,918	-7,403

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

21. 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 2019 and 2018 are presented below:

in thousands of €	2019	2018
Revenue	-	2,210
Expenses		
Salaries	-	-742
Social charges and pension expenses	-	-147
Amortisation	-	-52
Other operating expenses	-	-1,622
	-	-2,563
Operating result	**-**	**-353**
Net finance costs	-	-1
Gain on sale	**-**	**1,384**
Result before taxation	**-**	**1,030**
Income tax	-	29
Net Result from discontinued operations	**-**	**1,059**

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

in thousands of €	2019	2018
Operating	-	-468
Investing	-	104
Financing	-	-468
Net increase / (decrease) in cash and cash equivalents	-	**-832**

in thousands of €	2019	2018
Earnings per share from discontinued operations		
Basic earnings per share (€) from discontinued operations	**-**	**0.71**
Diluted earnings per share (€) from discontinued operations	**-**	**0.71**

22. Financial income and expenses

Financial income and expenses can be broken down as follows:

	2019	2018
Interest income	179	166
Interest expense	-274	-129
Foreign exchange income	46	54
Foreign exchange expense	-52	-62
	-101	**29**

23. Subsequent events

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections worldwide. Measures taken by various governments to contain the virus have affected economic activity.

Graydon has made every effort to respond to the situation while maintaining its regular business operations. During the outbreak, Graydon can continue its operations as usual. Graydon's business model and contracts are to a large extent on a subscription basis and most revenues are committed.

The immediate exposure to reduced economic activity will be relatively limited. The majority of revenue is committed in one year contracts. Furthermore, the current uncertainty is expected to lead to increased demand to obtain business insights. Graydon has developed additional scores to provide more insights on the current economic situation and is providing these scores in two countries in multiple markets. The first customer purchasing these scores is the Belgian government.

Over the course of the year the revenue could be impacted by:

- Risk of a reduction in the demand for our Pay-as-you-go (non-committed) revenues;
- Increased risk of reduced new customer sales;
- increased risk of customer defaults and our customers extending payment.

To the extent required, Graydon will adjust cost to adjust to economic circumstances.

Graydon management has taken the following measures to implement social distancing policy and to secure business as usual in our services to clients:

- On-line messaging to our customers on our platform and by email to inform them on the COVID-19 impact on Graydon and the fact that Graydon continues as usual.
- Client meetings continue by (video) call.
- All our employees work from home without significant reduction in productivity and all systems are available to our customers and employees.
- Special attention is given to communication and coordination between departments and to secure employees stay connected and motivated.
- Graydon has in place business continuity- and contingency plans. Considering the COVID-19 outbreak some of the risks have materialized and they have not resulted in significant loss of business continuity.
- As part of risk management, Graydon is continuing and evaluating its contingency planning. Currently no significant changes in risk appetite and / or countermeasures are expected.

As a result of these effects, Graydon its revenues in the first quarter of 2020 were approximately in line the 2019 revenues in the same period with some positive impact identified in March 2020. Graydon's operating results have not declined significantly in 2020 by COVID-19. To the extent required, Graydon will adjust cost to adjust to economic circumstances.

In the period since 31 December 2019, the company has not incurred significant changes in losses due to impairments recognised on outstanding receivables and/or write-down of other assets. On January 30, 2020, the shareholder provided a 4-year loan for a total amount of € 5 million, for which an initial drawdown of € 4 million has been made. Interest is fixed at 2.0% per annum. An amount of € 2 million is due on January 30, 2023. The remaining outstanding balance is due on January 30, 2024.

Governments in the countries in which we operate have also announced the implementation of government assistance measures which may mitigate the impact of the COVID-19 outbreak on our results and liquidity. We are currently investigating the extent to which we can apply for such government assistance in the countries in which we operate and will apply it the circumstances it requires.

Depending on the duration of the COVID-19 outbreak and continued negative impact on economic activity, the company may experience further negative results, liquidity restraints and incur impairments on its assets in 2020. The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted.

The economic crisis following the COVID-19 outbreak can have a material impact on the liquidity of Graydon. Management monitors the liquidity of Graydon on a continuous basis. Amongst other measures management of Graydon will seek additional funding/liquidity from the shareholder Atradius or external parties in case this is deemed necessary based on the liquidity of Graydon.

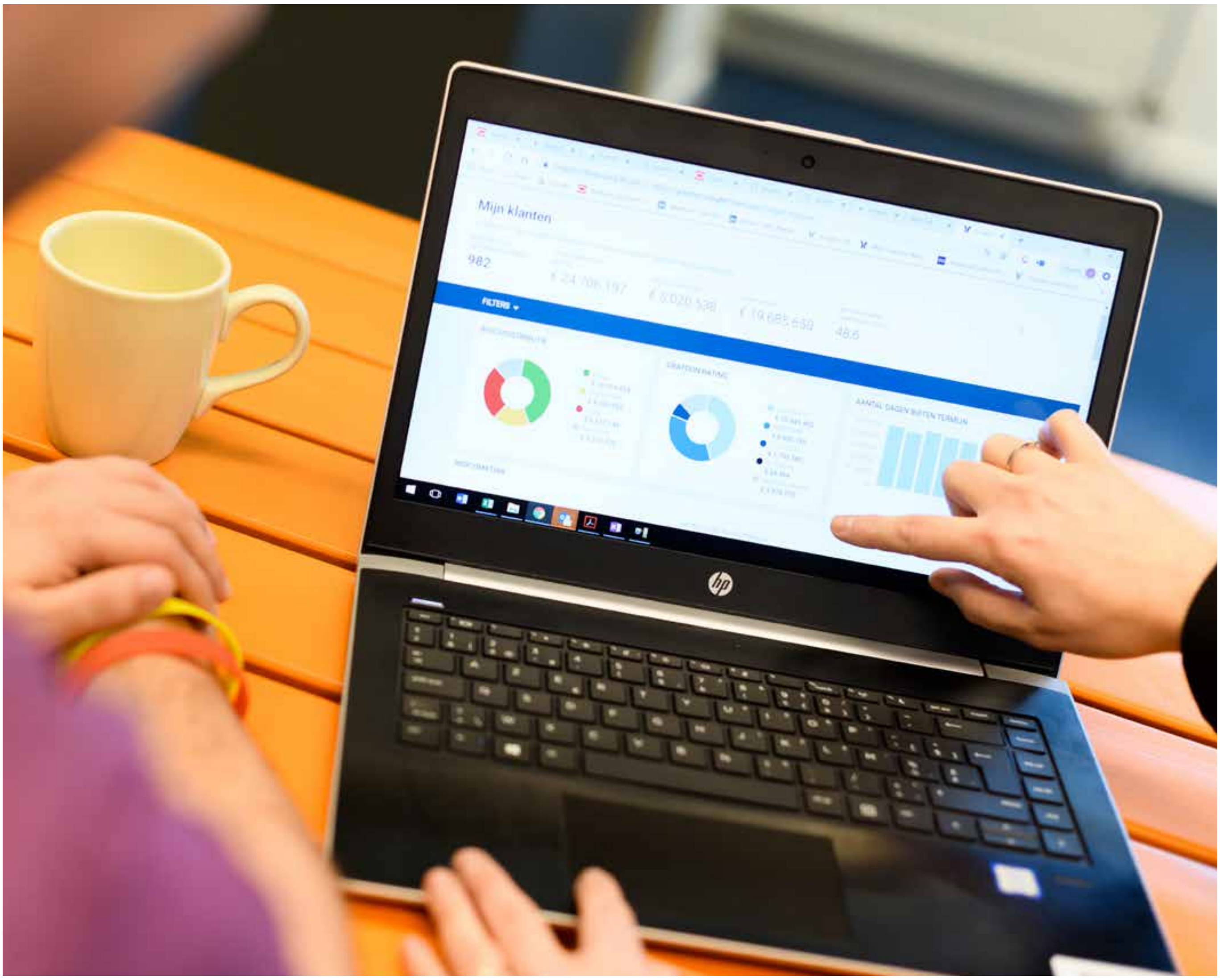
Based on the facts and circumstances known at this moment and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, the Managing Board has determined that the use of the going concern assumption is warranted, but that there is a material uncertainty resulting from COVID-19 that may cast significant doubt upon Graydon its ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Based on the circumstances described above, the financial statements are prepared on the assumption that Graydon is a going concern.

Company statement of balance sheet

before appropriation of the result as at 31 December

in thousands of €	Note	2019	2018
Assets			
right-of-use asset(s)	1	447	-
Intangible assets	2	11,128	9,020
Property, plant and equipment	3	227	305
Subsidiaries	4	13,090	12,582
Deferred tax assets		-	-
Total non-current assets		**24,892**	**21,907**
Income tax receivable from related party	5	31	1,125
Receivables from related party	5	3,722	4,732
Other receivables and prepayments	6	4,208	1,283
Cash and cash equivalents	7	130	257
Total current assets		**8,091**	**7,397**
Total assets		**32,983**	**29,304**
Equity			
Share capital		1,500	1,500
Share premium		5,376	5,376
Legal reserve		19,654	17,323
Translation reserve		-882	-823
Retained earnings		-12,244	-10,593
Result for the year		-89	637
Total equity	**8**	**13,315**	**13,420**
Provisions	9	2,214	1,258
Liabilities			
Lease liabilities	1	438	-
Loan from related party	5	4,500	3,670
Total provisions and non-current liabilities		**7,152**	**4,928**
Loan from related party	5	5,437	4,500
Payable to related party	5	4,936	2,414
Trade and other payables	11	2,143	4,042
Total current liabilities		**12,516**	**10,956**
Total liabilities		**19,668**	**15,884**
Total equity and liabilities		**32,983**	**29,304**

Company income statement
For the year ended 31 December



in thousands of €	2019	2018
Result from Group companies after taxation	-739	638
Other result after taxation	650	-1
Profit / (loss) for the period	**-89**	**637**

The notes on pages 64 to 71 are an integral part of these company financial statements.

Notes to the 2019 Company financial statements

General

The Company financial statements are part of the 2019 financial statements of Graydon Holding nv (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. As per 15 September 2016 Atradius Insurance Holding nv is owner of 100% of the Graydon Holding nv Shares.

Certain comparative amounts in the Company statement of financial position have been reclassified to improve comparability.

Principles of valuation of assets and liabilities and determination of result

The company financial statements of Graydon Holding nv (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Graydon Holding nv should be read in conjunction with the consolidated financial statements.

All financial information presented in Euro (€) has been rounded to the nearest thousands, except when otherwise indicated. Amounts may not add up due to rounding. The balance sheet and income statement include references. These refer to the notes.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In selecting the principles of valuation of assets and liabilities and determination of result employed in the company financial statements, Graydon Holding nv has made use of the option provided by Section 362, subsection 8, of Book 2 of the Dutch Civil Code. Consequently, the principles of recognition, valuation of assets and liabilities and determination of result (the 'accounting policies') employed in the Company financial statements of Graydon Holding nv 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 – t.

Financial fixed assets

Interests in entities in which Graydon Holding nv 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 result 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.

Fees of the independent auditor

The fees of the independent auditor disclosed relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2019 financial statements, regardless of whether the work was performed during the financial year.

1. Leasing

right-of-use asset(s)

There were no Right of use balances as at 31 December 2018. Reference is made to note 17 to the consolidated financial statements. Movements in the Right of use assets over 2019 were as follows:

	Cars
RoU asset: acquisition as at 1 January 2019	608
RoU asset: acc.depreciation as at 1 January 2019	-
Book value as at 1 January 2019	**608**
Movements	
Depreciation	-161
Book value as at 31 December 2019	
Acquisition cost as at 31 December 2019	608
Accumulated amortisation as at 31 December 2019	-161
Book value as at 31 December 2019	**447**

Lease liability

Movements in the lease liability over 2019 were as follows:

	Cars
Lease liability as at 1 January 2019	**-608**
Movements	
Invoices paid	175
Interest on lease liability	-5
	170
Lease liability as at 31 December 2019	**-438**

2. Intangible assets

	Self-developed software (internal)	Self-developed software (external	Self-developed software (total)
Book value as at 1 January 2018			
Costs as at 1 January 2018	1,109	11,565	12,674
Amortisation as at 1 January 2018	-130	-5,027	-5,157
Book value as at 1 January 2018	**979**	**6,538**	**7,517**
Movements			
Additions	885	2,634	3,519
Disposal	-	-	-
Amortisation	-180	-1,836	-2,016
	705	**798**	**1,503**
Book value as at 31 December 2018			
Acquisition cost as at 31 December 2018	1,994	14,199	16,193
Accumulated amortisation as at 31 December 2018	-310	-6,863	-7,173
Book value as at 31 December 2018	**1,684**	**7,335**	**9,020**
Movements			
Additions	1,135	2,579	3,714
Disposal	-	-	-
Amortisation	-111	-1,495	-1,606
	1,024	**1,084**	**2,108**
Book value as at 31 December 2019			
Acquisition cost as at 31 December 2019	3,129	16,778	19,907
Accumulated amortisation as at 31 December 2019	-421	-8,358	-8,779
Book value as at 31 December 2019	**2,708**	**8,420**	**11,128**

Right of use assets
In the self-developed software (internal) an amount of € nil (2018: € nil) is included as Assets Under Construction.

Self-developed software (external)
In the self-developed software (external) an amount of € 273 (2018: € 2,230) is included as Assets Under Construction.

Impairment test
The performed impairment analysis does not show any impairment triggers in 2019 and 2018.

3. Property, Plant & Equipment

	Property, plant and equipment
Book value as at 1 January 2019	
Acquisition cost as at 1 January 2019	1,300
Accumulated depreciation as at 1 January 2019	-995
Book value as at 1 January 2019	**305**
Movements	
Additions	36
Disposals	-
Depreciation	-114
	-78
Book value as at 31 December 2019	
Acquisition cost as at 31 December 2019	1,336
Accumulated depreciation as at 31 December 2019	-1,109
Book value as at 31 December 2019	**227**

Impairment test
The performed impairment analysis does not show any impairment triggers in 2019 and 2018.

4. Subsidiaries

	2019	2018
Balance as at 1 January	12,302	9,434
Exchange rate differences	-54	-26
Result for the year	-739	638
Investment	-	923
Disposal	-	1,333
Other	-17	-
Net balance subsidiaries as at 31 December	**11,492**	**12,302**
Provision negative equity value subsidiaries	1,598	280
Balance subsidiaries as at 31 December	**13,090**	**12,582**

Disposal
For the disposal of the Collections business, reference is made to note 21 of the consolidated financial statements.

Provision negative equity value subsidiaries
Reference is made to note 9 of the company financial statements.

	Country of incorporation*	Ownership interest 31 December 2019	31 December 2018
Graydon Nederland bv	Netherlands	100	100
Open Companies bv	Netherlands	100	100
Graydon Belgium nv	Belgium	100	100
Graydon UK Ltd.	United Kingdom	100	100
Giant-net bv	Netherlands	100	100
Stichting Derdengelden Graydon Incasso**	Netherlands	-	-
Graydon Incasso bv **	Netherlands	-	-

* *Country of incorporation is representative as principal place of business*
** *As at 1 July 2018, Graydon Incasso bv and Stichting Derdengelden Graydon Incasso were disposed of. Refer to note 21 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.

5. Related party transactions

The company considers its key management, the shareholder , the companies in which it holds equity stakes and the companies in which its shareholder holds equity stakes as related parties. All the transactions with the shareholder were concluded on an at arm's length basis.

Graydon Holding has Management Service Agreements with its subsidiaries. Transactions with related parties are summarized below:

	2019	2018
Cost recharges to Graydon companies	13,666	13,858

Balances with related parties are summarized below:

	2019	2018
Receivables	3,722	4,732
Payables	-4,936	- 2,414
Loans payable short term	-5,437	-4,500
Loans payable long term	-4,500	-3,670
Income tax receivable	31	1,125

All receivables are due within one year. Receivables from related parties originate from cost recharges made to Graydon group companies. Payables originate when Graydon companies make payments on behalf of other Graydon companies. The income tax receivable balance of € 31 (2018: € 1,125) is recorded against Atradius Information Services bv relating to tax pooling in the Netherlands. Reference is made to note 18 of the consolidated financial statements.

Movements in the related party loan are summarized below:

	ST portion	LT portion
Loan payable as at 1 January 2018	4,386	4,350
Interest accrued	114	3
Repayments	-	-683
Withdrawal	-	-
Loan payable as at 31 December 2018	**4,500**	**3,670**
Interest accrued	91	42
Repayments	-	-
Withdrawal	846	788
Loan payable as at 31 December 2019	**5,437**	**4,500**

The loan from a related party relates to a 3-year loan. The nominal amount is € 9,937 (2018: € 8,170). 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.

6. Other receivables and prepayments

All receivables are due within one year. Of the overall amount, an amount of € 3,814 (2018: € 1,283) relates to VAT receivable from tax authorities on behalf of other group companies within the VAT fiscal unity. Fair values approximate the book values.

7. Cash and cash equivalents

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

8. 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	
	2019	2018
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 the shareholder for shares in excess of the nominal value at the date of incorporation of the company. In 2018, an € 4,000 payment was received from the shareholder.

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 freely distributable to the shareholder.

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiary Graydon UK.

Appropriation of the 2018 result
The profit 2018 of € 637 has been allocated to retained earnings.

Proposed appropriation of the 2019 result
The Managing Board proposes to the General Meeting of Shareholders to add the loss 2019 of € 89 to retained earnings.

9. Provisions

	Provision for subsidiaries	Deferred tax liabilities	Other	Total provisions
As at 1 January 2018	2,159	-	-	2,159
Additions	349	178	800	1,327
Disposals	-1,333	-	-	-1,333
Investments and loans provided	-924	-	-	-924
Exchange rate differences	29	-	-	29
As at 31 December 2018	**280**	**178**	**800**	**1,258**

	Provision for subsidiaries	Deferred tax liabilities	Other	Total provisions
As at 1 January 2019	280	178	800	1,258
Additions	1,247	438	-	1,685
Utilization	-	-	-404	-404
Release			-396	-396
Investments and loans provided	-	-	-	-
Exchange rate differences	54	-	-	54
Other	17	-	-	17
As at 31 December 2019	**1,598**	**616**	**-**	**2,214**

As at 31 December 2019, a provision of € 1,598 (2018: € 280) has been recognised relating to negative subsidiary equity value. A reversal of the negative net equity value is expected in future years.

10. Lease liabilities
Reference is made to note 1 of the Company financial statements.

11. Trade and other payables
All current liabilities are due within one year. The book value of the liabilities approximate the fair value.

12. 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 (2018: € 55) for their 2019 (2018) activities.

13. Employees

	2019	2018
	69	**68**

All employees work within the Netherlands. The division of employees is as follows:

	2019	2018
Operations	19	19
IT	29	27
Corporate services	18	19
Management	3	3
	69	**68**

14. Fees of the independent auditor

The following fees have been charged by PricewaterhouseCoopers Accountants nv to the company:

	2019	2018
Statutory audit of annual accounts	250	230
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total	**250**	**230**

15. 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.

The Company and its wholly owned Dutch subsidiaries form one tax unity with Atradius Insurance Services nv for corporate income tax as well as VAT. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the income tax group.

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

Amsterdam, 17 April 2020

The Managing Board
Gertjan Kampman

The Supervisory Board
Mr. David Capdevila, 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:

1. The profit is at the disposal of the General Meeting of Shareholders.
2. Profit appropriation can only take place with as maximum the distributable reserves.
3. 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 2019

Our opinion

In our opinion, the financial statements of Graydon Holding N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2019, 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 2019 of Graydon Holding N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- Consolidated statement of financial position as at 31 December 2019;
- Consolidated statement of profit or loss and comprehensive income for 2019;
- Consolidated statement of changes in equity as at 31 December 2019;
- Consolidated statement of cash flows for 2019;
- Company balance sheet as at 31 December 2019;
- Company income statement for 2019; 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, Dutch Code of Ethics).

Material uncertainty related to going concern

We draw attention to the basis of preparation note '(b) going concern' in the financial statements in which The Managing board has described the possible impact and consequences of the corona virus (COVID-19) as well as the measures taken and planned to deal with these events and circumstances. This note also indicates that significant uncertainties remain and that currently it is not reasonably possible to estimate the impact and consequences of the corona virus (COVID-19) on the going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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:

- About Graydon
- 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 directors' 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 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material 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, 20 April 2020

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

Appendix to our auditor’s report on the financial statements 2019 of Graydon Holding N.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The Managing board.
- Concluding on the appropriateness of The Managing board’s use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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

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Registered in the Trade Registry of
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under number 33189409