ANNUAL REPORT

2020

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

Graydon is a business information provider that supports companies with information to enable growth, reduce risks, anticipate fraud or to be compliant. In a world where data is available in abundance, companies often struggle to understand which data is relevant, reliable and verified. As an expert in the business information field, Graydon takes care of this and provides companies with relevant insights on economic performance.

Providing valuable business information is a part of Graydon's DNA for more than 130 years. The company was founded by Pieter van der Graaf as Van der Graaf & Co in 1888. Nearly one hundred years later (1986), Van der Graaf & Co merged with Dongelmans in Belgium. The Graydon brand was born. In 1987, the acquisition of London information agency Amalgamated Trade Protection led to the creation of Graydon UK.

Ever since it was founded, Graydon's purpose has been to provide businesses with information that allows them to grow. Graydon is determined to carry on this mission for current and future generations.

Graydon provides reliable and accurate information via its online portal Graydon Insights or by integration with customer systems using APIs. This includes tailor-made analyses, in which customer and market data are combined to create unique insights, which helps customers with specific challenges.

Companies grow when they can rely on the financial health and trustworthiness of their customers. Initially, Graydon primarily facilitates the provision of credit management information. This information helps customers to gain insights into the financial positions of business relations, before transacting with them. Credit management solutions are still an important part of the business. In the Netherlands and Belgium in particular, Graydon is a leading expert in this field. To maintain this position, Graydon is continuously improving its product portfolio. Customers are actively involved in this process, which enables Graydon to anticipate the needs of the market and to integrate these into its solutions.

As a result, Graydon has expanded its portfolio beyond Credit Information, adding Risk & Compliance and Marketing Information solutions. For its Risk & Compliance solutions, Graydon collaborates with business partners to develop state-of-the-art anti-fraud and customer due diligence solutions. There is a growing need in the market to anticipate and prevent risks, and to avoid falling victim to fraud. At the same time, the usage of data needs to be balanced with respect to privacy.

To complete its market offering in this area, Graydon has delivered knowledge to (potential) customers. Examples of these are the Fraud Prevention Network in the United Kingdom and specific webinars and events which are organised. These sessions aim to share knowledge and best practices amongst (potential) customers to prevent risk and fraud, and assist them on their road to compliance. Graydon strongly believes that its Risk & Compliance solutions are where it can truly make a difference in the years to come, especially in heavily regulated industries, such as Banking and Insurance, where customers rely on Graydon's insights in their compliance processes.

Market Information (MI) provides customers with insights in their commercial effectiveness and on how to improve it, by quickly identifying commercial sweet spots.

Graydon collaborates actively with a variety of solution providers. These partnerships allow Graydon to deliver new solutions and scores more rapidly to the market, or act as resellers of Graydon's insights. Graydon has further invested in its own expertise, by attracting highly skilled specialists, to leverage its investments in technology. Graydon supports governments with business information to assess the effectiveness of the COVID-19 support measures and the probability of default of industries. Graydon's customers depend on its business information and insights when taking business decisions. The accuracy, reliability and trustworthiness of data is vital, and is monitored in Graydon's data quality performance indicators. Graydon's core values demonstrate its aspiration to be a Trusted, Insightful and Influential partner for its customers.

Graydon's success comes through its people. They are the source of our innovation, service and excellence, and are key to the success of the business. Now more than ever, where competition to attract the best talent is fierce, it is essential that Graydon is considered an employer to be proud to work for. This drives motivation, stimulates teamwork and delivers the best services and solutions for Graydon customers. Therefore, employee engagement and enablement are monitored frequently. In addition, the HR and Employer Branding teams (consisting of team members from Belgium, United Kingdom and the Netherlands) have initiated multiple activities to stimulate Graydon's attractiveness as an employer in 2020.

Group legal structure

Today, Graydon is an international group with subsidiaries and offices in the Netherlands (Amsterdam), Belgium (Antwerp) and the United Kingdom (Cardiff and London), headquartered in Amsterdam. All subsidiaries are fully owned by Graydon Holding nv (the company), domiciled in The Netherlands. Collectively, Graydon and its subsidiaries are referred to as Graydon.

COO Rob Veneboer from his home office.

Corporate governance

Atradius Insurance Holding nv is the shareholder, holding 100% of the shares in Graydon Holding nv. Atradius Insurance Holding nv is a subsidiary of Atradius nv which is a subsidiary of Grupo Catalana Occidente. Graydon Holding nv is a limited liability company organised under the laws of the Netherlands, with a Managing Board, a Board of Directors and a Supervisory Board. The Managing Board consists of the CEO, the Board of Directors consists of the CEO, CFO and the COO. The Board of Directors defines the strategic direction and the execution of the plans. The Supervisory Board oversees these plans and overall performance. As Graydon is active in three markets (Belgium, The Netherlands and the United Kingdom), in all countries a local commercial organisation is responsible for sales and commercial decisions including new propositions.

Board report

Supervisory Board members

David Capdevila (1966)
Chairman and member of the Supervisory Board since 1 January 2020
Current position: Chairman and Chief Executive Officer Atradius N.V.
Nationality: Spanish
Other Board memberships: none

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

Dominique Charpentier (1950)
Member of the Supervisory Board since 1 December 2017
Nationality: French
Other Board memberships: Chairman of the Board of LCI sal

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

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

Marta Nodal Martín (1970)
Member of the Supervisory Board 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 operates in the business information market and provides relevant business insights by combining and enriching its qualified information. It has a strong brand reputation in its home markets. In the COVID-19-year Graydon demonstrated its value to the economy by providing insights on the current state of business and the impact of governmental support packages. Over the past couple of years, Graydon has undergone a complete transformation and has extended its Credit Information solutions portfolio with new and innovative business information solutions in the Risk & Compliance and Market Information domains. Moreover, Graydon continues to expand its portfolio with tailored solutions for industries. Graydon's solutions and services are complementary to Atradius its credit insurance and debt collection businesses, and Graydon is a valuable member of the Atradius family.

Despite the COVID-19 outbreak, Graydon managed to continue its services at all times to its customers. Moreover, it demonstrated its capacity to deliver impactful innovation when it mattered most. Graydon also continued to deliver according to plan on the transformation programme to become a more integrated organisation and deliver new services and products to customers.

Graydon will continue to pursue its strategy of offering business insights to the business-to-business market and define tailored offerings for larger customers. This vision is supported by its shareholder. As part of this strategy, Graydon continued to invest in technology partnerships, skills and competences.

In 2020, 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. Attention is given to a good male-female balance in the Supervisory Board, one of six members is female (2019: one of six). All members of the Supervisory Board met four times. Due to the COVID-19 pandemic, all Supervisory Board meetings were held digitally instead of at Graydon's premises. During these sessions, topics such as strategy, performance and compliance were discussed.

Special items in the course of 2020 were:
- The impact of COVID-19, assuring a safe working environment for all staff, whilst maintaining a solid revenue development and financial stability;
- Progress on the strategy with special attention to the business transformation;
- Developments in the information market, with the Dutch Chamber of Commerce and the inquiry by the Dutch Data Protection Authority;
- New partnerships and reseller agreements;
- Strategic risks and mitigating measures;
- Next strategic steps.

The Supervisory Board regularly advised the Board of Directors on the management of Graydon and monitored its activities closely. The Board of Directors also provided the Supervisory Board with regular updates with regard 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 showed a decrease in net result of € 5.4 million to € -5.5 million caused by one off items, including an impairment on assets and restructuring as well as lower revenues.

This Annual Report from Graydon contains the 2020 financial statements, audited by PwC Accountants nv. The Supervisory Board has discussed the 2020 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 2020 financial statements and discharges the Managing Board and the Supervisory Board for their management and supervisory duties performed during the financial year 2020.

The Supervisory Board wishes to express its gratitude to all Graydon employees and to the Board of Directors for their hard work and dedication in 2020.

Amsterdam, 10 March 2021

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

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

Managing Board

CEO **Gertjan Kampman**

Board of Directors

CEO **Gertjan Kampman**
Responsible for commercial operations, marketing, IT, HR and facilities.

CFO **Caroline Schouten**
Responsible for finance, procurement, legal and compliance.

COO **Rob Veneboer**
Responsible for (data) operations and product development.

Report of the Managing Board

Performance in 2020

Graydon's core markets (the Netherlands, Belgium and the United Kingdom) were all economically affected by the COVID-19 pandemic in 2020. At the same time, this situation was presenting some important opportunities as well. By collaborating actively with other businesses and government bodies, Graydon developed solutions and insights that had an immediate impact, such as the COVID-19 Impact Score.

This score is a dynamic expert model that is tuned with every new measure published by governments. With the COVID-19 Impact Score, Graydon proactively facilitated important insights in the economic performance of specific industries and the related COVID-19 support measures. In addition, Graydon delivered also forecasts to help determine which type of businesses needed support. Graydon has been able to develop these new insights very swiftly and by doing this, Graydon has demonstrated its agility and responsiveness to changing conditions that could not be foreseen or ignored.

Thanks to the development of these COVID-19 related insights, but also through solutions such as tailor-made analyses for municipalities, a resilience score and the Graydon City Dashboard, Graydon had rapidly expanded its customer base in municipalities and governmental bodies in its home markets in 2020. During the COVID-19 outbreak in 2020, there was an expectation of a steep increase in fraudulent activities in the market, also due to a rise in the demand of online services or reduced availability of cash in companies. This has made it more challenging for companies and government bodies to determine whether they can rely on their counterparties and to remain compliant.

This development emphasised the importance of Graydon's Risk and Compliance portfolio, also an important driver for growth for Graydon. Graydon is committed to assist customers in their challenge to be compliant, to prevent fraud and to combat financial crime. In addition to its existing Risk & Compliance portfolio, Graydon developed Graydon Network incl. XSeptions. A key feature of this solution is that it provides insights into a company's network by visualising first and second degree relations and highlighting unusual behaviours. It can be used in combination with Graydon UBO and Compliance Check, to anticipate and prevent interactions with non -trusted entities.

For its Credit Management solutions, Graydon added new features to Graydon Insights, such as Stakeholder Search. New scores were developed to enrich datasets with forward-looking insights, for example the COVID-19 Impact Score.

Following Graydon's ISO 27001 accreditation, Graydon UK received confirmation mid-year 2020 that the application to receive the official non-financial VAT registration data held by Her Majesty's Revenue and Customs (HMRC) was approved. From June, Graydon has started to integrate this data in its services. Moreover, Graydon UK has joined the Commercial Credit Data Sharing (CCDS) scheme operated by the British Business Bank and Her Majesty's Treasury, further enhancing the information available to Graydon's customers.

Another important focus in 2020 was the development of tailor-made solutions. Large, corporate customers often have more complex infrastructures and require tailored solutions for their needs in a specific niche or industry. Therefore, sector specialists assist companies and government bodies in their path to find the right solution and as a result, tailor-made solutions were developed in co-creation with the customer. An example is a score for a leasing company where insights in financial performance are combined with fraud indicators.

To anticipate the growing need in the market for analytical and prescriptive insights, Graydon also actively collaborated with partners. These partnerships reduce the time to market for innovative new solutions. At the same time this expands Graydon's distribution network. For example, in the United Kingdom, Graydon strengthened its corporate fraud prevention portfolio by developing new solutions in close collaboration with technology partner TruNarrative and Cifas, operator of the UK National Fraud Database. In Belgium, Graydon started a partnership with ITAA (Belgian National Federation of Auditors), allowing auditors access to its Graydon Insights platform. In the Netherlands a partnership was initiated with a.o. Unit4 (business software).

All these developments require a thorough implementation of data quality and privacy regulations. Graydon is subject to an inquiry by the Dutch Data Protection Authority which is not finalised yet. As privacy is an important aspect for Graydon, Graydon is continuously improving its business operations and communications to remain compliant with rules and regulations.

Customers

Graydon operates in a dynamic business environment, in which its customers are continuously looking for up-to-date and relevant business information. By doing so, Graydon services thousands of customers in its core markets. Solutions and services are tailored to the specific needs in each segment, depending also on the size of the business.

The corporate segment uses a broad line of solutions and services. Often, Graydon's solutions are fully integrated in their business processes and systems. This group of customers represents the largest part of Graydon's customer base.

Small and medium enterprises seek simple and ready to use solutions. These can either be accessed through the Graydon Insights platform or be integrated into their own data solutions. Easily obtainable business information is essential for these customers.

Organisation

The COVID-19 outbreak early 2020 forced businesses around the globe to look at their way of working and to adjust to the new situation rapidly in which working from home became the new normal. Graydon quickly responded to the situation and installed a Corona Response Team. This team represented stakeholders from all areas of the organisation and had the core responsibilities to ensure that:

- all employees stayed in good health;
- business continued as usual for all customers;
- all stakeholders (employees, customers, suppliers, investors) were continuously well informed about Graydon's policy and response with respect to the pandemic.

In responding to the COVID-19 pandemic, Graydon's first priority was to ensure the health and well-being of its employees while being compliant with government guidelines. From mid-March, all Graydon employees worked (and still are working) from home. All employees were facilitated with the necessary resources and tools to enable them to work remotely. Extra attention was paid to cyber security and fraud prevention during this period.

Working from home continued longer than was foreseen and Graydon made sure that there was special guidance and counselling for employees that were experiencing anxiety, loneliness or mental difficulties. Much attention was given to formal and informal activities to assure people would continue to feel connected and aligned with each other.

Although an exceptional situation, it provided valuable lessons about the organisation and its people. Graydon demonstrated that it is capable of providing its services and expertise with a remote workforce without jeopardising its processes or quality. This was due to the tremendous commitment of Graydon's people, who remained determined to make this happen.

Besides adjusting to remote working, a number of (other) initiatives were taken over the course of 2020 to further improve the internal organisation, collaboration and alignment:

- Manual data entry processes were further reduced through new automated processes, which increased the efficiency and data quality;
- Confirmation of Graydon's quality services through renewal of ISO-certifications on quality management (ISO 9001) and information security (ISO 27001);
- Bi-weekly local employee sessions, highlighting the progress of both group and local initiatives;
- Weekly internal knowledge webinars to share internal expertise and the voice of the customer;
- Coaching of employees through the performance management system and coaching sessions.

Graydon gives special attention to a good male-female balance in the leadership teams, which is also reflected in its Board of Directors. As of the date of the financial statements, one of three members is female (2019: one of four).

In 2020, Graydon employed an average of 246 employees, expressed in Full Time Equivalent ("FTE") (2019: 252). Graydon is proud to be a diverse group. 56.9% of the employees are male and 43.1% are female (2019: 56.4% of the employees are male and 43.6% are female). As at 31 December 2020, the number of employees amounted to 241 (2019: 244).

Over the years, Graydon has continued to improve processes and simplify its operations. At the end of 2020, Graydon reduced FTEs by 3% (2019: nil) to align with a leaner way of operating and to reduce operating cost. Most reductions in headcount took place in the United Kingdom and in the Netherlands.

Learning and development are considered crucial elements to provide staff with an opportunity for growth. In the beginning of 2020, a management development programme was initiated to further develop leadership skills of the middle management.

Risk management & compliance

Risk profile

Graydon's risk profile is related to the core business model, which is providing business information, whether it entails tailored solutions, standardised information products or simple online solutions. This also involves controlling risks with regard to achieving strategic and operational objectives and complying with applicable laws and regulations.

COVID-19 proof coffee with Accounting colleague Sophie Tielemans and Senior HR Business Partner Leen Huysmans

Risk management structure

The Board of Directors defines the strategic objectives and Graydon's risk appetite. The Board of Directors also reviews the key risks and monitors mitigating (counter)measures, as well as approves the internal controls. Furthermore, the Board of Directors promotes the risk and control awareness within their area of responsibility and delegates the responsibility for maintaining the internal control frameworks to the business. Business management is responsible for local decision making and accountable for the material completeness of risk identification, the material correctness of risk analyses and the timeliness and appropriateness of risk decisions within their department and/or span of control.

Day to day activities

Business management is responsible for the design and sustainable implementation of internal controls. Graydon applies the COSO Enterprise Risk Management framework as a reference model and has adopted compatible processes and terminology. This framework supports in ensuring that risks are assumed and managed in a controlled way and in line with the company's risk appetite.

When deemed necessary but at least annually, risks and controls are reviewed and updated to ensure residual risk remains at an acceptable level. The Internal Audit department reports the results of their audits to the Board of Directors, and to the Supervisory Board.

In addition to the above, a control self-assessment was performed by the Senior Management. A control self-assessment is an important step in assessing the extent to which Graydon is realising its strategic and business objectives and guard against risks.

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 that define the specific limits and tolerances of the various activities. Graydon's risk appetite is aligned with one of its core value, 'We are trusted'. Customers rely on its risk management procedures to guarantee the integrity of the insights from Graydon.

Graydon identifies four risk types: strategic, operational, compliance and financial risks. Strategic risks relate to the execution of the strategy and to obstacles in attaining long term strategic objectives. Operational risks relate to the execution of day to day operations and obstacles in attaining medium and short term objectives. Compliance risk relate to risk and obstacles in remaining in compliance with all applicable laws and regulations. Financial risk relate to obstacles in successfully converting all recognised assets and liabilities into cash as well as obstacles in obtaining sufficient cash to finance ongoing and future operations, the strategy, inadequate or failed internal processes and systems or external events. Financial risk also relates to financial reporting risks.

Walking directions indicated in the hall for a COVID-19 proof workspace

Below is an overview of the main risks, the risk appetite, the impact, the likelihood and the countermeasures that could affect the Graydon objectives. The number of dots represent management perspective relating to these. The sequence of the risks below does 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 and innovation Ecosystem/ Fintechs • Introduce new products and services meeting customers needs and enhance agility organisation by introducing dev-ops • Connect to strategic partners as an additional distribution channel
	Change in legislation affecting the selling and usage of data	●	●●●	●●●	• Generate media attention and actions, including legal ones, to ensure a fair level playing field • Participate in professional association for representation towards market and government • Adjust propositions to new legislation
	Employee engagement	●●	●●●	●●	• Deliver support to work comfortably from home due to COVID-19 and invest in social activities • Perform annual engagement and enablement survey and monitor and review follow up of action
Operational	Data Quality affecting Graydon Insights and Scores	●	●●●	●	• Implement and embed data quality framework and governance • Review and adjust data sources on an ongoing basis
	ICT security/ recovery affecting availability of the systems	●	●●	●●	• Determine follow up and monitor ICT up time and security incidents. Retain ISO 27001 certification • Strengthen ICT capabilities and simplify infrastructure and improve business continuity management • Manage decommissioning according planned dates
Compliance	Reputation	●●	●●	●	• Thought leadership on dedicated subjects and sector sessions to support market position • Communication strategy to respond to events
	Non compliance with regulations	●	●●●	●●	• Monitor and review embedded policies and promote adherence to internal policies and propositions • Continue to adjust business operations and communications
Financial	Liquidity to fund long term investments	●●	●●	●●	• Monitor and forecast liquidity and solvency metrics • Maintain adequate cash and capital position
	Customers embracing solutions	●	●●	●●	• Monitor impact COVID-19 economic situation on customers • Upgrade customers to Insights platform
	Estimates and judgements used in the financial statements	●	●	●	• External consultation and support from advisor (when required) in case of complex matters • Robust process of accounting memos, second and third level review on estimates and judgments, as well as financial statements as a whole

Legend ● Low ●● Medium ●●● High

Risk evaluation in 2020

The below evaluation provides a reflection on the countermeasures mentioned in the risk table.

Strategic

- Graydon has renewed its product portfolio for Risk and Compliance and Business Risk. Graydon also successfully launched the Impact score which provides insights on the impact of COVID-19 on the financial health of companies. Furthermore, Graydon launched strategic reseller partnerships as an additional distribution channel and has expanded the portfolio of tailored solutions to build more industry specific solutions.
- Graydon has established the Association of Business-to-Business Information companies in the Netherlands together with key players in the market. The association represents the business interests of the industry, by lobbying the interest by specific stakeholders, generating media attention and legal action to ensure a fair level playing field.
- Graydon successfully supported employees in working from home comfortably and safely. In addition, Graydon has periodically monitored employee satisfaction, monitored employee's mental health and social committees have undertaken several engagement activities.

Operational

- The data quality scores have had high management attention. The new Graydon data quality framework and governance have been embedded. Graydon has continuously monitored data quality. In addition, Graydon has commenced automating manual input to further enhance the efficiency of the data sourcing processes.
- Graydon has obtained recertification of the ISO certification ISO 27001 and ISO 9001, underscoring quality management systems and information security policies and processes.

Compliance

- Graydon has continued to embed policies and procedures to strengthen the control environment and to be compliant with legislation.
- Graydon is actively enhancing business operations and improving its communication about compliance to external parties.
- Graydon is subject to an investigation of the Dutch Data Protection Authority and is working on the response with support from specialised advisors.

Financial

- Graydon's contracts are to a large extent on a subscription basis, most revenues are committed.
- Graydon monitors liquidity and solvency on a bi-weekly basis and has strengthened the balance sheet.
- As part of the credit management policy in place, the individual creditworthiness of each customer is assessed before Graydon enters into a customer contract.
- Graydon has implemented its own Impact score solution to monitor the effect of COVID-19 on its own customer portfolio. Due to already strong customer due diligence processes, Graydon has observed limited deterioration in the credit risk of its accounts receivable and customer portfolio.
- Foreign exchange risk is related to minor exposure on GBP.
- Graydon does not utilise derivative financial instruments nor engages in hedge accounting.
- There is minor interest rate risk as interest rates are fixed
- When necessary, Graydon has consulted with internal and external advisors to challenge and support the assumptions, estimates and judgement in the accounting and in the financial statements.

Financial performance in 2020

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 2020, Graydon has successfully launched new insights, adding the COVID-19 Impact score and the Due Diligence score to its Credit Information Solutions, and has extended the Risk and Compliance product range with Business Risk and the Stakeholder Search. Graydon continued to upgrade current customers to Graydon Insights according to plan. By the end of 2021 all customers should be using this new platform.

In 2020, as a result of the ISO 27001 certification Graydon UK was able to have access to new data sources such as the official Non-Financial VAT-Registration data held by Her Majesty's Revenue and Customs (HMRC). Graydon has started to embed these new sources into its business insights.

Overall, in 2020, revenue decreased by 2.0% (2019: 2.2.%) to € 42.5 million (2019: € 43.2 million).

Credit Information solutions demonstrated a decrease of 1.0% compared to 2019 (2019: 5.2%). This is caused by a reduction of pay-as-you-go revenue. In the United Kingdom, a large and mature market, the Credit Information solutions market share is under pressure due to fierce price competition.

Risk & Compliance product lines demonstrated growth of 3.0% (2019: 11.0%). Risk & Compliance products meet the demand of Graydon's customers to provide more insights on the background of companies and their shareholders. Furthermore, Graydon has invested in delivering more insights in the business-to-business market meeting customer's demands on detecting fraud and growth opportunities. Market Information revenues have decreased by 13.0% (2019: increase of 3.0%) due to lower commercial activity in the markets.

Besides revenue development, Graydon has very actively managed its cost to income ratio and is managing costs in line with the revenue development. Over the years, the headcount has been monitored very carefully, and internal operations have been adjusted to operate more leanly. To facilitate this transition, Graydon has executed actions to lower future operating cost. The restructuring programme and the increased data cost result in an increase in 2020 of operating costs with 12.7% (2019: decrease of 5.2%). Corrected for expenses that are of a one-off nature, operating costs have increased in 2020 with 4.1%.

In 2020, Graydon made significant investments in R&D, reflected by its investment in its Graydon 3.0 programme of € 3.5 million (2019: € 3.7 million) and other R&D expenses of € 0.1 million (2019: € 0.1 million).

In 2020, Graydon shows a decrease in net result of € 5.4 million to € -5.5 million (2019: decrease € 0.7 million). In 2020, Graydon shows a decrease in operating result of € 6.1 million compared to 2019 (2019: increase of € 1.4 million). The decrease of the results is caused by one off items, including an impairment on assets and restructuring as well as lower revenues.

Graydon demonstrates a balance sheet position with adequate solvency. Graydon demonstrates increased liquidity with cash balances of € 9.1 million (2019: € 3.3 million) and no significant restrictions on cash. To finance the investment in Graydon Insights and to improve solvency, Graydon obtained financing of € 9.0 million (2019: € nil) in the form of a loan (€ 4.0 million) and a capital contribution (€ 5.0 million) from shareholder Atradius Insurance Holding nv. As at 31 December 2020, the solvency ratio has decreased to 29.1% (2019: 35.1%).

Forward looking statement

Although a return to growth is forecasted for most economies once a COVID-19 vaccine has been rolled out, it is expected that there still will be an impact of COVID-19 on different parts of the economy. Insolvencies and bankruptcies are forecasted to increase and payment behaviour is expected to deteriorate, which will affect many businesses.

As in 2020, Graydon is confident it will be able to continue its operations as usual in 2021. As Graydon's business model and contracts are to a large extent on a subscription basis, most revenues are committed. The immediate exposure to reduced economic activity will therefore be relatively limited. Furthermore, the current uncertainty is expected to lead to increased demand to obtain business insights.

Graydon is determined to help other businesses grow and to take a pivotal part in the efforts to improve the economic performance of its markets. Graydon is confident it can make a valuable contribution to society with its expertise and services, particularly at a time where many businesses and governments face important challenges. With more than 130 years of expertise and a trusted reputation in the market, Graydon is keen to connect businesses and help them grow.

Graydon expects to maintain its top line, due to stable and recurring customer subscriptions and stable, if not increasing pay-as-you-go usage. In 2021, Graydon will continue to aim to reduce operational costs, while maintaining its current revenue levels. Due to its one-off restructuring effort in 2020, Graydon is expecting lower operating costs in 2021 and beyond.

In 2021, all customers will be migrated to Graydon Insights and the decommissioning of legacy systems will start. The level of CAPEX investment will be adjusted to lower levels compared to former years. The effort on R&D is expected to reduce in line with the level of CAPEX investment and will focus on automating manual input, on innovation and on new customer solutions for Database Management and other product lines. Graydon estimates that the operational cash flow will be sufficient to finance the CAPEX investment and the overall business.

Graydon is working on a different way of working post pandemic. A hybrid way, which will allow employees to enjoy the benefits of both working from home and in the office. In 2021, Graydon will determine the roadmap for this new way of working. No significant developments are expected in terms of the employee base except for regular employee turnover.

The Managing Board is confident that the risk management and control systems will continue to work properly in 2021. 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.

Amsterdam, 10 March 2021

The Managing Board
Gertjan Kampman

Financial statements

Consolidated statement of financial position

As at 31 December

in thousands of €	Note	2020	2019
Assets			
Right-of-use asset(s)	6	3,827	5,578
Intangible assets	7	21,594	19,653
Property, plant and equipment	8	919	1,231
Deferred tax assets	9	-	-
Total non-current assets		**26,340**	**26,462**
Trade receivables	10	4,504	5,489
Other receivables and prepayments	10	2,374	2,138
Income tax receivable	10	1,471	545
Cash and cash equivalents	11	9,102	3,272
Total current assets		**17,451**	**11,444**
Total assets		**43,791**	**37,906**
Equity			
Share capital	12	1,500	1,500
Share premium	12	10,376	5,376
Legal reserves	12	21,594	19,653
Translation reserve	12	-831	-882
Retained earnings	12	-14,302	-12,243
Result for the year	12	-5,528	-89
Total equity		**12,809**	**13,315**
Liabilities			
Deferred tax liabilities	9	1,306	1,024
Lease liabilities	6	4,234	5,638
Employee Benefits	16	111	15
Borrowings	20	4,074	-
Total non-current liabilities		**9,725**	**6,677**
Trade and other payables	14	8,275	7,280
Provisions	13	2,870	-
Deferred income	15	10,112	10,634
Total current liabilities		**21,257**	**17,914**
Total liabilities		**30,982**	**24,591**
Total equity and liabilities		**43,791**	**37,906**

The notes on pages 23 to 52 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	2020		2019	
Revenue	1	**42,536**		**43,210**	
Salaries	2	-14,510		-13,293	
Social charges and pension expenses	2	-3,109		-2,802	
Depreciation	6,8	-1,941		-2,001	
Amortisation	7	-11,115		-11,101	
Other operating expenses	4	-17,386		-14,002	
Impairment loss RoU assets	6	-310		-	
Impairment loss /(gain) financial assets	19	-52		195	
Net impairment loss/(gain) other	8	-		24	
Operational expenses		**-48,423**		**-42,980**	
Operating result			**-5,887**		**230**
Finance income	21	244		225	
Finance costs	21	-510		-326	
Net finance costs			-266		-101
Result before taxation			**-6,153**		**129**
Income tax (charge)/benefit	5	625		-218	
Result			**-5,528**		**-89**
Other comprehensive income / (expense)					
Items that may be reclassified to profit or loss					
Foreign exchange translation differences		54		-30	
Actuarial gains and losses		-43		-41	
Income tax on actuarial gains and losses		11		12	
		-22		**-59**	
Other comprehensive income / (expense), net of tax					
Items that may not be reclassified to profit or loss		-		43	
Total other comprehensive income / (expense), net of tax			22		-16
Total comprehensive income / (expense)			**-5,506**		**-105**

Consolidated statement of profit or loss and comprehensive income

For the year ended 31 December

in thousands of €	2020	2019
Result attributable to:		
Owners of the company	-5,528	-89
Non-controlling interests	-	-
	-5,528	**-89**
Total comprehensive income / (expense) attributable to:		
Owners of the company	-5,506	-105
Non-controlling interests	-	-
	-5,506	**-105**

Consolidated statement of changes in equity

As at 31 December

in thousands of €	Share capital	Share premium	Legal reserves	OCI	Retained earnings	Result for the year	Total equity
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**
Balance as at 1 January 2020	**1,500**	**5,376**	**19,653**	**-853**	**-12,272**	**-89**	**13,315**
Total comprehensive income							
Retained earnings	-	-	-	-	-89	89	-
Result of the year	-	-	-	-	-	-5,528	-5,528
Actuarial gains / losses	-	-	-	-32	-	-	-32
Foreign exchange translation	-	-	-	54	-	-	54
Other comprehensive income / (expense)	-	-	1,941	-	-1,941	-	-
Total comprehensive income (expense)	**-**	**-**	**1,941**	**22**	**-2,030**	**-5,439**	**-5,506**
Transactions with owners of the company							
Capital contribution	-	5,000	-	-	-	-	5,000
Total transactions with owners of the company	-	-	-	-	-	-	-
Balance as at 31 December 2020	**1,500**	**10,376**	**21,594**	**-831**	**-14,302**	**-5,528**	**12,809**

Consolidated statement of cash flows

For the year ended 31 December

in thousands of €	Note	2020		2019	
Operating result			**-5,887**		**230**
Adjustments for:					
Amortisation and impairment	7	11,115		11,101	
Depreciation	6, 8	2,251		2,001	
Non-cash movements	13, 19	2,870		-800	
		16,236		**12,302**	
Changes in:					
Trade and other receivables	10	749		-518	
Trade and other payables	14	995		-123	
Deferred income	15	-522		-623	
		1,222		**-1,264**	
Cash generated from operating activities					
Interest paid (on balance)		-		-	
Income taxes received		319		1,649	
Income taxes paid		-300			
		19		**1,649**	
Net cash from / (used in) operating activities			**11,590**		**12,917**
Cash flows from investing activities					
Investments in property, plant and equipment	8	-45		-158	
Disposals of property, plant and equipment	8	-		24	
Investments in intangible assets	7	-13,113		-13,393	
Disposals of intangible assets	7	-		-	
Net cash from / (used in) investing activities			**-13,158**		**-13,527**
Cash flows from financing activities					
Payments on lease contracts		-1,647		-1,844	
Borrowings received		4,000			-
Capital contribution		5,000			-
Net cash from / (used in) financing activities			**7,353**		**-1,844**
Net increase/(decrease) in cash and cash equivalents			**5,728**		**-2,454**
Cash & Cash Equivalents as at 1 January			3,272		5,674
Foreign exchange difference on cash			45		52
Cash & cash equivalents as at 31 December	**11**		**9,102**		**3,272**

The notes on pages 23 to 52 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Reporting entity

(a) General

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 2020 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.

(b) Shareholder

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

Graydon Holding is 100% (2019: 100%) held by Atradius Insurance Holding nv. Atradius Insurance Holding nv is a 100% (2019: 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% (2019: 64.23%) 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% (2019: 73.84%) of the shares in Grupo Compañía Española de Crédito y Caución, S.L. and 35.77% (2019: 35.77%) 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 2020	2019
Graydon Holding nv	Netherlands	100	100
Graydon Nederland bv	Netherlands	100	100
Open Companies	Netherlands	100	100
Giant-net bv	Netherlands	100	100
Graydon Belgium nv	Belgium	100	100
Graydon UK Ltd.	United Kingdom	100	100

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

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 interpretations as issued by the IFRS Interpretations Comittee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and with section 2:362 (a) of The Dutch Civil Code.

The consolidated financial statements were authorised for issue by the Supervisory Board on 10 March 2021.

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

(b) Going concern

Graydon is financing its operations through capital and a loan from its shareholder. Graydon anticipates that future operational cash flow is sufficient to finance its operations and to be able to realise its assets and discharge its liabilities in the normal course of business.

As a result, Graydon management deems the going concern assumption used in these financial statements as appropriate.

(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 and presentation currency. All financial information presented in Euro (€) has been rounded to the nearest thousand, 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-IFRS 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 13: Provisions

Inherent to the nature of provisions, recognition of these is subject to uncertainty, to estimation and to judgment. As per accounting policy, provisions are recognised for the amount of management's best estimate of the future cash outflows relating to the matter(s) at hand, based on all knowledge, available at balance sheet date. Should, due to changes in facts and circumstances, the valuation of the provisions increase or decrease in a subsequent accounting period, then this increase or decrease is reflected (to the full extent of the change) in statement of profit or loss of the subsequent accounting period when the change(s) in the facts and circumstances become(s) known.

Note 7 & 8: 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. Due to the impact of the future economic lifetime estimate this is considered a significant estimate. Graydon estimates the useful life of the self-developed software from 5 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 amortisation terms have become applicable. Amortisation terms are 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 2019, this has been adjusted prospectively in accordance with IAS 8.34. The impact of the change in estimate on 2019 was approximately € 610 (decrease of amortisation charge), compared to previously applied amortisation terms.

As at balance sheet date, the amount of self-developed software (internal and external) is € 13,378 (2019: € 11,296). 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, 2020 amortisation on self-developed software amounts to € 1,510 (2019: € 1,694).
- If the assets' future economic life was 10% shorter than estimated, amortisation would amount to € 1,676 (2019: € 1,851).

- If the assets' future economic life was 20% shorter than estimated, amortisation would amount to € 1,886 (2019: € 2,082).
- If the assets' future economic life was 36 months, 2020 amortisation would amount to € 4,120.
- If the assets' future economic life was 60 months, 2020 amortisation would amount to € 1,635.
- If the assets' future economic life was 96 months, 2020 amortisation would amount to € 1,022.

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 100 basis points lower, then capitalisation for the year would have been approximately € 18 (2019: € 14) lower. As the sensitivity is limited this is considered an estimate but not a significant estimate.

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 month, the amortisation charge of the database as at 31 December 2020 assets would not differ significantly due to the catch up effect. If the database would be amortised in 2 years instead of 3, the amortisation charge would be comparable due to aforementioned catch up effect. The net book value of the database asset would be approximately 5% (2019: 2%) or € 400 (2019: € 200) lower. As the sensitivity is limited this is considered an estimate but not a significant estimate.

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 100 basis points lower, then capitalisation for the year would be approximately € 27 (2019: € 29) lower. As the sensitivity is limited this is considered an estimate but not a significant estimate.

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 for tax losses carried forward would be reduced by the applicable tax rates multiplied by aforementioned amount. Due to a change in tax rules, the tax losses will not expire. As a result this is considered an estimate but not a significant estimate.

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 expenses 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 near 100%. The amounts of the AR balances are significant but their aging is for the majority, current. For current AR, Expected Loss Rate is below 1% (2019: below 1%) and that is expected to remain low. Reference is made to note 19. As the range of the default expectations is low, this is considered an estimate but not a significant estimate.

Note 6: Leases
Reference is made to (m) 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.

Valuation of right-of-use assets is dependent on estimates concerning the level to which Graydon is able to sub lease (parts of) Graydon's office buildings. This estimate is based on qualitative factors, such as overall market conditions in the corporate real estate market, overall demand for office space, and the remaining lease term(s) of the building(s) lease(s). Based on these factors, management assesses whether impairment of right-of-use assets is triggered and/or recognised. Due to the overall amounts of the right-of-use assets, this is considered an estimate but not a significant estimate.

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, unless otherwise stated. For new standards, refer to section (l).

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) Revenue

(i) Accounting standards

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

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

(ii) 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 up to date 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.

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.

(c) 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.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies (EUR and GBP) 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 exchange rate differences are recognised in other comprehensive income ("OCI"), 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 OCI, and presented in the translation reserve in equity.

(iii) Exchange rates for the most important currencies

In 2020, the average exchange rate (British Pound to Euro) for the year is 1.13 (2019: 1.14). In 2020, the spot rate (British Pound to Euro) as at balance sheet date is 1.11 (2019: 1.18).

(e) 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.

(f) Income tax

Tax expenses 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 recognised 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.

(g) 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 previously 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. is made to section (e) of the basis of preparation of these financial statements.

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

(h) Property, plant and equipment
(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Graydon management considers Graydon a single cash generating unit.

(ii) Subsequent expenditures

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

(iii) Depreciation

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

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

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

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

(i) 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 at Fair Value through OCI ("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.

(j) 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.

(k) 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.

(l) 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 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting.

Graydon also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The above 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 2020 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.

(m) Leases

(i) 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.

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.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then Graydon entities use that rate as a starting point to determine the incremental borrowing rate.

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 liabilities.
- 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.

(n) 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.

(o) Country and number of employees reporting

When information about employee head count is given, this is done in Full Time Equivalent ("FTE"), obtained as the amount as registered in the books of the respective Graydon legal entity. Personnel employed on another than full time basis is reported as FTE pro rata based on the hours in their labour contract. The number presented is the average number of FTEs over the reporting period.

(p) Determination of fair values

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

(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.

(q) Consolidated statement of cash flows

The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist only of cash. 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.

(r) 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.

Individual financial statements notes

1. Revenue

	2020	2019
Credit Information Solutions	32,129	32,389
Market Information Services	2,996	3,444
Risk and Compliance Solutions	7,411	7,199
Other	-	178
	42,536	**43,210**

	2020	2019
The Netherlands	21,060	21,685
Belgium	13,271	12,759
United Kingdom	8,205	8,766
	42,536	**43,210**

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.

In exchange of five cookies a day, Business Consultant Jonathan Geubels avoids barking during office hours.

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 recognising 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 2020, Graydon has no assets recognised from the costs incurred to obtain or fulfil a contract with a customer (2019: € nil). Relating to such assets, no amortisation nor impairment loss was recognised in the reporting period.

2. Salaries, social charges and pension expenses

	2020	2019
Salaries	14,510	13,293
Compulsory social security contributions	2,087	2,013
Contributions to defined contribution plans	1,022	789
	17,619	**16,095**

Salaries, social charges and pension expenses are presented after capitalisation of directly attributable labour cost. Reference is made to note 7. The amount of R&D expense included in salaries, social charges and pension expenses is € 134 (2019: € 134).

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. Reference is made to note 16 for further disclosure of the Belgium defined benefit pension plan.

3. Employees

	2020*	2019*
The Netherlands	121	122
Other countries	125	130
	246	**252**

** average Full Time Equivalent ("FTE")*

4. Other operating expenses

	2020	2019
Production & Sales	8,350	7,707
Office	1,223	1,279
Personnel	2,392	2,692
Marketing	1,650	1,496
Other	3,771	828
	17,386	**14,002**

The amount of R&D expense included in other operating expenses is € nil (2019: € nil).

5. Income tax expense

	2020	2019
Current tax benefit/(expense)	908	358
Deferred tax benefit/(expense)	-283	-576
	625	**-218**

Reconciliation of effective tax rate

	2020	2019
Profit /(loss) before tax	-6,153	129
Tax using the company's domestic corporation tax rate	1,538	-32
Effect of tax rates in foreign companies	-125	-82
Non-deductible expenses	-625	-83
Adjustment to Net Operating Losses	-50	-
Impact of rate change	-51	-17
Adjustments of previous years	-29	19
Other	-33	-23
Income tax benefit/(expense) in statement of profit or loss	**625**	**-218**

Reconciliation of effective tax rate (in percentage)

	2020	2019
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	1.9	-65.8
Non-deductible expenses	10.2	-64.2
Adjustment to Net Operating Losses	0.8	-
Impact of rate change	0.8	-13.2
Adjustments of previous years	0.5	16.9
Other	0.6	-18.0
Income tax in statement of profit or loss	**-10.2**	**-169.2**

In 2020, the CIT tax rate for the Netherlands will remain at 25%. The announced reduction to 21.7% is postponed. As a result thereof deferred taxes are remeasured again against the tax rate of 25%. In 2020, Belgian effective tax rate changed from 29.6% in 2019 to 25% in 2020 and onward. 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 Ltd. applies tax pooling with Atradius Information Services bv – UK Branch, enabling to offset losses borne by Graydon UK Ltd. with profits of Atradius Information Services bv – UK Branch.

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

Amounts recognised in profit or loss

	2020	2019
Depreciation charge buildings right-of-use assets	1,011	1,061
Impairment charge buildings right-of-use assets	310	-
Depreciation charge cars right-of-use assets	578	582
	1,899	1,643
Interest expense (included in finance cost)	94	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)	-	-

This note provides information for leases where Graydon is a lessee. There are no leases where Graydon is a lessor. The total cash outflow for leases in 2020 was € 1,647 (2019: € 1,844).

Impairment

In prior years, Graydon has unsuccessfully tried to sublet a portion of its Netherlands office buildings. In 2020, Graydon no longer expects to be able to sublet due to the deteriorated market conditions in the corporate real estate market and due to reduced demand for office space in combination with a relative short remaining lease term. As a result Graydon recognised an impairment relating to this part of its buildings right-of-use assets.

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 consolidated statement of financial position

	2020	2019
Right-of-use assets buildings	2,720	4,067
Right-of-use assets cars	1,107	1,511
Total right-of-use assets	**3,827**	**5,578**
Current lease liabilities	1,184	1,634
Non-current lease liabilities	3,050	4,004
Total lease liabilities	**4,234**	**5,638**

Additions to the right-of-use assets during the 2020 financial year were € 178 (2019: € 657). The increase is explained by renewal of car lease contracts.

7. Intangible assets

	Databases	Self-developed software (Internal)	Self-developed software (External)	Self-developed software (Total)	Total
Acquisition cost as at 1 January 2019	71,388	5,319	15,658	20,977	92,365
Accumulated amortisation as at 1 January 2019	-63,340	-3,635	-8,067	-11,702	-75,042
Book value as at 1 January 2019	**8,048**	**1,684**	**7,591**	**9,275**	**17,323**
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
Movements	**309**	**1,024**	**997**	**2,021**	**2,330**
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	-86,247
Book value as at 31 December 2019	**8,357**	**2,708**	**8,588**	**11,296**	**19,653**
Additions	9,505	1,373	2,234	3,607	13,112
Disposal: acquisition cost	-	-	-187	-187	-187
Transfer	-	99	-99	-	-
Foreign exchange	-444	-	-21	-21	-465
Amortisation	-9,605	-189	-1,321	-1,510	-11,115
Disposal: accumulated amortisation	-	-	187	187	187
Foreign exchange	404	-	5	5	409
Movements	**-140**	**1,283**	**798**	**2,081**	**1,941**
Acquisition cost as at 31 December 2020	90,501	7,926	19,933	27,859	118,360
Accumulated amortisation as at 31 December 2020	-82,284	-3,935	-10,547	-14,482	-96,766
Book value as at 31 December 2020	**8,217**	**3,991**	**9,386**	**13,377**	**21,594**

Manager Data Operations Esther Bontje has become a real expert in combining both work and school from home.

Databases

	2020	2019
Salaries*	1,787	1,733
Compulsory social security contributions	288	348
Contributions to defined contribution plans	91	100
Purchased data	7,339	7,498
	9,505	**9,679**

** includes € 273 temporary staff (2019: € 44)*

Self-developed software (internal)

	2020	2019
Salaries*	1,135	947
Compulsory social security contributions	143	121
Contributions to defined contribution plans	95	67
Purchased data	-	-
	1,373	**1,135**

** includes € 98 temporary staff (2019: € 96)*

Assets Under Construction

In the self-developed software (internal) an amount of € 1,373 (2019: € 99) is included as Assets Under Construction. In the self-developed software (external) an amount of € 2,228 (2019: € 163) is included as Assets Under Construction.

Impairment

In 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. The amount is included in amortisation. In 2020, there were no impairments on software.

Impairment test

The performed impairment analysis does not show any impairment in 2020 and in 2019.

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 e) of the basis of preparation of these financial statements.

8. Property, plant and equipment

	Property, plant and equipment	Other	Total
Acquisition cost as at 1 January 2019	5,111	3,131	8,242
Accumulated depreciation as at 1 January 2019	-4,377	-2,434	-6,811
Book value as at 1 January 2019	**734**	**697**	**1,431**
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
Movements	**-188**	**-12**	**-200**
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**
Additions	45	-	45
Disposals: acquisition cost	-1,075	-	-1,075
Foreign exchange	-21	22	1
Depreciation	-260	-92	-352
Disposals: accumulated depreciation	1,075	-	1,075
Foreign exchange	18	-24	-6
Movements	**-218**	**-94**	**-312**
Acquisition cost as at 31 December 2020	2,977	2,332	5,309
Accumulated depreciation as at 31 December 2020	-2,649	-1,741	-4,390
Book value as at 31 December 2020	**328**	**591**	**919**

Property, plant and equipment
Property, plant and equipment consist of office equipment and IT equipment. Other consists of motor vehicles and leasehold improvements. Leasehold improvements relate to refurbishment of Graydon offices.

Gain on sale
During 2019, there was a gain on sale on motor vehicles of € 24 as a result of a sale of previously fully depreciated vehicles. In 2020, there were no gains / losses on the sale of tangible fixed assets.

Impairment test
In 2020, no impairment (2019: € nil) has been recorded. The performed impairment analysis does not show any impairment in 2020 and in 2019.

9. Deferred tax assets and liabilities

	Assets*		Liabilities*		Net*	
	2020	2019	2020	2019	2020	2019
Net Operating Losses	1,418	1,274	-	-	1,418	1,274
Right of Use assets	-	-	-854	-1,296	-854	-1,296
Lease liabilities	955	1,313	-	-	955	1,313
Intangible assets	-	17	-2,877	-2,336	-2,877	-2,319
Other	52	4	-	-	52	4
Net tax assets/ (liabilities)	**2,425**	**2,608**	**-3,731**	**-3,632**	**-1,306**	**-1,024**

** As at 31 December*

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 € 11 (2019: € 12) in deferred tax asset related to actuarial results on the Belgian defined benefit pension plan was charged directly to the equity.

Movement in deferred tax assets and liabilities during the year is as follows.

	Net balance at 1 January*	Recognised in profit or loss	Recognised in OCI	Net balance at 31 December*
Net Operating Losses	1,274	144	-	1,418
Right-of-use assets	-1,296	442	-	-854
Lease liabilities	1,313	-358	-	955
Intangible assets	-2,319	-558	-	-2,877
Other	4	59	-11	52
Net tax assets / (liabilities)	**-1,024**	**-271**	**-11**	**-1,306**

** 2020*

Based on the mid-term forecast prepared in 2020 and the 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 2020, Graydon has gross tax losses carried forward in the Netherlands for an amount of € 5,670 (2019: € 5,870). The amount that is expected to be settled after 1 year is € 5,670 (2019: 5,870). Movement in the deferred tax asset relating to tax losses carried forward is caused by the change in tax rate in the Netherlands and due a correction in the losses based on correspondence with tax authorities in 2020. As at 31 December 2020, Graydon has no unrecognised tax losses (2019: € nil).

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

	2020	2019
Trade receivables	4,504	5,489
Other receivables	1,509	995
Prepayments	865	1,143
Income tax receivable	1,471	545
	8,349	**8,172**

An amount of € nil (2019: € nil) is included in the trade receivables and relates to long term contracts. An amount of € 1,106 (2019: € 357) is included in the other receivables and relates to contract assets. Trade receivables and other receivables are presented 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.

11. Cash and cash equivalents

	2020	2019
Bank balances	9,102	3,272
Cash and cash equivalents in the statement of cash flows	**9,102**	**3,272**

There are bank guarantees for the rented premises in the Netherlands for a total of € 283 (2019: € 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. Authorised and issued capital consists of 1,500,000 (2019: 1,500,000) ordinary shares. All shares issued are fully paid up.

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 2020, € 5,000 in share premium 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 2020 result

The Managing Board proposes to the General Meeting of Shareholders to allocate the loss 2020 of € 5,528 to retained earnings.

13. Provisions

	Total
As at 1 January 2019	**800**
Utilisation	-404
Release	-396
Movements	**-800**
As at 31 December 2019	**-**
Additions	2,870
Movements	**2,870**
As at 31 December 2020	**2,870**

The provisions of € 2,870 (2019: € nil) relate to Graydon's restructuring programme, an onerous contract, to dilapidation and to legal proceedings. The provisions are expected to be settled in the course of 2021, at which time it is expected that more information becomes known about the facts and circumstances.

14. Trade and other payables

	2020	2019
Trade payables	3,827	3,923
Taxes and social charges	1,265	1,096
Non- trade payables and accrued expenses	3,183	2,261
	8,275	**7,280**

15. Deferred income

The liability for deferred income of € 10,112 (2019: € 10,634) 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 € 10,634 is € 10,634. Further reference is made to note 18.

16. Employee benefits

Graydon operates defined contribution plans in the Netherlands and in the United Kingdom. In Belgium, Graydon operates a defined benefit plan. The Belgian 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 annualised salary. Employer contribution to the plan ranges from 3 - 5% of annualised 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 € 111 (2019: € 15).

Employee Liabilities

	2020*	2019
DBO excluding taxes	9,391	9,176
Taxes	-	-
DBO including taxes	9,391	9,176
Assets	9,280	9,161
Unfunded defined benefit obligation	**111**	**15**

** As at 31 December*

Change in defined benefit obligation

Defined benefit obligation as at 1 January	**9,176**
Current service cost	269
Interest cost on the DBO	69
Plan participants' contributions	29
Net actuarial (gain) / loss - experience	36
Net actuarial (gain) / loss - financial assumptions	-
Disbursements from plan assets	-172
Disbursements directly paid by the employer	-16
Defined benefit obligation as at 31 December	**9,391**

Change in plan aAssets

Fair value of plan Assets as at 1 January	**9,161**
Interest income on plan assets	70
Return on plan assets greater / (Less) than discount rate	-
Employer contributions	192
Plan participants' contributions	29
Disbursements	-172
Fair value of plan assets as at 31 December	**9,280**

Contributions

	2020	2019
Employer contributions	192	206
Employee contributions	29	30
Total contributions	**221**	**236**
Taxes on employer contribution and employee contribution	9	9
Wage tax on employer contribution	16	17
Taxes (on wages)	**25**	**26**

Graydon expects to pay, in 2021, € 198 in contributions to its defined benefit plans. In 2019 financial statements, Graydon expected to pay, in 2020, € 213 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.
Inflation rate	1.75%
Discount rate	0.75%
Expected return on assets	1.75%

Employee information

	2020*	2019
Number	87	87
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

** Active members as at 31 December*

	2020*	2019
Number	254	254
Average age	43 years and 8 months	43 years and 8 months

** Deferred vested as at 31 December*

Sensitivity Analysis

	2020	2019
a. Discount rate	0,75%	0,75%
b. DBO	9,391	9,176
c. Normal cost	310	298
Valuation Trend	**-1.00%**	**-1.00%**
a. Discount rate	-0.25%	-0.25%
b. DBO	10,925	10,674
c. Normal cost	355	341
Valuation Trend	**1.00%**	**1.00%**
a. Discount rate	1.75%	1.75%
b. DBO	8,119	7,933
c. Normal cost	274	263

Holding other assumptions constant, reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, would have affected the defined benefit obligation and the pension cost by the amounts presented.

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 presented.

17. Commitments and contingent liabilities

Commitments

Relating to the development of intangible assets, significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is € 343 (2019: € 648).

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

Transactions with related parties

	2020	2019
Revenues to related parties	3,098	3,042
Expenses from related parties	-	-
Other	-	-

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 related parties were concluded on an at arms' length basis.

Revenues to related parties relate to regular Credit Information Services for fixed local currency amounts. The contract is for a duration of 3 years. An amount of € 2,000 relating to services to be delivered in 2021 was billed and received in advance in November 2020 and is included in deferred revenue per 2020. In 2019, an amount of € 2,000 relating to services to be delivered in 2020, was billed in 2019, received January 2020 and included in deferred revenue per 2020. No interest is applicable.

Balances with related parties

	2020*	2019
Trade receivables	-	-
Income tax receivable (NL)	726	31
Income tax receivable (UK)	395	288
Trade payables	-	-
Deferred revenues	-2,000	-2,000
Borrowings	-4,074	-

** income tax receivable relates to fiscal year 2020. Amounts relating to fiscal years before 2020 have been fully settled in 2020*

Key management personnel compensation

	2020	2019
Salaries	762	732
Compulsory social security contributions	49	146
Contributions to defined contribution plans	99	54
Mobility	67	26
Expense reimbursement	1	3
	978	**961**

Key management personnel compensation relates to management team that leads Graydon.

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 a subsidiary 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 € 9,107 (2019: € 3,272). 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, which are based on forward looking information, resulting in the Expected Credit loss rates.

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Balance as at 31 December 2020					
Expected loss rate	0.69%	2.54%	4.74%	56.45%	4.20%
Gross carrying amount – trade receivables	2,944	1,285	211	310	4,750
Gross carrying amount – contract assets	1,106	-	-	-	1,106
Loss allowance	**-28**	**-33**	**-10**	**-175**	**-246**
Balance as at 31 December 2019					
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**

	2020	2019
Loss allowance as at 1 January	-357	-798
Decrease / (increase) in loan loss allowance recognised in profit or loss during the year	52	196
Receivables written off during the year as uncollectible	-14	-144
Unused amount reversed	71	389
Foreign exchange	2	-
Loss allowance as at 31 December	**-246**	**-357**

Product Owner Chiel van Helden knows that working from home with a baby can be quite challenging. (Photo credits: Jos Hummelen)

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 2020 (2019: € nil).

Per year end, the average number of days outstanding on trade receivables is 41 (2019: 53). 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 2021, 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
An increase of 100 basis points in interest rates at the reporting date would have an impact of € 37 (2019: € nil) on equity and profit or loss. A decrease of 100 basis points has the equal but opposite effect.

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 bi-weekly basis for Graydon as a whole.

The liquidity risk of Graydon is limited. The majority of the customers 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.

	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount (assets)/ liabilities
Balance as at 31 December 2020						
Trade payables	-3,822	-1	-4	-	-	-3,827
Non- trade payables and accrued expenses	-2,913	-270	-	-	-	-3,183
Borrowings	-74	-	-	-4,000	-	-4,074
Total	**-6,809**	**-271**	**-4**	**-4,000**	**-**	**-11,084**
Balance as at 31 December 2019						
Trade payables	-3,923	-	-	-	-	-3,923
Non- trade payables and accrued expenses	-2,261		-	-	-	-2,261
Total	**-6,184**	**-**	**-**	**-**	**-**	**-6,184**

Graydon does not have any financial derivatives contracts (2019: € 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 Euro and British Pound (“GBP”). The currencies in which these transactions are denominated are Euro and British Pound. Graydon’s exposure to foreign currency risk is limited and relates to the subsidiary in the United Kingdom.

Sensitivity analysis

A strengthening of 10% of the British Pound against the Euro results in the following exposure:

	2020	%*	2019	%*
Increase/(decrease) of current year loss	174	3.15	192	214.19
Increase/(decrease) in equity	-9	0.07	-122	0.91

** percentage of consolidated total.*

A weakening of 10% of the British Pound against the Euro as at year end has 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:
In 2020, the average exchange rate (British Pound to Euro) for the year is 1.13 (2019: 1.14). In 2020, the spot rate (British Pound to Euro) as at balance sheet date is 1.11 (2019: 1.18).

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

	IFRS 9 Measurement category	2020*	2019*
Trade receivables	AC	4,504	5,489
Other financial assets	AC	2,374	2,683
Cash and cash equivalents	AC	9,102	3,272
Financial assets		**15,980**	**11,444**
Trade payables	AC	-3,827	-3,923
Other financial liabilities	AC	-3,183	3,357
Borrowings	AC	-4,074	-
Financial liabilities		**-11,094**	**-6,184**

** 31 December 2020.*

Above, carrying amounts are presented for financial assets and liabilities. The carrying amounts for financial assets and liabilities included on the balance sheet approximate the fair value. For borrowings, reference is made to note 5 to the company financial statements.

Fun across three countries during the Virtual Summer Event.

21. Financial income and expenses

	2020	2019
Interest income	172	179
Interest expense	-321	-274
Foreign exchange income	72	46
Foreign exchange expense	-189	-52
	-266	**-101**

22. Subsequent events

In 2021, the COVID-19 outbreak has continued, with continuous infections and response actions from our governments. Measures taken by various governments to contain the virus have affected economic activity.

Although a return to growth is forecasted for most economies once a COVID-19 vaccine has been rolled out, it is expected that there still will an impact of COVID-19 on different parts of the economy. Insolvencies and bankruptcies are forecasted to increase and payment behaviour is expected to deteriorate, which will affect many businesses.

As in 2020, Graydon is confident it will be able to continue its operations as usual in 2021. As Graydon's business model and contracts are to a large extent on a subscription basis, most revenues are committed. The immediate exposure to reduced economic activity will therefore be relatively limited. Furthermore, the current uncertainty is expected to lead to increased demand to obtain business insights.

January and February (2021) revenues were approximately in line the 2020 revenues in the same period. Graydon's operating results have not declined significantly in January and February (2021) by COVID-19. To the extent required, Graydon will adjust cost to adjust to economic circumstances.

In the period since 31 December 2020, Graydon did not incur significant losses due to impairments recognised on outstanding receivables and/or write-down of other assets.

Company balance sheet

As at 31 December*

in thousands of €	Note	2020	2019
Assets			
Right-of-use asset(s)	1	319	447
Intangible assets	2	13,377	11,128
Property, plant and equipment	3	151	227
Subsidiaries	4	8,875	13,090
Deferred tax assets		429	-
Total non-current assets		**23,151**	**24,892**
Income tax receivable from related party	5	51	31
Receivables from related party	5	2,626	3,722
Other receivables and prepayments	6	737	4,208
Cash and cash equivalents	7	4,739	130
Total current assets		**8,153**	**8,091**
Total assets		**31,304**	**32,983**
Equity			
Share capital		1,500	1,500
Share premium		10,376	5,376
Legal reserve		21,594	19,654
Translation reserve		-831	-882
Retained earnings		-14,302	-12,244
Result for the year		-5,528	-89
Total equity	**8**	**12,809**	**13,315**
Provisions	**9**	**3,212**	**2,214**
Liabilities			
Borrowings from related party	5	7,478	4,500
Lease liabilities	1	314	438
Total provisions and non-current liabilities		**11,004**	**7,152**
Borrowings from related party	5	4,750	5,437
Payable to related party	5	-	4,936
Trade and other payables	11	2,741	2,143
Total current liabilities		**7,491**	**12,516**
Total liabilities		**18,495**	**19,668**
Total equity and liabilities		**31,304**	**32,983**

** before appropriation of the result*

Senior HR Business Partner Leen Huysmans provides virtual applause.

Company statement of profit or loss

For the year ended 31 December

in thousands of €	2020	2019
Result from group companies after taxation	-2,751	-739
Other result after taxation	-2,777	650
Profit / (loss) for the period	**-5,528**	**-89**

The notes on pages 55 to 64 are an integral part of these company financial statements.

Notes to the company financial statements

General
The company financial statements are part of the 2020 financial statements of Graydon Holding nv (the 'company'). With regard to the company statement of profit or loss of Graydon Holding nv, 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 statement of profit or losst 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 (notes a-t). 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 thousand, except when otherwise indicated. Amounts may not add up due to rounding. The balance sheet and statement of profit or loss include references. These refer to the notes.

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

Financial fixed assets
Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the company has control. The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. When an acquisition of an investment in a consolidated subsidiary is achieved in stages, any previously held equity interest is remeasured to fair value on the date of acquisition. The remeasurement against the book value is accounted for in the statement of profit or loss.

When the company ceases to have control over a subsidiary, any retained interest is remeasured to its fair value, with the change in carrying amount to be accounted for in the statement of profit or loss. When parts of investments in consolidated subsidiaries are bought or sold, and such transaction does not result in the loss of control, the difference between the consideration paid or received and the carrying amount of the net assets acquired or sold, is directly recognised in equity.

Result from participations (valued at net asset value)
The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Graydon.

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.

Account Support Manager Peni Quinn is being joined by her dog when talking to customers.

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 2020 financial statements, regardless of whether the work was performed during the financial year.

1. Leasing

Right-of-use assets (cars)

Acquisition as at 1 January 2019	608
Accumulated depreciation as at 1 January 2019	-
Book value as at 1 January 2019	**608**
Depreciation	-161
Acquisition cost as at 31 December 2019	608
Accumulated amortisation as at 31 December 2019	-161
Book value as at 31 December 2019	**447**
Depreciation	-176
Additions	48
	-128
Movements	
Acquisition cost as at 31 December 2020	656
Accumulated amortisation as at 31 December 2020	-337
Book value as at 31 December 2020	**319**

Lease liabilities (cars)

As at 1 January 2019	**608**
Invoices paid	-175
Interest on lease liabilities	5
Movements	**-170**
As at 31 December 2019	**438**
Additions	48
Invoices paid	-177
Interest on lease liabilities	5
Movements	**-124**
As at 31 December 2020	**314**

2. Intangible assets

	Self-developed software (internal)	Self-developed software (external)	Self-developed software (total)
Costs as at 1 January 2019	1,994	14,199	16,193
Amortisation as at 1 January 2019	-310	-6,863	-7,173
Book value as at 1 January 2019	**1,684**	**7,336**	**9,020**
Additions	1,135	2,579	3,714
Disposal	-	-	-
Amortisation	-111	-1,495	-1,606
Movements	**1,024**	**1,084**	**2,108**
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**
Additions	1,373	2,359	3,732
Transfer	99	-99	-
Disposal: acquistion cost	-	-37	-37
Amortisation	-189	-1,295	-1,484
Disposal: accumulated amortisation	-	37	37
Movements	**1,283**	**966**	**2,249**
Acquisition cost as at 31 December 2020	4,601	19,001	23,602
Accumulated amortisation as at 31 December 2020	-610	-9,615	-10,225
Book value as at 31 December 2020	**3,991**	**9,386**	**13,377**

Assets Under Construction

In the self-developed software (internal) an amount of € 1,373 (2019: € 99) is included as Assets Under Construction. In the self-developed software (external) an amount of € 2,228 (2019: € 163) is included as Assets Under Construction.

Impairment test

The performed impairment analysis does not show any impairment in 2020 and 2019.

3. Property, Plant & Equipment

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**
Additions	36
Depreciation	-114
Movements	**-78**
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**
Additions	45
Depreciation	-121
Movements	**-76**
Acquisition cost as at 31 December 2020	1,381
Accumulated depreciation as at 31 December 2020	-1,230
Book value as at 31 December 2020	**151**

Impairment test
The performed impairment analysis does not show any impairment triggers in 2020 and 2019.

4. Subsidiaries

	2020	2019
Balance subsidiaries as at 31 December	8,875	13,090
Provision negative net asset value subsidiaries	-489	-1,598
Net balance as at 31 December	**8,386**	**11,492**

Provision negative net asset value subsidiaries
Reference is made to note 9 to the company financial statements.

	2020	2019
Net balance as at 1 January	**11,492**	**12,302**
Exchange rate differences	-70	-54
Result for the year	-2,751	-739
Dividend paid	-1,899	-
Investment	2,922	-
Disposal	-	-
Transfer	-1,308	-
Other	-	-17
Net balance as at 31 December	**8,386**	**11,492**

Investments relate to a capital contribution in Graydon UK. The transfer relates to the allocation of deferred taxes to Graydon NL.

	Country of incorporation*	Ownership interest 2020	2019
Graydon Holding nv	Netherlands	100	100
Graydon Nederland bv	Netherlands	100	100
Open Companies	Netherlands	100	100
Giant-net bv	Netherlands	100	100
Graydon Belgium nv	Belgium	100	100
Graydon UK Ltd.	United Kingdom	100	100

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

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

Transactions with related parties

	2020	2019
Cost recharges to Graydon companies	14,608	13,666

Graydon Holding has Management Service Agreements with its subsidiaries.

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 related parties were concluded on an at arm’s length basis.

Balances with related parties

	2020	2019
Receivables	2,626	3,722
Payables	-	-4,936
Loans payable short term	-4,750	-5,437
Loans payable long term	-7,478	-4,500
Income tax receivable	51	31

All receivables are due within one year. Receivables from related parties originate from cost recharges made to Graydon group companies. Cost recharges are based on the expenses incurred in the departments that provide services to other Graydon group companies or when Graydon companies make payments on behalf of other Graydon companies . There is no interest on shot term outstanding receivables, on long term receivables, 2% interest is applied.

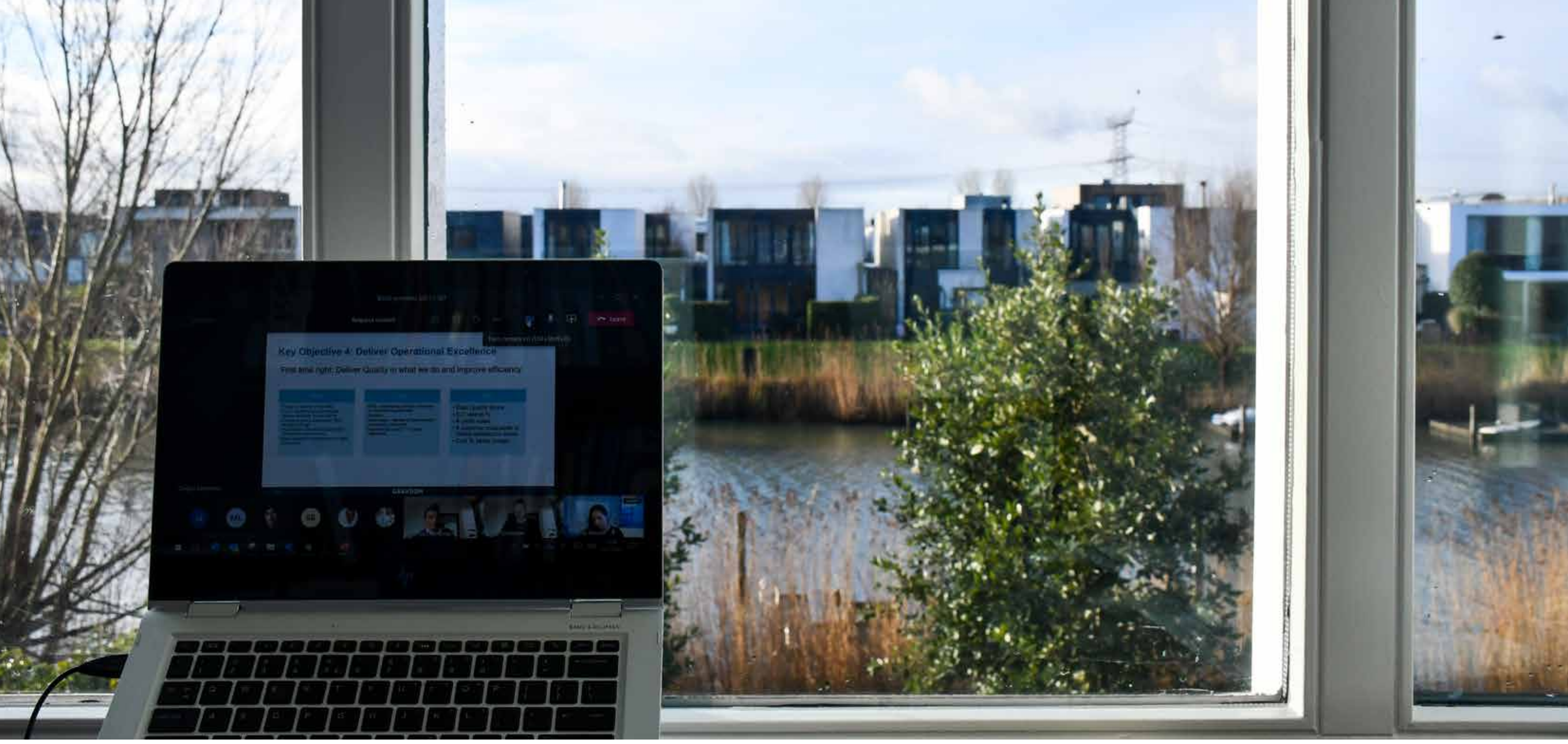
The income tax receivable balance of € 51 (2019: € 31) is recorded against Atradius Information Services bv relating to tax pooling in the Netherlands. Reference is made to note 18 to the consolidated financial statements.

Movements in the related party loans

	Short Term	Long Term	Shareholder
Loan payable as at 1 January 2019	**4,500**	**3,670**	**-**
Interest accrued	91	42	-
Repayments	-	-	-
Withdrawal	846	788	-
Movements	**937**	**-830**	**-**
Loan payable as at 31 December 2019	**5,437**	**4,500**	**-**
Interest accrued	68	48	74
Repayments	-755	-1,144	-
Withdrawal	-	-	4,000
Movements	**-687**	**-1,096**	**4,074**
Loan payable as at 31 December 2020	**4,750**	**3,404**	**4,074**

The loan from a related party relates to a 3-year loan. The nominal amount is € 7,788 (2019: € 9,686). Accumulated accrued interest is € 366 (2019: € 250). The long term portion of the loan has a maturity between 13 and 24 months. Interest is variable at 12-month Euribor + 150 basis points. The book value of the loan approximates the fair value. There are no other obligations, liens, pledges or encumbrances.

On January 30, 2020, the shareholder provided a 4-year loan for a total amount of € 5,000, for which an initial drawdown of € 4,000 has been made. Interest is fixed at 2.0% per annum. Interest is due annually, commencing February 2021. An amount of € 2,000 is due on January 30, 2023. The remaining outstanding balance is due on January 30, 2024.



The view from CFO Caroline Schouten's home office.

6. Other receivables and prepayments

All receivables are due within one year. Of the overall amount, an amount of € 557 (2019: € 3,814) 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 19.

Share capital

The shares amount to € 1,- nominal each. Authorised and issued capital consists of 1,500,000 (2019: 1,500,000) ordinary shares. All shares issued are fully paid up.

Share premium

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 2020, € 5,000 in share premium 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 2019 result

The loss 2019 of € 89 has been allocated to retained earnings.

Proposed appropriation of the 2020 result

The Managing Board proposes to the General Meeting of Shareholders to allocate the loss 2020 of € 5,528 to retained earnings.

9. Provisions

	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
Investment	-	-	-	-
Foreign exchange	54	-	-	54
Other	17	-	-	17
Movements	**1,318**	**438**	**-800**	**956**
As at 31 December 2019	**1,598**	**616**	**-**	**2,214**
Additions	1,804	692	2,723	5,219
Utilization	-	-	-	-
Release			-	-
Investment	-2,922	-	-	-2,922
Foreign exchange	-70	-	-	-70
Transfer	-	-1,308	-	-1,308
Other	79	-	-	79
Movements	**-1,109**	**-616**	**2,723**	**998**
As at 31 December 2020	**489**	**-**	**2,723**	**3,212**

As at 31 December 2020, a provision of € 489 (2019: € 1,598) has been recognised relating to negative subsidiary net asset value. A reversal of the negative net asset value is expected in future years. For other provisions, reference is made to note 13 to the consolidated financial statements.

10. Lease liabilities

Reference is made to note 1 to 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 Supervisory Board

In case of one Managing Board member, Dutch legislation does not require to disclose the amount of this remuneration. The combined remuneration of the six current members of the Supervisory Board amounts to € 50 (2019: € 55) for their 2020 (2019) activities.

13. Employees

Number of employees

	2020*	2019*
	71	**69**

Division of employees

	2020*	2019*
Operations	15	19
IT	35	29
Corporate services	18	18
Management	3	3
	71	**69**

** average Full Time Equivalent ("FTE")*

All employees work within the Netherlands.

14. Fees of the independent auditor

	2020	2019
Statutory audit of annual accounts	250	250
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total	**250**	**250**

The above fees have been charged by PricewaterhouseCoopers Accountants nv to the company.

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. Members of the tax unity account for taxes as if they were stand alone taxable, with settlement through intercompany accounts. 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.

16. Subsequent events

Reference is made to note 22 to the consolidated financial statements.

Amsterdam, 10 March 2021

The Managing Board
Gertjan Kampman

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

Other information

Controller Alex Havermans works between boxes in his new home.

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 2020

Our opinion

In our opinion:

- the consolidated financial statements of Graydon Holding N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and 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;
- the company financial statements of Graydon Holding N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Graydon Holding N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2020;
- the company statement of profit or loss for 2020;
- the notes, comprising the accounting policies applied 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 for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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 regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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;
- Addresses;
- 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.

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. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 3 years.

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.

Rotterdam, 10 March 2021

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

Appendix to our auditor’s report on the financial statements 2020 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
the Amsterdam Chamber of Commerce
under number 33189409