Consolidated Financial Statements
for the financial year ended 31 December 2020
European Directories Midco S.à r.l., Luxembourg
(with the Report of the Réviseur d'Entreprises agréé thereon)

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Subscribed capital: EUR 100,000

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Report of the Board of Managers

The consolidated financial statements of European Directories Midco S.à r.l. (the "Company") and its subsidiaries (hereafter referred to as the "Group") included in this annual report reflect the consolidated results of the operations of the Group for the year ended 31 December 2020.

Operating enviroment and financial performance summary

In the year 2020, all the countries that European Directories operates in, Finland, Germany, the Netherlands and Austria, were impacted by Covid-19 introducing a new kind of uncertainty and instability to economic activity. Regardless of the extraordinary circumstances, the financial impact for the Group remained relatively limited in 2020. The economic volatility is expected to continue in 2021 following the changes in the pandemic situation.

The recognized negative impact for the Group was asymmetrically distributed across business areas and could continue so in the year 2021 as well. New Media services revenues impact in Germany was more limited whereas the Profile and New Media services revenues in Finland, Austria and the Netherlands declined compared to prior year. Consumer services revenues are assumed to continue the perpetual decline, generally in line with the Board of Directors' expectations.

The management continues to carefully monitor key risks implied by the Covid-19. Recognized risks namely include client credit risks, if the widespread economic downturn would materially increase the number of businesses facing insolvency. Due to the structure of the Group's operating companies and the processes thereof, risks related to workforce and vendors are considered limited.

Despite the current unpredictable and volatile global economic environment, at the time of release of this interim report, the financial position of the Group remains relatively healthy. Although the crisis poses no immediate threat to liquidity or financing of the Group, pandemic related uncertainties could have a significant negative impact over longer term, if the recognized risks should materially realize.

The continued decline in the traditional consumer products and reduced business activity in challenging operating environment in most of the digital markets was offset by strong organic and inorganic growth in the German business.

Whilst the operating environment has been challenging, both the financial position and the operating cash flow of the Group have remained fairly healthy.

The key operational risks facing the Group continue to be the generic decline in traditional revenues (mainly consumer services) and the highly competitive nature of the digital markets.

Group Revenue

Group revenues for 2020 totaled MEUR 203 (2019: MEUR 216), leading to a MEUR 13 or 6% decline compared to the previous year.

New media revenues totaling MEUR 97 (2019: MEUR 91) increased by 7% from previous year level. Profile services revenues totaling MEUR 63 decreased by 14% from previous year carrying most of the impact from Covid-19 for the Group revenues. The total share of online products in the Group's product portfolio totaled 79% (2019: 76%) in the year to date.

Print revenues totaled MEUR 2, compared to MEUR 2 previous year. Print revenues represented 1% of total revenues. Consumer services consisting of directory assistance and SMS data information services in Finland declined by 10% and totaled MEUR 36, representing 18% of total revenues.

Group Results

Group EBITDA for the year amounted to MEUR 50 (2019: MEUR 48), with EBITDA margin of 25% (2019: 22%). The Group's total operating costs and expenses for the financial year decreased by MEUR 1 compared to prior year mainly due to cost saving measures taken to mitigate negative financial impact implied by Covid-19.

Operating result amounted to MEUR 16 (2019: MEUR 23), representing an operating margin of 8% (2019: 11%), impacted by MEUR 14 impairment loss on CGU 020202 recognized at half year. The net finance costs of the Group remained on the same level year-over-year mainly due to gains recognized from disposals other investments and adjustment to lease liabilities.

Finland (Fonecta and 020202)

Revenues of MEUR 89 were MEUR 9 or 9% below 2019. The directory assistance & SMS revenues were MEUR 36, which continues to present a significant 40% share from the 2020 total revenue. Total Online revenues amounted to MEUR 53, of which 56% came from new media revenues. EBITDA decreased from MEUR 31 in 2019 to MEUR 29 in 2020.

Austria (Herold)

Revenues decreased by 5% to MEUR 55 in 2020 mainly due to the decrease in profile service revenues, an implication of the Covid-19 pandemic. EBITDA of MEUR 15 increased by MEUR 4 compared to prior year.

The Netherlands (Youvia)

Revenues declined by 29% from MEUR 37 to MEUR 26 in 2020 mainly due to revenues from operations divested not recurring, and due to decline in profile services impacted by the outbreak of Covid-19. EBITDA decreased from MEUR 5 to MEUR 3.

Germany (Dogado)

Revenues increased 38% from MEUR 23 to MEUR 31 in 2020 due to organic growth and succesful buy-and-build strategy by the Group. EBITDA of MEUR 8 increased by MEUR 3 from the prior year as the level of profitability grew, along with revenues, resulting in an EBITDA margin of 25% (24% in 2019).

Events during the period

Acquisitions and divestments

In May 2020 dogado GmbH, a European Directories Group company, extended its operations from Germany to Austria by acquiring 100% of share capital in easyname GmbH, the second largest Austrian hosting provider. In October 2020 dogado GmbH completed the acquisition of 100% of the share capital of Profihost AG, a managed server business and eCommerce specialist in Hannover, Germany. In addition, the Group acquired one business in Austria for a total consideration of less than one million. These transactions establish dogado GmbH as a leading mid-sized hosting company in DACH.

The Group hasn't made any divestments in 2020.

Tax positions

The Finnish tax office decided in October 2016 that it does not accept the tax deductibility of intragroup loan interest costs for two Finnish holding companies. According to the decision, the Finnish holding companies are not allowed to deduct MEUR 16 interest for tax year 2015. Furthermore, in accordance with the 2016 decision, such interests are also non-deductible for tax years 2016-2019 for accumulated amount of MEUR 51. Loss carry-forwards from previous tax years have been sufficient to cover the related increase in taxable income, such that the decision has not triggered immediate cash tax for the companies until the end of tax year 2018. However, if the tax office's decision is upheld and applied for all years from 2014 onwards, tax losses carried forward will not be available to offset current and future taxable profits. In October 2018 the Tax Administration's board ruled against appeals made by the companies. The companies saw the decision unfounded and launched further appeal processes to Helsinki Administrative Court. In September 2020, the Administrative rejected the appeals. The companies have applied for a leave to appeal to the Supreme Administrative Court in December 2020.

In Austrian tax audits related to years 2007-2009, the tax authority denied Herold tax deduction for goodwill amortization relating to a previous acquisition. The tax authority considers the transaction a related party transaction (thereby disqualifying goodwill amortization from 2005 and interest deduction as of 2011). In addition, the tax authority questions the arm's length nature of certain intercompany interest expenses. The financial impact for all years up to 31 December 2016 is estimated to be maximum MEUR 10 (including interest and penalties). Herold has appealed the decision to the local court but provided for the majority of the amount claimed. The process is ongoing, but The Administrative High Court has recently ruled in a closely similar case, regarding the recognition of a transaction as a related party transaction, in favour of the taxpayer indicating a possibly favourable outcome for the Group as well.

Cash flow and financing

Net cash from operating activities increased to MEUR 53 (2019: MEUR 19). Net cash used in investing activities was MEUR -34 (2019: MEUR -11), representing acquisition payments offset by proceeds from divestment and capital expenditure on customer products and services. The net financing activities cash flow was MEUR 3 (2019: MEUR -4).

After the replacement of the bank debt in December 2013 by the issuance of MEUR 160 senior secured bonds, the bonds were listed on the Nasdaq Stockholm in December 2014. On 30 January 2018, the Group announced its proposal for an bond extension and amendments to terms and conditions. The proposal was accepted by the requisite majority of bondholders on 9 March 2018. The principal terms of the amended terms and conditions include an extension of the bonds of 2.5 years to 9 June 2021, an increase of the interest margin of 150 bps to 8.5% and an consent fee of 1.0%. The amended bond terms and conditions resulted in MEUR 0.8 one-time consent fee payment and an additional MEUR 1.2 annualized interest cash outflow impact for the Group. The amortisation of the bond transaction costs during January-December 2020 was MEUR 0.2. The amortised cost of the bond as of 31 December 2020 was MEUR 76 and nominal value MEUR 80.

The liquidity position of the Group remains sufficient with a cash balance of MEUR 54 (31.12.2019: MEUR 32). The amortised cost of the bond as of 31 December 2020 was MEUR 76. As a result, net interest-bearing debt at 31 December 2020 was MEUR 39, excluding subordinated shareholder loans (compared to MEUR 49 at the end of December 2019).

Net debt (excluding shareholder loan(*))

The Group's net debt at 31 December 2020 is set out below:

Amounts 1000 EUR	31 December 2020
Bond	76 490
Non-current and Current financial liabilities	16 318
Interest-bearing liabilities	**92 807**
Minus: Cash and cash equivalents	-53 518
Total net debt	**39 289**

(*) Shareholder loan is related party loan and excluded from the Net debt calculation. Lease liabilities are not MFI, nor exchange traded, liabilities, and excluded from Net debt calculation.

The Group is operating mainly in Euro zone countries and does not have material foreign exchange exposures.

Management and board changes

On 8 September 2020, Johannes Maret replaced Peder Prahl on the board of European Directories Midco S.à r.l., which as a result now consists of the following members: Marcus Englert (Chairman), Hannu Syrjänen, Björn Osterloff, Johannes Maret, Marco Sodi, Neil Robson, Atif Kamal and Kristina Velicka.

Outlook

In the year 2021, the decline in traditional product revenues is expected to continue whilst the digital businesses' revenues are estimated show a modest growth overall. EBITDA is expected to remain at or around similar levels. Cash flow performance is expected to reduce from prior year level.

All the above is based on the assumptions build on recognized Covid-19 pandemic impact to the Group. If the circumstances with the economic enviroment should materially change, it might impact the expected financial performance of the Group.

Other information

Agreements between shareholders

The Company, European Directories OpHoldco S.à r.l. and certain direct and indirect owners of the Company entered into a subscription and shareholders deed on 7 December 2012, regulating standard issues on how resolutions of the Group are passed, how the directors of the Company are appointed and remunerated, how board meetings are held, how shares in the Company may be transferred and other matters which are normally regulated in shareholders' agreements.

Branches

The Company has no branches.

Share capital

The issued share capital consists of 4,990,000 Class A shares, 4,010,000 Class B shares and 1,000,000 Class C shares. Each share class has a nominal value of Euro 0.01 and all shares are fully paid up. Each share entitles the holder to one vote at the Annual General Meeting.

According to the Articles of Association, profits shall be allocated between the different share classes as follows:
a) the Class C shares shall be entitled to receive an amount up to 15% of the aggregate amount to be distributed;
b) the Class A shares shall be entitled to receive an amount equal to 49.9% of the aggregate amount of the distributable amount after subtraction of the C share entitlement;
c) the Class B shares shall be entitled to receive an amount equal to 50.1% of the aggregate amount of the distributable amount after subtraction of the C share entitlement; and
d) the holders of each class of shares shall be entitled to participate in those proceeds of a distribution which are to be distributed in respect of that class, pro rata to the number of shares they hold within that class.

At the end of 2020 the entirely paid share capital registered in the Luxembourg trade register was Euro 100,000.

Research and Development

The Group has a focus on product development and is constantly reviewing new product and services opportunities to strengthen its market position. By regularly launching new products and services in each market the operating companies adapt to the market and the changing customer needs. New product developments are shared on a Group level through regular formal and informal information and idea sharing of the local operating companies' managers. The Group has the ability to replicate complete product offerings and concepts from one market to another, which results in potential cost savings and revenue growth.

Post-balance sheet events

On 12 January 2021, European Directories announced an intra-group transaction where its majority-owned subsidiary dogado GmbH would acquire the share capital of a fully owned Austrian group company, Herold Business Data GmbH, resulting in the establishment of a leading provider offering the most comprehensive range of website and online marketing services for small and medium-sized businesses in Austria. The transaction was completed in February 2021.

Youvia B.V., a European Directories group company, has on 13 January 2021 entered into an agreement to divest the review platforms Klantenvertellen and Kiyoh (“KV”). The disposal resulted in a minor gain for the Group. The Group has classified the disposal as 'asset held for sale'.

On 30 March 2021 European Directories BondCo S.C.A. has resolved on a voluntary early redemption in full of all outstanding senior secured callable floating rate bonds maturing on 9 June 2021 and in an outstanding nominal amount of EUR 79,580,400 together with accrued but unpaid interest. The total volume of the Bonds is a nominal amount of EUR 160,000,000. Therefore, the Company will initiate the formal process of redeeming all outstanding bonds. The redemption of the Bonds will take place on or around 5 May 2021. The Group is in advance discussion to obtain a refinancing, together with liquid funds held by the Group, for the redemption of all the outstanding bonds. As part of the planned refinancing the Group is preparing to provide broadly similar securities as under the current financing. In connection with the redemption, the Company will apply for the Bonds to be delisted from Nasdaq Stockholm, Corporate Bond List, with the last day of trading on 28 April 2021.

Non-financial statement

This statement describes how the Group manages social and environmental challenges in its business operations. The Group is committed to operating responsibly and sustainably, fostering employee. This statement has been compiled in order to fulfil the reporting requirements on non-financial information.

Social responsibility, social and employee matters

Employees are Group’s most important resource. Operating in several EU countries, The Group complies with the requirements of all relevant local employment legislations. The Group has a Code of Conduct that applies to all employees. The Code of Conduct describes the principles according to which the Group operates.

As part of Group’s commitment to conducting its business in an honest and ethical manner, the Group takes a zero-tolerance approach to bribery and corruption, and upholds all relevant laws to countering bribery and corruption in all jurisdictions it operates in. No bribery or corruption incidents were reported to the company in 2020.

Environmental responsibility

In its day-to-day activities, the Group complies with all applicable environmental laws and regulations and expects all its suppliers and partners to obey all relevant legal and industry-specific environmental requirements. Group’s most material environmental exposures are energy consumption at our office locations and third-party data centers and the impact of business travel and commuting. The Group tracks the energy consumption annually and reports them to as part of internal monitoring process. The direct environmental impact of the Group’s services is estimated to be immaterial to moderate due to the nature of the business.

Control framework

A group-wide control framework process is in place. The objective of this process is to synchronize and, where necessary, improve the various internal controls and risk management procedures across the Group.

Risk includes strategic, operational, financial, regulatory and other issues that cause uncertainty or hazard to the business, and is measured in terms of likelihood and consequences. The objectives of risk management in the Group are:

- to identify and manage risks appropriately across the Group;
- to ensure and assist operating companies to identify, analyse and manage risks, which might affect the Group's ability to achieve its strategic objectives; and
- to validate how the decisions to reduce or eliminate risks have been implemented.

The overall objectives of the group-wide control framework process are to ensure that:
- risk management is an integral part of business management;
- risk management is a continuous process;
- risk management is supported by effective internal control systems; and
- risk management is effected by continuous reporting and review mechanisms to ensure risks are identified, escalated and addressed in a timely and appropriate manner.

The risk register that is currently maintained by all operating companies was developed to address all of the above. The register is split into strategic risks, commercial and operational risks, technical & IT risks, financial risks, HR and health & safety risks, and legal risks. All risks follow a consistent qualification process in which the risk and its possible consequences including the impact, likelihood and inherent risk rating, are categorized. This register results in an overall risk level assessment against which the specific controls are described including the effectiveness of the controls and the ultimately remaining residual risk. The risks identified in the risk registers are in general common risks as one would assume to see with a company active in this industry. Where necessary, the notes to the financial statements include specific information. Information on the financial risks is included in note 25 Financial Risk Management.

The Group has corporate governance rules and rules of procedure in place which have been adopted by the Board of directors of European Directories Midco S.à r.l. and are applicable to work carried out by the Board of Managers of the Company, the Group CFO, the local operating companies' managing directors and other executive management of the Company and its subsidiaries. The Group has implemented a Code of Conduct which provides the legal and ethical framework for the conduct of all directors, officers and employees of the Group and defines the basic rules of conduct within the Group and in relation to its business partners and the general public.

European Directories Group establishes and implements internal controls comprising relevant control activities for significant processes.

The Company's management is responsible for ensuring that the internal control activities are performed and documented. In addition, the European Directories Group has implemented a financial reporting process for the budget process and monthly reporting on actual performance. The accounting information reported by the Company is included in the monthly reporting which is reviewed by the central accounting team as well as senior management of European Directories Group.

Luxembourg, 29th April 2021

The Board of Managers,

Marcus Englert	Johannes Maret
Marco Sodi	Björn Osterloff
Hannu Syrjänen	Atif Kamal
Kristina Velicka	Neil Robson

Consolidated balance sheet

1000 EUR	Note	Dec 31 2020	Dec 31 2019
ASSETS			
Non-current assets			
Goodwill	8,9	181 271	168 285
Other intangible assets	9	68 050	60 446
Property, plant and equipment	10	16 743	19 003
Other investments	11,12	330	2 086
Loan receivables	11	-	750
Loan receivables from related parties	11,13	1 877	1 877
Other financial assets	11	466	447
Deferred tax assets	21	921	1 590
Total non-current assets		**269 658**	**254 482**
Current assets			
Trade and other receivables	11,14	33 591	39 494
Cash and cash equivalents	11,15	53 518	31 921
Assets held for sale	8	11 497	-
Total current assets		**98 607**	**71 416**
Total assets		**368 265**	**325 898**
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	100	100
Share premium	16	26 593	26 593
Other reserves	16	10	10
Retained earnings		-154 804	-129 661
Total		**-128 101**	**-102 957**
Non-controlling interests	18	1 717	690
Total equity		**-126 384**	**-102 268**
LIABILITIES			
Non-current liabilities			
Bond	11,19	-	79 228
Shareholder loan and accrued interest	11,19	252 695	221 784
Other non-current financial liabilities	11,19	8 366	-
Deferred tax liabilities	21	37 227	33 130
Provisions	23	-	45
Lease liabilities non-current	19	9 779	13 064
Pension obligations	20	2 657	3 527
Total non-current liabilities		**310 725**	**350 779**
Current liabilities			
Bond	11,19	76 490	-
Current financial liabilities	11,19	7 951	2 049
Trade payables	11	9 184	5 938
Deferred revenues	5	33 389	35 779
Current tax liabilities	21	9 270	9 225
Provisions	23	87	227
Lease liabilities current	19	3 167	3 776
Other current liabilities	11,22	42 390	20 393
Liabilities directly associated with the assets held for sale	8	1 997	-
Total current liabilities		**183 924**	**77 387**
Total liabilities		**494 649**	**428 166**
Total equity and liabilities		**368 265**	**325 898**

Consolidated income statement

1000 EUR	Note	2020	2019
Revenues	4,5	**202 566**	**215 861**
Other income		3 248	1 118
Cost of consumables		-53 436	-53 628
Personnel expenses	6	-70 503	-82 182
Other operating expenses		-32 214	-32 780
EBITDA*)	4	**49 662**	**48 389**
Depreciation and amortisation	9,10	-33 596	-24 923
Operating result		**16 066**	**23 466**
Gains/losses on disposals of subsidiaries and other investments	8,12	-1 760	4 873
Finance income	7	3 001	121
Finance expense	7	-39 258	-38 452
Net finance costs	7	-36 257	-38 331
Result before income tax		**-21 951**	**-9 991**
Income tax benefit/expense	21	-6 292	-2 184
Result for the period		**-28 244**	**-12 175**
Attributable to:			
Owners of the parent		-28 341	-12 232
Non-controlling interests	18	97	56
		-28 244	**-12 175**

*) EBITDA is defined as Operating profit/loss before depreciation, amortisation and impairment charges.

Consolidated statement of other comprehensive income

1000 EUR	Note	2020	2019
Result for the period		**-28 244**	**-12 175**
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss in subsequent periods			
Translation differences		79	-67
		79	**-67**
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of defined benefit liability	20	824	822
Related tax	21	5	78
		829	**900**
Other comprehensive income for the period, net of tax		908	833
Total comprehensive income for the year		**-27 336**	**-11 342**
Total comprehensive income attributable to			
Owners of the parent		-27 433	-11 399
Non-controlling interests	18	97	56
		-27 336	**-11 342**

Consolidated statement of changes in equity

1000 EUR	Note	Share capital	Share premium	Other reserves	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity 31 December 2019		**100**	**26 593**	**10**	**-129 661**	**-102 957**	**690**	**-102 268**
Result for the period		-	-	-	-28 341	-28 341	97	-28 244
Remeasurements of defined benefit liability	20	-	-	-	829	829	-	829
Translation differences		-	-	-	79	79	-	79
Comprehensive income for the period		**-**	**-**	**-**	**-27 433**	**-27 433**	**97**	**-27 336**
Change of non-controling interest *)		-	-	-	-25	-25	25	-
Change in ownership interest		-	-	-	2 313	2 313	1 129	3 442
Dividends to non-controlling interests	18	-	-	-	-	-	-225	-225
Total equity 31 December 2020		**100**	**26 593**	**10**	**-154 804**	**-128 101**	**1 717**	**-126 384**
Total equity 31 December 2018		**100**	**16 449**	**10**	**-117 612**	**-101 053**	**813**	**-100 240**
+/- First time adoption of IFRS16		-	-	-	-652	-652	-	-652
Total equity 1 January 2019		**100**	**16 449**	**10**	**-118 263**	**-101 704**	**813**	**-100 891**
Profit for the period		-	-	-	-12 232	-12 232	56	-12 175
Remeasurements of defined benefit liability	20	-	-	-	900	900	-	900
Translation differences		-	-	-	-67	-67	-	-67
Comprehensive income for the period		**-**	**-**	**-**	**-11 399**	**-11 399**	**56**	**-11 342**
Equity Contribution	16,28	-	10 145	-	-	10 145	-	10 145
Dividends to non-controlling interests	18	-	-	-	-	-	-180	-180
Total equity 31 December 2019		**100**	**26 593**	**10**	**-129 661**	**-102 957**	**690**	**-102 268**

*) During 2020 NCI's ownership was increased from 30% to 33%. Change was made by issuance of new shares TEUR 3442 related to the acquisition.

Consolidated cash flow statement

1000 EUR	Note	2020	2019
Cash flow from operating activities			
Result for the period		**-28 244**	**-12 175**
Adjustments for:			
Income taxes	21	6 292	2 184
Finance costs - net and gains/losses on disposals of subsidiaries	7	38 017	33 457
Depreciation, amortisation and impairment charges	9,10	33 596	24 923
Operating profit before depreciations		**49 662**	**48 389**
Interest received		163	119
Interest paid		-8 184	-7 825
Other financial items		-72	-44
Taxes paid	21	-731	-4 339
Operating cash flow before movements in working capital		**40 839**	**36 299**
Net change in working capital		12 028	-17 040
Net cash from operating activities		**52 867**	**19 260**
Cash flow from investing activities			
Acquisitions of subsidiaries and businesses, net of cash acquired	8	-31 019	-14 407
Purchases of intangible assets and property, plant and equipment	9,10	-4 674	-6 139
Sales of subsidiaries and businesses, net of cash	8	-	7 623
Proceeds from sales of other investments		797	2 305
Proceeds from interest-bearing receivables		739	-305
Net cash used in investing activities		**-34 156**	**-10 923**
Cash flow before financing activities		**18 710**	**8 337**
Cash flow from financing activities			
Proceeds from long-term liabilities	19	2 964	-
Repayments of long-term liabilities	19	-3 071	-
Proceeds from short-term liabilities	19	6 599	11 500
Repayments of short-term liabilities	19	-	-12 161
Repayments of other financing items	10,19	-3 440	-3 379
Dividends paid to non-controlling interests	18	-225	-180
Net cash used in financing activities		**2 826**	**-4 220**
Net increase (+) / decrease (-) in cash and cash equivalents		**21 537**	**4 116**
Cash and cash equivalents at the beginning of period	15	**31 921**	**27 787**
Foreign exchange differences in cash and cash equivalents		60	17
Cash and cash equivalents at the end of period	15	**53 518**	**31 921**

3 Critical accounting estimates and sources of uncertainty

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the individual notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2020 is included in the following notes:

Critical accounting estimates / judgements	Note
Lease term - whether the Group is reasonably certain to exercise extension options	2.4 IFRS 16 - Leases
Valuation of intangible assets acquired in a business combination	8. Acquisition and disposal of subsidiaries
Assumptions relating to impairment testing of intangible assets and goodwill	9. Intangible assets
Measurement of ECL allowance for trade receivables	14. Trade and trade receivables
Measurement of defined benefit obligations: key actuarial assumptions	20. Pension obligations
Assumptions made when estimating provisions (tax provisions)	23. Provisions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Group includes the parent company, European Directories Midco S.à r.l., corporate registration number B 155418, and its subsidiaries and associated companies. The parent company is a holding company and has its registered office in Luxembourg. The registered address of the parent company is 46A, Avenue J.F. Kennedy, L-1855 Luxembourg. The parent company's subsidiary European Directories Bondco S.C.A has a bond listed on Nasdaq Stockholm since 5 December 2014. The principal activities of the Group consist of publishing and distribution of printed (telephone) directories, profile services, online marketing and website services, data services, online and mobile searches, and directory assistance services. The Group is active in the Netherlands, Finland, Austria and Germany.

These financial statements were authorised by the Managers for issuance on 29th April 2021. The term Board of Managers is referring to the Board of Managers in European Directories Midco S.à r.l

2 Accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) and IFRIC interpretations in effect on 31 December 2020 and as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention except assets held for sale and liabilities directly associated with the assets held for sale.

The consolidated financial statements are presented in Euros, rounded to the nearest thousand (EUR x1,000). All figures in the consolidated financial statements have been rounded and consequently the sum of individual figures may deviate from the sum presented.

Change in presentation

Previously reported tax provision of MEUR 9,3 has been reclassed as current tax liability in balance sheet. The corresponding figures as at 31 December 2019 have been reclassified consistently to ensure comparability with the figures of the year ended 31 December 2020. These reclassifications have no effect on the profit and equity of the Company.

2.2 Presentation of Consolidated Income Statement and Balance Sheet

IAS 1 Presentation of Financial Statements standard does not define operating profit/loss. The Group has defined it as net amount of operating income and expenses, including revenue and other income, less operating expenses, such as cost of consumables, personnel expenses, depreciation, amortisation and impairment charges arising as well as other operating expenses. Operating profit/loss excludes financial items, share of results from associates and income taxes.

Consolidated income statement includes, in addition to operating profit/loss, EBITDA, which is presented to better reflect the Group's business performance when comparing results to previous periods. EBITDA is defined as operating profit/(loss) before depreciation, amortisation and impairment charges.

IAS 1 standard does not define EBITDA either. EBITDA is not a measurement under IFRS and the reader should not consider EBITDA as an alternative to a) net income (as determined in accordance with IFRS), b) cash flows from operating, investing or financing activities (as determined in accordance with IFRS), or as a measure of our ability to meet cash needs or c) any other measures or performance under IFRS. EBITDA is not a direct measure of our liquidity, which is shown by the Group's cash flow statement and needs to be considered in the context of our financial commitments. EBITDA may not be indicative of our historical operating results, nor is it meant to be predictive of our potential future results. We believe that EBITDA is a key performance indicator to measure the underlying performance of the business and is commonly reported and widely used by investors in comparing performance on a consistent basis without regard to depreciation and amortisation, which can vary significantly depending upon accounting methods or non-operating factors. Accordingly, EBITDA has been added as additional information to permit a more complete and comprehensive analysis of our operating performance and of our ability to service our debt.

In the consolidated balance sheet, assets and liabilities are classified as current when they are expected to realise within 12 months or when they are classified as liquid funds. Other assets and liabilities are classified as non-current assets or liabilities.

2.3 Use of estimates

The preparation of financial statements in conformity with IFRS standards requires Group management to make certain estimates and judgements in applying the accounting principles. Information about the judgement exercised by management in applying the Group's accounting principles and the areas where the estimates and judgements have biggest impact in the financial statements are presented in Note 3 Critical accounting estimates and sources of uncertainty.

2.4 New and amended standards and interpretations

For the preparation of these financial statements, the following amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2020. The amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company.

The nature and effect of the changes as a result of adoption of these amended standards and interpretations are described below.

Amendments to IFRS 3: Definition of a Business
The amendments help entities to determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements. These amendments had no impact on the financial statements of the Company but may impact future periods.

Amendments to IAS 1 and IAS 8: Definition of Material
The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors were issued to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments had no impact on the Company's financial statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the Company's financial statements.

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020, and have not been applied in preparing these financial statements. The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on 23 January 2020, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

On July 15, 2020, the IASB issued Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 by one year to annual reporting periods beginning on or after January 1, 2023. The amendments have not yet been endorsed by the EU.

Amendments to IFRS 3 Business Combinations; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements, issued on 14 May 2020, include several narrow-scope amendments which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. The amendments are effective for annual periods beginning on or after 1 January 2022. These amendments have not yet been endorsed by the EU.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 both COVID-19 Related Rent Concessions and Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting. The amendments apply retrospectively from 1 January 2021 with earlier application permitted. These amendments have not yet been endorsed by the EU.

The Company plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

2.5 Going concern

The Managers' position as regard to going concern of the Company

The net debt position as of 31 December 2020 was TEUR 304,931 (2019: TEUR 287,979) including accrued PIK (payment in kind) interest on the shareholder loan. Net debt position excluding the shareholder loan and lease liabilities was TEUR 39,289 (2019: TEUR 49,356). Cash flow forecasts for the upcoming 12 months after signing the consolidated financial statements show a positive cash flow that should enable the Group to maintain its operations for at least the next 12 months.

The Group refinanced its external debt on 10 December 2013. The refinancing was achieved by replacing the external bank debt with bonds issued to the market by a Group company, European Directories BondCo S.C.A. and preferred equity certificates issued by the Company ("PECs"). The holder of the PECs is Leafy S.à r.l., the Company's parent. The maturity of the PECs is 2043. On 30 January 2018 the Company announced a proposal to amend certain bond terms and conditions. The proposal was accepted by the requisite majority of bondholders on 9 March 2018. The accepted principal terms include an extension to the bond maturity date of 2.5 years to 9 June 2021, an increase in the interest margin of 150bps to 8.5%, a consent fee of 1% to all bondholders and cancellation by the Group of those bonds which it holds. Full details of the amended bond terms and conditions were sent out to the bondholders and are published on the Group's website.

As disclosed at Note 30, on 30 March 2021 European Directories BondCo S.C.A. has resolved on a voluntary early redemption in full of all outstanding senior secured callable floating rate bonds maturing on 9 June 2021 and in an outstanding nominal amount of EUR 79,580,400 together with accrued but unpaid interest. The Group is in advance discussion to obtain a refinancing, together with liquid funds held by the Group, for the redemption of all the outstanding bonds. Consequently, and taking the current cash flow and working capital forecasts into consideration, these financial statements have been prepared on a going concern basis assuming that the Group will continue in operation for at least the 12 months following and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Impact of Covid-19 for the Group has remained limited for the financial period ended on 31 December 2020 and, at the date of release of this report and with the current implications of the pandemic, is assumed to continue as such for the following 12 months period.

The Group has contracts with customers and suppliers across different geographic areas and industries, the Manager believes that the Group is able to manage its business risks. The Manager has a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Therefore the going concern basis of accounting has been adopted in preparing these annual financial statements.

2.6 Consolidation

(a) General consolidation principles

Consolidation

Consolidation, consolidation method and classification of ownership interests depend on whether the Group has power to control or jointly control the entity or have significant influence or other interests in the entity. When the Group has power to control the entity, it is consolidated as a subsidiary in the Group according to principles described below in Note 2.6 b) Subsidiaries. When the Group has joint control or significant influence over an entity but does not have power to control it, the entity is accounted for by using the equity method according to principles set in Note 2.6 c) Associated companies. If the Group does not have power to control nor significantly influence the entity, its ownership interests are classified as fair value through profit or loss and accounted for according to principles in Note 2.12 Financial Instruments.

Foreign subsidiaries whose functional currency is not the Euro in the profit and loss account these are translated into euros by using the average rate for the financial year. Balance sheets are translated by using the closing rate for the financial period. Foreign currency differences are recognised in the OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to the NCI. When a foreign subsidiary is disposed on its entirety or partial such that control, significant influence or join control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the profit and loss as part of the gain or loss of disposal.

(b) Business combinations

The Group accounts for business combinations using acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit and loss immediately. Transaction costs are expected as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial intrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(c) Subsidiaries

The Group's consolidated financial statements include the parent company European Directories Midco S.à r.l. and all its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquired subsidiaries are included in the consolidated financial statements from the day the Group has control, and disposed subsidiaries until the control ceases.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless there is evidence of an impairment related to the asset transferred. The accounting policies of subsidiaries have been changed to correspond the Group's accounting policies. The Group companies are listed in Note 29 Group companies on 31 December 2020.

(d) Non-controlling interests and transactions with non-controlling interests

Non-controlling interests are presented within equity in the consolidated balance sheet, separated from equity attributable to owners of the parent. For each acquisition the non-controlling interest can be recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The carrying amount of non-controlling interests is the amount of the interests at initial recognition added with the non-controlling interests' share of subsequent changes in equity. Transactions with non-controlling interests are regarded as transactions with equity owners.

(e) Associated companies

Associated companies are companies in which the Group usually holds 20-50 per cent of the voting rights or in which the Group has significant influence but in which it does not exercise control. The Group's interests in associated companies are accounted for using the equity method.

The investment in associates are initially recognised at cost. Transaction costs are included in the value of the investment. The Group recognises its share of the post-acquisition results in associates in the income statement and of items in the statement of comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations on behalf of the associate.

Results from the transactions between the Group and its associates are recognised only to the extent of unrelated investor's interests in the associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. In case of such indications, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The impairment is recognised in share of results in associates.

Accounting policies of associates have been changed where necessary to correspond with the accounting policies adopted by the Group. If financial statements for the period are not available, the share of the profit of associated companies is included in the consolidated accounts based on the preliminary financial statements or latest available information.

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Manager.

2.8 Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and impairment loss if applicable. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is recognised in the income statement. Goodwill is not amortised.

The estimated useful lives are as follows:

Trademarks	10-20	years
Customer relationships	3-15	years
Software development costs	2-4	years
Data rights	10	years

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

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGU"s, or groups of CGUs) that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks

Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

At each reporting date, the Group reviews the carrying amounts of its trademarks 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 if the carrying amount exceeds the recoverable amount.

(c) Customer relationships

Customer relationships are recognised at fair value in connection with business combinations. The values of those relationships are amortised over the estimated useful lives.

At each reporting date, the Group reviews the carrying amounts of its customer relationships 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 if the carrying amount exceeds the recoverable amount.

(d) Software development costs and data rights

Major software development costs are capitalised when they are expected to generate economic value longer than one year. Acquired user rights and licences are recorded as computer software at the acquisition cost, including the cost of making the licence and software ready for use. Maintenance and minor development costs are recognised as an expense as incurred. Data rights and computer software and other intangible assets are amortised over the useful lives.

At each reporting date, the Group reviews the carrying amounts of its computer development costs and acquired user rights and licenses 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 if the carrying amount exceeds the recoverable amount.

2.9 Impairment of non-financial assets

At each reporting date the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested at least annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets of CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Non-current assets held for sale and disposal groups

Non-current assets or disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable, during the following twelve months.

Immediately before classification, assets held for sale or assets and liabilities of disposal groups are valued at the lower of the carrying amount or their fair value less costs to sell. Depreciation on these assets is discontinued at the moment of classification as held for sale.

2.11 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs where applicable. If significant parts of an item of property, plant and equipment have different useful lives, then 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 is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Property, plant and equipment under construction/in progress are not depreciated.

The estimated useful lives are:

Leasehold improvements	lease term or shorter
Office equipment	5-10 years
Motor vehicles	4-8 years
Computers	2-4 years
Other equipment	2-5 years

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

On every reporting date the Group reviews individual property, plant, and equipment items for any indication of impairment losses. An asset's carrying amount is written down immediately to its recoverable amount if it is greater than the recoverable amount.

Leases

The Group has applied IFRS 16 using the modified retrospective approach since 1 January 2019, previously the Group applied IAS 17.

At the inception or on reassessment of a contract that contain a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is a lessee, the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. In general, determining the incremental borrowing rate requires assessment of local economic circumstances, asset and company specific variables. For the Group right-of-use asset category premises any implicit discount rate is not readily available. As the Group headquarter is responsible for acquiring and channeling financing within the Group, it has been decided to use a central discount rate for operating entities Fonecta, Youvia and Dogado as these entities use the Group as source of financing. Operational entity Herold has no intra-group financing and the discount rate used for right-of-use assets premises is based on local management assessment, which is generally related from interest rates from various external financing sources, and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
• fixed payments, including in substance fixed payments;
• variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
• amounts expected to be payable under a residual value guarantee; and
• the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional removal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of use asset has been reduced to zero.

The Group leases office premises under a number of leases. Previously, these leases were classified as operating leases under IAS 17. The Group leases vehicles and office equipment with contract terms, typically, of one to three years, which were classified as operating leases under IAS 17. The Group leases IT equipment mainly with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. During 2020 there were no significant changes to rent contracts, any changes recorded arised from ordinary course of business.

Right-of-use assets are depreciated over the contract period or over the useful life of the asset, which is the shorter. An option to extend or terminate the lease contract is included to the lease period when exercising such option is considered highly probable. Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The number of contracts, for which the extension is under Management judgement, is limited, and the extension option is used up to fourteen years. The Group utilizes both practical expedients available as short-term leases and leases of low value items are recognized as an expense on a straight-line basis over the contract period.

For contracts entered into before 1 Janury 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:
• fulfilment of the arrangement was dependent on the use of a specific asset or assets: and
• the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
• the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
• the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
• facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

2.12 Financial instruments

2.12.1 Classification and measurement

Financial assets and liabilities

As a result of adoption of IFRS 9 a financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset.

The Group's financial assets measured at amortised cost comprise of trade receivables, loan receivables and other receivables, other financial assets, cash and cash equivalent. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Trade receivables without a significant financing component in accordance with IFRS 15 are initially measured at transaction price.

Group's other investments are measured at FVTPL. The Group's equity investment consist of shares in non-listed companies. Financial assets measured at fair value through profit or loss –category consist of financial assets that are held for trading or that are measured at fair value through profit or loss at the time of initial recognition. Group's financial assets measured at fair value through profit or loss consist of shares. Realized and unrealized gains or losses arising from changes in fair values are recognized in profit or loss.

Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group uses simplified approach included in IFRS 9 for recognising impairment on trade receivables measured at amortised cost. The loss allowance is measured based on historical experience and taking also into consideration forward-looking information to an amount equaling to lifetime expected credit losses (ECL).

Financial difficulties such as financial restructuring and substantial delays in payments are examples of significant increase of credit risk and might cause trade receivables to be impaired. Impairment of trade receivables is recognised in other operating expenses.

Expected credit losses (ECL)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The Group applies a simplified approach to measure expected credit losses of trade receivables measured at amortized cost. In the simplified approach expected credit losses are measured by applying an allowance matrix and recognized at an amount equal to lifetime expected credit losses. The expected credit losses are based on historical information on actual credit losses on receivables. The model takes into account other information on the future economic conditions available at the time of measurement.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables. The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
• debt securities that are determined to have low credit risk at the reporting date; and
• other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:
• the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
• the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group applies a simplified approach to measure expected credit losses of trade receivables measured at amortized cost. In the simplified approach expected credit losses are measured by applying an allowance matrix and recognized at an amount equal to lifetime expected credit losses. The expected credit losses are based on historical information on actual credit losses on receivables. The model takes into account other information on the future economic conditions available at the time of measurement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Financial liabilities are measured initially at fair value including transactions costs at amortised cost or FVTPL. Subsequent to initial recognition, the liability component of financial insturment is measured at amortised cost using the effective interest method. The Group has only liabilities that are measured at amortised costs. The Group's financial liabilities comprise of interest bearing liabilities, finance lease liabilities and trade payables. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The liabilities are presented as non-current liabilities if the Group does not have an unconditional right to defer settlement of the liability at least 12 months from the reporting date. The Group considered the contractual terms of the loan receivables and assessed that the contractual cash flow are solely payments of principal and interest.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Equity instruments

The group subsequently measures all equity investments at fair value.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and reward of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risk and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

2.12.2 Credit-impaired financial assets

Credit impairment is a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) that have a detrimental estimated impact on the estimated future cash flows of the financial asset or group of financial assets.

Evidence that a financial asset is credit-impaired includes the following observable data:
• significant financial difficulty of the debtor;
• a breach of contract such as a default or being more than 90 days past due;
• the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
• it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
• the disappearance of an active market for a security because of financial difficulties

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the parent company's (European Directories Midco S.á r.l.) equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the parent until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the parent. Dividends on ordinary shares are recognised in the consolidated financial statements in the period in which they are approved by the Company’s shareholders.

2.15 Post-employment benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans. The main defined benefit pension plan in Youvia (the Netherlands) has been closed as of 31 December 2014 and from 1 January 2015 onwards no employee benefits are accrued. As of 1 January 2015 all employees of Youvia have started pension accrual in a new pension plan, which classifies as a defined contribution pension plan under IAS 19. As a result of this new pension plan, no future pension accrual has taken place within the main pension plan as of 1 January 2015.

An obligation for post-employment benefits in Herold (Austria) is calculated in compliance with IAS 19. This defined benefit is not backed by assets for this respective purpose. Therefore, a provision is recorded for the full obligation.

Defined benefit and defined contribution plans

Pension plans are classified as defined benefit and defined contribution plans. Payments made into defined contribution pension plans are recognised in the income statement in the period to which the payment relates. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Current service cost is the present value of the post employment benefit, which is earned by the employees during the year and it is recognised as employee benefit expense (pension cost/personnel expense). The liability recognised in the balance sheet in respect of defined pension plans is the present value of the defined benefit obligation at the end of the reporting period less the value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. Note 20 Pension obligations includes a description of exposure to most significant risks and a sensitivity analysis on impacts of changes in actuarial assumptions.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination. The Group is demonstrably committed when it has a detailed formal plan to terminate the employment of current employees without possibility to withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, the fulfilment of the payment obligation is probable, and a reliable estimate of the amount of the obligation can be made. The amount to be recognised as provisions corresponds to management's best estimate of the expenses that will be necessary to meet the obligation at the end of the reporting period. When the time value of money is material, the amount recognised is the present value of the estimated expenditures.

Restructuring provisions are recognised when the Group has prepared a detailed restructuring plan and has begun to implement the plan or has announced it. A restructuring plan must include at least the following information: the operations affected, the workplace locations, working tasks and estimated number of people who will be paid compensation for the ending of their employment, the likely costs and the date of the implementation of the plan. Future operating losses are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group 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 minus the possible expected benefits. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.17 Current and deferred Income tax

Tax expense for the period comprises current and deferred tax and adjustments to previous years' taxation. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or other equity items.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is calculated for temporary differences between the carrying amounts of assets and liabilities from accounting perspective and the amounts used for taxation purposes using 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. Deferred tax is recognised to the extent that realisation of the related tax benefit through future profits is probable. Temporary differences arise mainly from amortisation of intangible assets and unused tax losses. Utilising deferred tax assets related to tax losses requires management to make expectations of future performance of operations.

Deferred tax assets and liabilities are set off when they are levied by the same taxing authority and the Group has legally enforceable right to set off the balances.

2.18 Revenue recognition

The Group revenue is generated from Profile Services, Consumer services, New Media and Print product groups. Revenue is recognised when it transfers the control over the goods or services to a customer. If the services or products contains more than one performance obligation, then the consideration is allocated with the reference to the relative stand-alone selling prices of the products or services. The Group recognises revenue when the fixed amount of revenue can be reliably measured and to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue reocgnised will not occur.

According to IFRS 15, the Group applies the following five-step revenue recognition model:
- identify the contract(s) with customers;
- identify the performance obligation in the contract;
- determine the transaction price;
- transaction price is allocated to each separate performance obligation in "an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer";
- recognise revenue when (or as) each performance obligation is satisfied.

Profile Services

The Group offers its customers visibility (customers' contact details are shown) on the Group's search sites and provides services to manage customers' contact details on selected global partner search, map and social media platforms. Products in this category may be sold separately or in bundled packages together with Print. The revenue of the bundled packages will be evaluated and in case distinct services or products e.g. performance obligations are identified, the revenue is recognized using stand-alone selling prices as the services are provided. The revenue is recognised over time that the service is provided, normally 12 months, and measured using the output method. The revenue recognition starts when the customer begins to receive the service. Invoices are issued in accordance with the contractual terms and these are usually payable within 30 days.

Consumer Services

In the Consumer Services category the Group offers customers directory assistance and SMS services. Revenue is recognised when the service is provided to the end user in a telephone call or text message (SMS). Invoices are generated at that point in time and are usually payable within 30 days.

New Media

This category includes campaign products, where the Group offers services such as display advertising, search engine marketing (SEM), search engine optimization (SEO), data and analytical services, videos, websites, hosting services, online booking platforms and other similar online products.

In search engine marketing the Group offers customers a certain amount of clicks over a campaign period in major search engines. These campaigns may include set-up services, which are in case the service is a separate performance obligation recognized at the time when the service is initially established. In case the criteria for separate performance obligaton is not met no transaction price is allocated to the set-up services and revenue is recognized over the contract period.

Search engine optimization (SEO) entails optimizing customers' websites for the major search engines. The group conducts continuous updates in order to deliver the desired results. The revenue is allocated over the period during which the service is provided. Invoices are issued in accordance with the contractual terms and these are usually payable within 30 days.

Print

Print revenues are recognised at a defined point of time which is the date of the publication. Publication means that a substantial part of the directories are distributed and this is considered to be the point when the Group has transferred control of the goods. Revenue is measured at the transaction price, net of discounts and value added taxes. Invoices are generated at that point in time and are usually payable within 30 days.

Other

Category Other includes revenues from various products that are not included in the four main product categories (Profile Services, Consumer Services, New Media and Print) such as outdoor advertising and data products offered to both business and consumer customers. Revenues for outdoor advertising are recognized over the period the service is provided and revenues for data products are typically recognized when the Group transfers control of the products.

The difference between the value of the revenue recognised to date and the total sales invoiced is carried as deferred revenue on the balance sheet. Deferred revenue is presented net of accrued direct costs.

The Group recognizes contract liabilities for performance obligations not yet satisfied but for which the Group has received consideration for.

2.19 Financial income and expenses

Financial income and expenses comprise interest expenses calculated using the effective interest rate method and foreign exchange gains and losses. Interest income and expenses are recognised on a time-proportion basis using the effective interest rate method.

Dividend income is recognised when the company has a legal right to receive the dividends. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

2.20 Cash flow statement

The cash flow statement has been prepared using the indirect method, whereby the net result according to the consolidated income statement is taken as a basis for the movements in cash.

2.21 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year. The Group did not have any discontinued operations at the reporting date as of 31 December 2020 or 31 December 2019.

4 Segment information

The Manager is the Group's chief operating decision maker. Operating segments are based on the information reviewed by the Board of Managers for the purposes of allocating resources and assessing performance. In order to clarify the operating segment naming, structure and presentation in relation to the underlying businesses, the Group decided to use geographic naming convention starting in 2018.

The Manager considers the business from a geographic perspective in Finland, Austria, the Netherlands and Germany.

• Finland reporting segment consists of profile services, consumer services, new media and other online product lines
• Netherlands reporting segment consists of profile services, new media and other online product lines
• Austria reporting segment consists of profile services, print, new media and other online product lines
• Germany reporting segment consists of new media product lines
• "Other" is not a reporting segment, but consists of corporate headquarter costs and corporate financing and other group eliminations

The Manager reviews the revenue and EBITDA within these reportable segments. Revenues and EBITDA are key financial measures that are used to assess the success of our people in achieving growth in the business and operational efficiencies.

All revenues are generated from rendering of services.

2020 1000 EUR	Finland	Netherlands	Austria	Germany	Other	Total
Revenues	89 430	26 439	55 341	31 356	-	**202 566**
EBITDA	28 767	3 435	14 726	7 704	-4 970	**49 662**
Result before income tax	-10 221	-10 596	11 407	-766	-11 776	**-21 951**
Capital expenditure	722	1 187	482	2 282	-	**4 674**

2019 1000 EUR	Finland	Netherlands	Austria	Germany	Other	Total
Revenues	97 954	37 299	57 950	22 658	-	**215 861**
EBITDA	30 736	4 571	11 265	5 359	-3 543	**48 389**
Result before income tax	-465	-11 648	5 284	-1 003	-2 159	**-9 991**
Capital expenditure	2 321	1 658	1 095	1 064	-	**6 138**

Revenues by product group and country	Finland		Netherlands		Austria		Germany		Group	
1000 EUR	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Profile services	23 124	24 448	18 683	25 365	20 702	22 866	-	-	62 510	72 680
Consumer services	35 796	39 940	-	-	-	-	-	-	35 796	39 940
New media	29 496	32 571	7 756	7 799	28 803	28 408	31 356	22 658	97 411	91 436
Print	-	-	-	-51	1 588	1 859	-	-	1 588	1 808
Other	1 013	995	-	4 186	4 248	4 816	-	-	5 262	9 997
Total revenues	**89 430**	**97 954**	**26 439**	**37 299**	**55 341**	**57 950**	**31 356**	**22 658**	**202 566**	**215 861**

Revenues from transactions with any single external customer do not amount to 10 per cent or more of the Group's revenue.

	Assets by segments		Liabilities by segments	
1000 EUR	2020	2019	2020	2019
Finland	165 138	185 751	202 868	252 744
Netherlands	44 997	43 490	306 747	298 145
Austria	71 034	62 132	37 659	35 233
Germany	107 722	48 894	104 107	48 081
Other	-20 627	-14 371	-156 732	-206 037
Total in the balance sheet	**368 265**	**325 898**	**494 649**	**428 166**

5 Revenue recognition

Revenues by product group 1000 EUR	2020	2019
Profile services	62 510	72 679
Consumer services	35 796	39 940
New media	97 411	91 436
Print	1 588	1 808
Other	5 262	9 997
Total revenues	**202 566**	**215 861**

Timing of revenue	At the point in time		Services transferred over time	
1000 EUR	2020	2019	2020	2019
Profile services	639	671	61 871	72 008
Consumer services	35 796	39 940	-	-
New media	13 639	13 174	83 772	78 263
Print	1 588	1 808	-	-
Other	5 262	5 811	-	4 186
Total revenues	**56 924**	**61 404**	**145 643**	**154 457**

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

1000 EUR	Note	31 Dec 2020	1 Jan 2020
Receivables, which are included in 'trade and other receivables'	14	5 287	5 532
Receivables which are included in 'assets held for sale'	11	11 497	-
Contract assets		97	-
Contract liabilities		28 610	35 779

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract liabilities primarily relate to the advance consideration received from customers. The amount of TEUR 35,779 included in contract liabilities at 31 December 2019 has been recognised as revenue in 2020.

The amount of revenue estimated to be recognised from the contracts in force as per 31 December 2020:

The timing of expected revenue recognition 1000 EUR	Total	Jan-Jun 2021	Jul-Dec 2021	Later
Revenue not yet recognised	17 372	7 954	6 476	2 942

No information is provided about remaining performance obligations at 31 December 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

6 Personnel expenses

1000 EUR	2020	2019
Salaries & wages	51 454	59 212
Social security costs *)	8 112	9 076
Pension costs	3 280	4 414
of which related to defined benefit plans	*140*	*145*
of which related to defined contribution plans	*3 139*	*4 269*
Other**	7 656	9 480
Total	**70 503**	**82 182**

*) The social security costs include certain municipal and local taxes for Austria that are payable by the employer.

**) Main items in other personnnel expenses are temporary staff expenses, car expenses and travel expenses of TEUR 4,427 (2019: TEUR 5,684).

7 Net finance costs

1000 EUR	2020	2019
Interest income on loans and receivables	165	105
Interest income - other	-	16
Finance income - other	2 836	0
Finance income	**3 001**	**121**
Financial liabilities measured at amortised cost - interest expense:		
Interest on bond	-6 877	-6 858
Interest on shareholder loan	-31 012	-29 669
Interest on lease liabilities	-818	-828
Amortisation of loan transaction costs (bond)	-249	-245
Net interest on net defined benefit liability	23	86
Other	-325	-938
Finance expense	**-39 258**	**-38 452**
Net finance costs	**-36 257**	**-38 331**

8 Acquisition and disposal of subsidiaries, non-controlling interests and non-current assets held for sale

Acquisitions in 2020

On 3 June 2020 the Group acquired all shares of Austrian hosting provider easyname GmbH, and its subsidiaries, through dogado GmbH. On 2 October 2020 the Group has completed, through it's majority owned subsidiary, dogado GmbH, the acquisition of 100% of the share capital of Profihost AG, a managed server business and eCommerce specialist in Hannover, Germany. Furthermore, the group made one asset deal in December 2020 . Considerations in total for the transactions were TEUR 52,524 and cash flow related to these acquisitions was TEUR 29,811. In addition, TEUR 1,208 has been paid relating to acquisitions made in the prior years. Contingent liability is based on the future performance of the acquired companies. TEUR 2,615 of the deferred consideration is interest bearing.

For the financial period ended 31 December 2020, acquired companies contributed a revenue of TEUR 5,138 and profit of TEUR 326 to the Group. If the acquisitions had occurred on 1 January 2020, management estimates that consolidated revenue would have been TEUR 39,550 and consolidated loss would have been TEUR 282. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of the acquisitions would have been the same if the acquisition had occurred on 1 January 2020.

1000 EUR	
Consideration paid in cash	33 240
Consideration satisfied in shares	3 441
Consideration satisfied in loan	1 172
Contingent liability	10 600
Deferred consideration	4 071
Total consideration transferred	**52 524**
Cash in the acquired company	-3 430
Consideration satisfied in shares and in loan	-4 613
Deferred consideration and contingent liability	-14 671
Net cash outflow from acquisition	**29 811**

Recognised amounts of identifiable assets acquired and liabilities assumed

Fair value recognised on acquisition 1000 EUR	
Intangible assets	19 513
Property, plant and equipment	1 328
Other non current assets	151
Trade and other receivables	1 420
Cash and cash equivalents	3 430
Deferred tax liabilities	-5 614
Non current liabilities	-1 819
Current liabilities	-2 879
Total net assets acquired	**15 531**
Goodwill on acquisition	36 992
Consideration price	**52 524**

The acquired goodwill is mainly attributable to the German segment for the expected synergies to be achieved from the integration of the companies into Dogado portfolio. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisitions in 2019

During 2019 the Group (through is group company Dogado GmbH) has made two acquisitions, in which the Group acquired all shares and voting rights of two German hosting service providers. On 7 January Dogado acquired Checkdomain and 6 June Dogado acquired Aixpro GmbH. Futhermore Dogado carried out two asset deals on 7 August and on December 23. Considerations in total for the transactions were TEUR 17,247 and cash flow related to these acquisitions was TEUR 14,332.

The acquisitions done are enabling the Group to develop its new media services (hosting market) through further access to the German market. The acquisitions will enable Dogado to further strengthen its position on the market. With the acquisition, Dogado now serves more than 190,000 customers with domains, web hosting and cloud services. This makes Dogado one of the leading hosting providers in Germany.

The fair values of the acquired net assets have been determined on a provisional basis, pending on the completion of the final valuation. In addition TEUR 75 has been paid relating to acquisitions made in the previous years.

<u>Following amounts have been measured on a provisional basis:</u>
Fair value of the intangible assets (brand and customer relationships being measured provisionally and pending completion of an independent valuation);
If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of the acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of the acquisition, then the accounting for the acquisition will be revised.

The Group used the discounted cash flow method to consider the present value of the net cashflow expected to be generated by the intangible assets identified (brand and customers relationships), taking into account the budgeted EBIT, growth rate. The expected cashflows are discounted using a risk adjusted discount rate. The forecast used as a basis for the valuation is based on the business plan underlying the transaction.

The WACC applied is consistent with that used for the valuation of the CGU Dogado in the course of the year end December 31, 2019. The enacted rates for the tax jurisdiction in which Checkdomain operates have been applied, which is 33% for Germany.

A summary of the WACC, EBITDA multiples and enacted tax rates is presented below:

CGU	Operating unit	WACC	Enacted tax rate
Dogado	**Germany**	**10,0%**	**33%**

The Management has considered that customer relationships are a key value driver in the business and so ascribe a value to those relationships. The calculation method used is a generally accepted valuation model which accounts for the fact that a portfolio of customer relationships is acquired at day one which decreases in value as those contracts are churned. The customer relationships have been valued using a methodology consistent with that adopted in past transactions. The model calculates the "theoretical EBIT" attributable to the customer portfolio acquired adjusted for the contributory capital charge of the trademarks and the workforce, to give a calculation of the cash inflow resulting from the customer relationships. The relationships are amortised over the period of 6 years. As required by IFRS management have considered the differences between fair value and carrying value of all assets on the balance sheet at the acquisition date. There have been no other fair value adjustments identified.

For the financial period ended 31 December 2019, acquired companies contributed a revenue of TEUR 4,562 and profit of TEUR 77 to the Group. If the acquisitions had occurred on 1 January 2019, management estimates that consolidated revenue would have been TEUR 23,452 and consolidated loss would have been TEUR 1,075. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of the acquisitions would have been the same if the acquisition had occurred on 1 January 2019.

Disposals during 2020

The Group hasn´t made any disposals in the year 2020.

Disposals in 2019

The Group made three disposals in 2019. In January 2019 its 14.3% shareholdings in Bokadirekt i Stockholm AB, a Group subsidiary Suurland Outdoor B.V. in the Netherlands, business focused in public space displays, and data business out of Fonecta in Finland, both in October 2019 and both resulting in a combined gain of MEUR 5 to the Group. The gain has been included in finance income. Consideration for Bokadirekt i Stockholm AB disposal corresponded with the book value of shares held by the Group, as the shareholding in Bokadirekt i Stockholm AB was classified as equity instruments measured at fair value through profit or loss, in financial year 2018, no sales gain or loss was recognised on the disposal.

Non-current assets held for sale

On 13 January 2021 the Group entered into an agreement to divest the review platforms Klantenvertellen and Kiyoh to eKomi. Accordingly, the assets and liabilities of the companies are presented as a non-current asset held for sale as of 31 December 2020. The realised gain on the disposal was MEUR 7,4 in February 2021.

1000 EUR	2020	2019
Intangible assets	11 321	-
Trade and other receivables	176	-
Assets held for sale	**11 497**	**-**
Trade and other payables	1 997	-
Liabilities held for sale	**1 997**	**-**

9 Intangible assets

The movements in intangible assets can be shown as follows:

Cost 1000 EUR	Goodwill	Trademarks	Customer relationships	Other	Total
At 1 January 2019	**439 228**	**244 775**	**113 511**	**277 442**	**1 074 956**
Acquisitions through business combinations	11 387	-	5 562	892	17 841
Additions	-	-	-	4 147	4 147
Disposals	-	-	-	-1 985	-1 985
As at 31 December 2019	**450 614**	**244 775**	**119 073**	**280 496**	**1 094 958**
Acquisitions through business combinations	36 993	-	18 564	949	56 506
Additions	-	-	-	4 470	4 470
Disposals	-	-	-	-1 105	-1 105
As at 31 December 2020	**487 608**	**244 775**	**137 637**	**284 810**	**1 154 829**

Accumulated amortisation and impairment 1000 EUR	Goodwill	Trademarks	Customer relationships	Other	Total
At 1 January 2019	**-282 329**	**-206 038**	**-105 031**	**-256 927**	**-850 326**
Amortisation charge for the year	-	-3 279	-2 666	-9 956	-15 901
As at 31 December 2019	**-282 329**	**-209 317**	**-107 698**	**-266 883**	**-866 227**
Impairment	-14 222	-612	-	-	-14 834
Amortisation charge for the year	-	-3 195	-2 715	-7 216	-13 126
Reclassified to asset held for sale - Cost	-9 785	-230	-3 120	-2 226	-15 361
Reclassified to asset held for sale - Depreciation	-	148	2 860	1 032	4 040
As at 31 December 2020	**-306 336**	**-213 207**	**-110 672**	**-275 292**	**-905 508**
Carrying amount 31 December 2019	168 285	35 458	11 375	13 613	228 731
Carrying amount 31 December 2020	**181 271**	**31 568**	**26 965**	**9 517**	**249 321**

No borrowing costs have been capitalised within intangible assets.

Impairment tests for goodwill

The recoverable amount in all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Key assumptions of the cash flow projections relate to long-term growth, EBITDA and discount rate. These figures are set in relation to the historical figures and external reports on market growth. The cash flow for the third year is used as the base for the fourth year and onwards in perpetuity for all CGUs except for 020202. Due to the expected perpetual decline in Finnish consumer business services, in CGU 020202 the cash flow for the third year is used as the base for the fourth year and onwards by a fixed value. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the cash-generating unit operates.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 December 2020 was determined similarly to the 31 December 2019 goodwill impairment test and was based on the following key assumptions:

• Cash flows were forecast based on past experience, actual operating results and the three-year business plan.
• Cash flows beyond three-year forecast period were extrapolated using a constant growth rate, which does not exceed the long-term average growth rate for the industry.
• The capital structure and asset beta used in the weighted average cost of capital calculation are derived from selected peer group and available market information.

The key assumptions used in estimation of the recoverable amount are set out below.

	Growth rate		Discount rate (pre-tax)	
In percent	2020	2019	2020	2019
Fonecta BA	1,6	1,6	13,0	13,0
20202	0,0	0,0	13,0	13,0
Herold	0,0	0,0	14,4	13,9
Youvia	0,0	0,0	15,2	15,8
Dogado	3,7	3,4	11,1	10,1

Goodwill is monitored by management at the reporting segment level all other segments but Finland which consists of two CGUs, Fonecta BA and 020202. The following is a summary of goodwill allocation for each cash generating unit:

2020					
1000 EUR	Opening	Reclassification	Addition	Impairment	Closing
Fonecta BA	47 563	-	-	-	47 563
020202	60 644	-	-	-14 222	46 423
Youvia	16 028	-9 785	-	-	6 243
Herold	16 887	-	-	-	16 887
Dogado	27 163	-	36 993	-	64 155
Total	**168 285**	**-9 785**	**36 993**	**-14 222**	**181 271**

2019					
1000 EUR	Opening	Reclassification	Addition	Impairment	Closing
Fonecta BA	47 563	-	-	-	47 563
020202	60 644	-	-	-	60 644
Youvia	16 028	-	-	-	16 028
Herold	16 887	-	-	-	16 887
Dogado	15 776	-	11 387	-	27 163
Total	**156 899**	**-**	**11 387**	**-**	**168 285**

In light of the global economic downturn, following the COVID-19 pandemic, the Board of Managers concluded that the conditions existed for undertaking impairment testing at the half year. The resultant calculations indicated that the carrying amount of CGU 020202 was higher than its recoverable amount, due to a well recorded decline in revenues, and as a consequence, in expected recoverable future cash flows. No impairment was implied for the other CGUs. The 020202 impairment loss of TEUR 14,833 was allocated to goodwill and trademarks.

The Group has also conducted annual goodwill impairment tests at the end of year 2020, the carrying amounts for all CGUs were determined to be lower than their recoverable amount and no indication for further impairment was recognised.

Sensitivity Analysis for 2020

The recoverable amounts of all cash-generating units have been determined based on value-in-use calculations. The cash-generating units equal the reporting segments for all other reporting segments but Finland which consists of two CGUs, Fonecta BA and 020202. These calculations use pre-tax cash flow projections based on financial plans approved by management covering a three-year period. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use at 31 December 2020 was determined similarly to the 31 December 2020 goodwill impairment test. The discount rates (pre-tax) used in the valuation were Fonecta BA 13.0% (13.0%), 020202 13.0% (13.0%), Youvia 15.2% (15.8%), Herold 14.4% (13.9%) and Dogado 11,1% (10.1%).

The Group assesses the carrying amount of goodwill annually or more frequently if any indication of impairment exists. Although no need for impairment was recognized in annual impairment testing performed at 31 December 2020, sensitivies for two CGUs are disclosed due to relatively low level of headroom, in CGUs 020202 and Dogado.

The difference between carrying value of assets and net recoverable value in CGU Dogado was MEUR 10. CGU Dogado key assumptions were WACC of 11.1% (post-tax) and residual growth of 3.7%. According to sensitivity analysis, the following change in Dogado key assumption; decrease of 0.9%-points in residual growth rate, or 0.8%-points increase in WACC-level while holding all other assumptions constant, would lead to the carrying value of assets and net recoverable value to be equal.

The difference between carrying value of assets and net recoverable value in CGU 020202 was MEUR 6. CGU 020202 key assumptions were WACC of 10.8% (post-tax) and a EBITDA multiplier to reflect residual growth. According to sensitivity analysis, the following change in 020202 key assumption; decrease of 15.0%-points in residual EBITDA multiplier, or 3.8%-points increase in WACC-level while holding all other assumptions constant, would lead to the carrying value of assets and net recoverable value to be equal.

Sensitivity Analysis for 2019

The recoverable amounts of all cash-generating units have been determined based on value-in-use calculations. The cash-generating units equal the reporting segments for all other reporting segments but Finland which consists of two CGUs, Fonecta BA and 020202. These calculations use pre-tax cash flow projections based on financial plans approved by management covering a three-year period. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use at 31 December 2019 was determined similarly to the 31 December 2018 goodwill impairment test. The discount rates (pre-tax) used in the valuation were Fonecta BA 13.0% (13.4%), 020202 13.0% (13.4%), Youvia 15.8% (14.1%), Herold 13.9% (13.2%) and Dogado 10.1% (13.5%).

The Group assesses the carrying amount of goodwill annually or more frequently if any indication of impairment exists. Although no need for impairment was recognized in annual impairment testing performed at 31 December 2019, sensitivies for three CGUs are disclosed due to relatively low level of headroom, in CGUs 020202 and Dogado, and historical performance in CGU Youvia.

The difference between carrying value of assets and net recoverable value in CGU Dogado was MEUR 8. CGU Dogado key assumptions were WACC of 10.1% (post-tax) and residual growth of 3.4%. According to sensitivity analysis, the following change in Dogado key assumption; decrease of 1.6%-points in residual growth rate, or 1.3%-points increase in WACC-level while holding all other assumptions constant, would lead to the carrying value of assets and net recoverable value to be equal.

The difference between carrying value of assets and net recoverable value in CGU 020202 was MEUR 6. CGU 020202 key assumptions were WACC of 10.4% (post-tax) and a EBITDA multiplier to reflect residual growth. According to sensitivity analysis, the following change in 020202 key assumption; decrease of 14.0%-points in residual EBITDA multiplier, or 2.7%-points increase in WACC-level while holding all other assumptions constant, would lead to the carrying value of assets and net recoverable value to be equal.

The difference between carrying value of assets and net recoverable value in CGU Youvia was MEUR 18. CGU Youvia key assumptions were WACC of 11.9% (post-tax) and residual growth of 0%. According to sensitivity analysis, the following change in Youvia key assumption; decrease of 25.7%-points in residual growth rate, resulting in a negative growth rate of ca. 26%, or 11.4%-points increase in WACC-level, would lead to the carrying value of assets and net recoverable value to be equal.

10 Property, plant and equipment

The movements in property, plant and equipment can be shown as follows.

Cost 1000 EUR	Furniture & fittings	IT	Other	Right-of-use assets	Total
At 31 December 2018	**12 853**	**32 951**	**17 111**	**-**	**62 915**
Additions from adoption of right-of-use assets	-	-	-	19 054	19 054
At 1 January 2019	**12 853**	**32 951**	**17 111**	**19 054**	**81 969**
Acquisitions through business combinations	8	114	-	-	123
Additions	59	1 325	1 486	405	3 275
Reclass	28	-31	-	-19	-22
Disposals	-9	-50	-3 967	-	-4 025
At 31 December 2019	**12 940**	**34 310**	**14 630**	**19 441**	**81 320**
Acquisitions through business combinations	40	673	-	615	1 328
Additions	107	97	-	629	833
Reclass	35	240	1 552	1 561	3 389
Disposals	-6	-241	-7	-1 920	-2 173
At 31 December 2020	**13 115**	**35 080**	**16 175**	**20 326**	**84 697**
Accumulated amortisation and impairment					
At 1 January 2019	**-11 964**	**-29 263**	**-12 069**	**-**	**-53 296**
Depreciation charge for the year	-692	-1 730	-2 115	-4 484	-9 022
At 31 December 2019	**-12 656**	**-30 994**	**-14 184**	**-4 484**	**-62 317**
Depreciation charge for the year	-151	-442	-1 471	-3 573	-5 637
At 31 December 2020	**-12 808**	**-31 435**	**-15 654**	**-8 057**	**-67 954**
Carrying amount 31 December 2019	**283**	**3 317**	**446**	**14 957**	**19 003**
Carrying amount 31 December 2020	**307**	**3 645**	**521**	**12 270**	**16 743**

Furniture & fittings comprise leasehold improvements as well as office equipment. IT includes computers and other IT related machinery. Other includes motor vehicles. No borrowing costs were required to be capitalized under property, plant and equipment.

Right-of-use assets 1000 EUR	Premises	Motor vehicles	Office equipment	Total
At 1 January 2019	**17 667**	**1 246**	**140**	**19 054**
Additions to right-of-use assets	-	404	2	405
Reclass of right-of-use assets	-19	-	-	-19
At 31 December 2019	**17 648**	**1 650**	**142**	**19 441**
Acquisition through business combinations to right-of-use assets	422	32	162	615
Additions to right-of-use assets	-	629	-	629
Reclass of right-of-use assets	1 532	-	29	1 561
Disposals of right-of-use assets	-1 839	-80	-	-1 920
At 31 December 2020	**17 764**	**2 230**	**333**	**20 326**
Accumulated amortisation and impairment				
At 1 January 2019	**-**	**-**	**-**	**-**
Depreciation charge for the year	-3 619	-824	-40	-4 484
At 31 December 2019	**-3 619**	**-824**	**-40**	**-4 484**
Depreciation charge for the year	-2 856	-582	-135	-3 573
At 31 December 2020	**-6 475**	**-1 406**	**-175**	**-8 057**
Carrying amount 31 December 2020	**11 288**	**824**	**158**	**12 270**

Leases under IFRS 16 1000 EUR	2020	2019
Amounts recognised in profit and loss		
Depreciations	3 573	4 484
Interest on lease liabilities	653	828
Expenses relating to leases of short-term assets	-	27
Expenses relating to leases of low-value assets	12	144
Total	**4 237**	**5 483**
Amounts recognised in statement of cash flow		
Lease payments	4 093	3 379
Total cash of out flow of leases	**4 093**	**3 379**

11 Financial Instruments

The carrying amounts and fair value of financial liabilities measured at amortised cost

1000 EUR	Fair value hierarchy level	Carrying amount 2020	Carrying amount 2019	Fair value 2020	Fair value 2019
Bond	2	76 490	79 228	76 592	79 580
Shareholder loans (Preferred Equity Certificates)	2	252 695	221 784	123 406	123 406
Total		**329 185**	**301 012**	**199 998**	**202 986**

When measuring the fair value of the financial instruments above, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
-Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
-Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entity in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair value of the bond as of 31 December 2020 of TEUR 76,592 (2019: TEUR 79,580). Bonds amount of TEUR 2,988 (2019: TEUR 0) are held by the group. The bond is listed on Nasdaq Stockholm. The latest trade took place in 27 December 2017. The bond is classified as fair value hierarchy level 2 as quoted prices in the market are no longer regularly available. The Group has extended the bond maturity to June 2021, and as there hasn't been any market transactions with the bond in 2020, the Group determines the fair value of the bond to equal the par value.

The shareholder loan is classified as level 2 using discounted cash flows methodology. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The carrying amount of shareholder loan includes accrued interest whereas fair value is not including accrued interest.

There has not been any transfers between levels of the fair value hierarchy at the end of the reporting period.

The fair value of the following financial assets and liabilities approximate their carrying amount:
- Trade and other receivables
- Other financial assets
- Loan receivables from related parties
- Cash and cash equivalents
- Trade payables
- Other current liabilities

The following table shows the carrying amounts of financial assets and financial liabilities.

Classification of financial assets and liabilities

1000 EUR	Note	2020 equity instrument	Amortised cost	Total
Assets as per balance sheet				
Trade and other receivables	14	-	33 591	**33 591**
Cash and cash equivalents	15	-	53 518	**53 518**
Other investments	12	330	-	**330**
Other financial assets		-	466	**466**
Loan receivables from related parties	13	-	1 877	**1 877**
Book value total		**330**	**89 452**	**89 782**
Liabilities as per balance sheet				
Bond	19, 25	-	76 490	**76 490**
Shareholder loan	19, 25	-	252 695	**252 695**
Lease liabilities	19	-	12 946	**12 946**
Other non-current financial liabilities	19	-	8 366	**8 366**
Current financial liabilities	19	-	7 951	**7 951**
Trade payables	25	-	9 184	**9 184**
Other current liabilities	19	-	42 390	**42 390**
Book value total		**-**	**410 023**	**410 023**

The amount of TEUR 10,959 earnout debts is included in other current liabilities, for more details see note 8.

1000 EUR	Note	2019 equity instrument	Amortised cost	Total
Assets as per balance sheet				
Trade and other receivables	14	-	39 494	39 494
Cash and cash equivalents	15	-	31 921	31 921
Other investments	12	2 086	-	2 086
Other financial assets		-	447	447
Loan receivables		-	750	750
Loan receivables from related parties	13	-	1 877	1 877
Book value total		**2 086**	**74 489**	**76 575**
Liabilities as per balance sheet				
Bond	19, 25	-	79 228	79 228
Shareholder loan	19, 25	-	221 784	221 784
Lease liabilities	19	-	16 840	16 840
Trade payables	25	-	5 938	5 938
Other current liabilities	19	-	2 049	2 049
Book value total		**-**	**325 839**	**325 839**

12 Other investments

1000 EUR	2020	2019
At t 1 January	**2 086**	**4 388**
Disposal	-1 756	-2 302
At 31 December	**330**	**2 086**

Other investments consist mainly of listed securities and shares in unlisted companies. The listed securities are measured at fair value level 1, other items are measured at cost. Other investments include an investment (3.4%) in Spotzer Media Group B.V. of TEUR 298 (2019: TEUR 298). The Group disposed the investment in Eniro Ab preferred shares of TEUR 1,760 (2019: TEUR 1,760). The shares are listed on Nasdaq Stockholm.

13 Loan receivables from related parties

As of 31 December 2020 the Group has a loan receivable from Leafy S.à r.l. totalling TEUR 1,877 (2019: TEUR 1,877). See Note 28 Related parties for detailed information.

14 Trade and other receivables

1000 EUR	2020	2019
Trade receivables	20 967	23 794
Contract assets	5 152	5 532
Prepayments	4 631	4 887
Accrued income	428	632
Personnel receivables	34	66
Social security and pension receivables	4	-1
VAT receivable	843	6
Corporate income tax receivable	798	3 339
Other	734	1 239
Total	**33 591**	**39 494**

Trade receivables

1000 EUR	2020	2019
Trade receivables	24 172	26 513
Provision for impairment of trade receivables	-3 205	-2 718
At 31 December	**20 967**	**23 794**

Provisions for impairment of trade receivables

1000 EUR	2020	2019
At 1 January	**2 718**	**2 632**
Receivables written off during the year	-1 273	-1 324
Unused amounts reversed	2 027	1 585
Exchange rate differences and other changes	-267	-174
At 31 December	**3 205**	**2 718**

The exposure (in euros) to trade receivables (i.e. after allowance for impairment) at the reporting date per geographic region was as follows:

1000 EUR	2020	2019
Austria	12 543	14 678
Finland	5 155	6 390
Germany	1 738	1 567
Netherlands	4 736	3 878
At 31 December	**24 172**	**26 513**

Lifetime expected credit loss of trade receivables is as follows:

1000 EUR	Current	1-30 days past due	31-60 days past due	61-90 days past due	90 days past due or more	2020
Default rate	0,3-1,2%	1,3-4,9%	3,6-11,7%	6,6-18,5%	20,0-100%	Total
Gross carrying amount	15 461	3 394	816	554	3 947	24 172
Lifetime expected credit loss	**65**	**14**	**58**	**209**	**2 859**	**3 205**

15 Cash and cash equivalents

Cash and cash equivalents in the balance sheet 1000 EUR	2020	2019
Cash at bank and in hand	53 518	31 918
Short-term bank deposits	-	3
Cash and cash equivalents	**53 518**	**31 921**

16 Equity

The amounts in this note are stated in exact Euro amounts.

Share capital

The issued share capital consists of 4,990,000 Class A shares, 4,010,000 Class B shares and 1,000,000 Class C shares. Each share class has a nominal value of Euro 0.01 and all shares are fully paid up. Each share entitles the holder to one vote at the Annual General Meeting.

According to the Articles of Association, profits shall be allocated between the different share classes as follows:
a) the Class C shares shall be entitled to receive an amount up to 15% of the aggregate amount to be distributed;
b) the Class A shares shall be entitled to receive an amount equal to 49.9% of the aggregate amount of the distributable amount after subtraction of the C share entitlement;
c) the Class B shares shall be entitled to receive an amount equal to 50.1% of the aggregate amount of the distributable amount after subtraction of the C share entitlement; and
d) the holders of each class of shares shall be entitled to participate in those proceeds of a distribution which are to be distributed in respect of that class, pro rata to the number of shares they hold within that class.

At the end of 2019 the entirely paid share capital registered in the Luxembourg trade register was Euro 100,000.

Share premium

This represents the amount subscribed for share capital in excess of its nominal value, less directly attributable issue costs. The Company has issued on 31 December 2019 1,000 class A beneficiary shares, which are not forming part of the Company's share capital, all in registered form. The beneficiary shares A are not entitled to any voting rights. All of the issued beneficiary shares A were subscribed by Leafy S.à r.l. and paid in full by a contribution in kind, consisting of PECs issued by the Company and subscribed by Leafy S.à r.l., for the total amount of EUR 10,144,813.33.

Other reserves

In accordance with the Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This transfer is made following approval of its statutory accounts by the shareholders. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

17 Capital management

The objective of capital management is to secure the Group's ability to continue as a going concern and to optimize the cost of capital in order to enhance value to shareholders.

The Group monitors the capital structure based on adjusted net debt to EBITDA. Adjusted net debt is calculated as interest-bearing liabilities (excluding the shareholder loan) less cash and cash equivalents. EBITDA is calculated by adding back depreciation, amortisation and impairment charges and capital gains and losses to operating profit/(loss).

On 31 December 2020, net debt was TEUR 39,289 (2019: TEUR 49,356) and net debt to EBITDA was 0.8 (2019: 1.0).

18 Non-controlling interests

Non-controlling interests (NCI) comprise the equity portions of Suomen Numeropalvelu Oy (45%) and Dogado GmbH (33%) which are not controlled by the Group. The balance sheet movements are as follows.

Non-controlling interests 1000 EUR	2020	2019
At 1 January	**690**	**813**
Change of non-controlling interest	25	-
Capital injection to subsidiary with a non-controlling interest	1 129	-
Dividend to non-controlling interests	-225	-180
Non-controlling interest from income statement	97	56
At 31 December	**1 717**	**690**

The following table summarises the information regarding each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

31 December 2020	Dogado GmbH	Other individually immaterial subsidiaries	Intra-group eliminations	Total
NCI percentage	**33 %**			
Non-current assets	99 928			
Current assets	7 731			
Non-current liabilities	-73 751			
Current liabilities	-30 222			
Net assets	**3 686**			
Net assets attributable to NCI	**1 209**	**515**	**-7**	**1 716**
Revenue	31 427			
Profit/loss for the period	-634			
Total comprehensive income	**-634**			
Profit/loss allocated to NCI	**-209**	**311**	**-5**	**97**
Net cash from operating activities	8 627			
Net cash used in investing activities	-33 346			
Net cash used in financing activities	26 661			
Net increase (decrease) in cash and cash equivalents	**1 942**			

19 Financial liabilities

1000 EUR	2020	2019
Bond	76 490	79 228
Shareholder loans (Preferred Equity Certificates)	252 695	221 784
Non-current lease liabilities	9 779	13 064
Other non-current financial liabilities	8 366	-
Other current financial liabilities	11 119	5 825
of which current lease liabilities	*3 167*	3 776
Total financial liabilities	**358 449**	**319 901**

Bond

On 10 December 2013 a direct subsidiary of European Directories Midco S.à r.l., European Directories BondCo S.C.A. issued senior secured callable floating rate bonds in the amount of TEUR 160,000 to the market. The proceeds of the bonds were used to repay all bank debt. The interest rate for the bonds was charged at 3 months EURIBOR rate plus a 7% margin. Interest was payable quarterly in arrears. The bonds had a maturity date of 10 December 2018 and rank above the preferred equity certificates. European Directories Midco S.à r.l. has issued a guarantee for the obligations of European Directories BondCo S.C.A. under the bonds (see Note 26 Guarantees). The bonds were listed on Nasdaq Stockholm in December 2014. The figures in following paragraphs relating to the nominal and market value of the bond are stated in exact Euro thousand amounts.

On 30 January 2018, the Group's subsidiary, European Directories BondCo S.C.A., announced a proposal to amend certain bond terms and conditions. The proposal was accepted by the requisite majority of bondholders on 9 March 2018. The accepted principal terms include an extension to the bond maturity date from 10 December 2018 to 9 June 2021, an increase in the interest margin of 150bps to 8.5%, a consent fee of 1% to all bondholders and cancellation by the Group of those bonds which it holds. The full details of the amended bond terms and conditions were sent out to the bondholders and are published on the Group's website.

In April-June 2020, European Directories (DH7) B.V. (a group holding company) purchased TEUR 2,988 nominal value of the bonds for a consideration of TEUR 2,365. The gain and amortized cost was booked to other financial income. The amortisation of the bond transaction costs during January-December 2020 was TEUR 245. The amortised cost of the bond as of 31 December 2020 was TEUR 76,490 and nominal value TEUR 76,592. For more details of the bond see note 30.

Bond issuance costs and other refinancing cost directly linked to issue of the bond are included in the carrying value of the liability and are amortised over its term. The interest expense in 2020 on the bond is TEUR 6,877 (2019: TEUR 6,633).

The movement of the bond during the year is as follows:

1000 EUR	2020	2019
At January	**79 228**	**78 984**
Amortisation of bond transaction costs	249	245
Repurchase of the bonds by the Group	-2 988	-
At 31 December	**76 490**	**79 228**

Shareholder loan

On 10 December 2013 European Directories Midco S.à r.l. issued 103,313,950 preferred equity certificates ("PECs") with nominal value of Euro 1.00 each. Leafy S.à r.l., the parent company of European Directories Midco S.à r.l. has subscribed all issued PECs. The maturity date of the PECs is 10 December 2043. The PECs are unsecured and subordinated to all other obligations of the Company and no cash interest will be paid whilst the senior secured callable floating rate bonds issued by European Directories BondCo S.C.A. are outstanding.

Each PEC carries the right to receive a fixed yield of 7.24% p.a. and a compounding profit yield of 6.26% p.a. The principal as well as accrued interest is payable on the PECs at their maturity or if the PECs would be redeemed by the Company at an earlier date. Such optional redemption is possible only to the extent that i) the Company will have sufficient funds available to settle its liabilities to all other creditors as a result of the redemption payment, and ii) the Company is not insolvent and will not become insolvent after making the redemption payment. Whilst the PECs mature in 2043, it would be the Board's intention to prepay this loan as early as possible after maturing of the bond, potentially in 2023.

The accrued interest on the PECs as of 31 December 2020 was TEUR 154,563 (2019: TEUR 123,652) and is included in the Consolidated balance sheet under Shareholder loan and accrued interest.

Interest PECs

The Group is entitled to satisfy its obligation to pay the fixed yield in respect of any accrual period in full or in part by issuing new preferred equity certificates to the holders (the " Interest PECs"). The Interest PECs carry the right to receive a fixed yield of 7.24% p.a., which is payable on the Interest PECs at maturity or if the PECs would be redeemed by the Company at an earlier date. Such optional redemption is possible only to the extent that i) the Company will have sufficient funds available to settle its liabilities to all other creditors as a result of the redemption payment, and (ii) the Company is not insolvent and will not become insolvent after making the redemption payment. Whilst the PECs mature in 2043, it would the Board's intention to prepay this loan as early as possible after maturity of the bond, potentially in 2023.

The Company issued Interest PECs for TEUR 7,124 in 2020 covering the fixed yield of 2019. The Interest PECs for the accrual period of 2020 of TEUR 7,105 will be issued in 2021. The accrued interest on the Interest PECs as of 31 December 2020 was TEUR 12,489 (2019: TEUR 9,190).

Current financial liabilities

In 2 January 2019, the Group utilised the Permitted Basket under the bond terms to raise bank funding of MEUR 11.5 for acquisition purposes. The borrowing facility has been arranged by group holding company European Directories (DH7) B.V. and is repayable within 12 months. The Group repaid MEUR 5 of this liability in May 2019 and MEUR 6.5 in August 2019.

On 29 September 2020 the Group utilized Permitted Basket under bond terms to raise bank funding of MEUR 7.6 for acquisition purposes. The borrowing facility was arranged by group holding company European Directories (DH7) B.V. and is repayable within 12 months. The Group repaid MEUR 1 of this liability in October 2020. The Group has raised other loans of MEUR 3 for acquisition purposes.

Covenants

The Bond terms and conditions include an incurrence test (ratio of net interest bearing debt to Group EBITDA as well as interest cover ratio) which must be met i) in a situation where any Group company acquires another entity which holds indebtedness which is not immediately repaid, or ii) in a situation where any Group company incurs any new financial indebtedness not permited by the bond terms. No events occurred which require testing during 2020 or subsequent to year-end or before the Consolidated Financial Statements were authorised for issuance on 29th April 2021.

The changes in financial liabilities arising from financing activities during the financial year are as follows:

				Non-cash changes				
1000 EUR	Jan 1 2020	Cash proceeds from liabilities	Cash repayments from liabilities	Acquisitions/ Divestments	Interest accrued/ Amortisation	Additions	Other	Dec 31 2020
Bond	79 228	-	-	-	249	-	-2 988	76 490
Shareholder loan	221 784	-	-	-	30 911	-	-	252 695
Lease liabilities*)	16 840	-	-3 440	-	-	-	-455	12 946
Bank loans	-	6 599	-	1 353	-	-	-	7 952
Other financial liabilities	2 049	2 964	-3 071	-	-	6 425	-	8 366
Total changes in financial liabilities arising from financing activities	**319 901**	**9 563**	**-6 511**	**1 353**	**31 161**	**6 425**	**-3 443**	**358 449**

*) Adoption of IFRS16 Leases standard

20 Pension obligations

The Group operates defined benefit pension plans in Youvia (Netherlands) and Herold (Austria). All arrangements are presented and calculated in line with IAS 19 Employee Benefits. The net obligations are as outlined below.

The amounts recognised in the balance sheet are determined as follows:

	Youvia		Herold		Total	
1000 EUR	2020	2019	2020	2019	2020	2019
Present value of funded obligations	**303 718**	**273 438**	**-**	**-**	**303 718**	**273 438**
Fair value of plan assets	-303 718	-273 438	-	-	-303 718	-273 438
Deficit of funded plans	**-**	**-**	**-**	**-**	**-**	**-**
Present value of unfunded obligations	160	1 031	2 497	2 496	2 657	3 527
Liability in the balance sheet	**160**	**1 031**	**2 497**	**2 496**	**2 657**	**3 527**

The Group's net obligations in respect of long-term service benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the value of any plan assets is deducted. The discount rate is the yield of high-quality corporate bonds with at least a rating of AA or higher.

Youvia

In addition to a defined contribution arrangement, Youvia has a number of defined benefit arrangements with employees. The net defined benefit liability as of 31 December 2020 of TEUR 159 (2019: TEUR 1,031) includes asset TEUR 0 (2019: TEUR 0 liability) related to the main defined benefit pension plan, TEUR 159 (2019: TEUR 227) related to the jubilee plan and TEUR 0 (2019: TEUR 804) relating to the transitional plans. These defined benefit arrangements have been calculated in accordance with IAS 19 taking into account significant changes to the assumptions used.

Youvia's jubilee plan entitles all employees to 1 month's gross pay after 12.5 years of service, 1 month's tax-exempt net pay after 25 years of service and 1.5 month's gross pay after 35 years of service. In the Youvia transitional plan, a number of former employees of Youvia are conditionally entitled to the certain benefits, in addition to the regular retirement pension plan.

Youvia's main defined benefit pension plan has been closed since 31 December 2014. The plan was an average-pay pension plan in which old-age pension and survivor's pension were accrued. As of 1 January 2015 all employees of Youvia started pension accrual in a new pension plan, which classifies as a defined contribution pension plan under IAS 19. As a result of this new pension plan, no future pension accrual has taken place within the main defined benefit pension plan since 1 January 2015.

The main defined benefit pension plan is subject to the regulations as stipulated in the Pensions Act (Pensioenwet). As stipulated in the Pensions Act the plan needs to be fully funded and needs to be operated outside the company at a separate legal entity. The separate legal entity that operates and fully insures the plan is AEGON. Since the plan has been closed since 31 December 2014, Youvia no longer pays annual contributions to AEGON to fund the annual accrual of pension entitlements. AEGON guarantees that all pension entitlements that have accrued until 31 December 2016 are paid to the pension plan participants.

AEGON is responsible for operating the Youvia main defined benefit pension plan in accordance with the financing agreement. AEGON is responsible for the investment policy with regard to the assets of the plan and Youvia has no additional responsibilities for the governance of the pension plan.

The Group estimates to pay TEUR 21 in contributions to its defined benefit plans (jubilee) in 2021.

Herold

The obligation for post-employment benefits is calculated in compliance with IAS 19 amounting to TEUR 2,497 (2019: TEUR 2,496). This defined benefit is not backed by assets for this respective purpose. Therefore, a provision is recorded for the full obligation.

An amount of TEUR 1,798 (2019: TEUR 2,078) relates to a provision for severance payments – exclusively for employees of Austrian companies – and is recorded based on actuarial calculation in compliance with IAS 19. According to Austrian labour law, a company is obliged to pay a certain severance payment on termination of the employment or retirement of all employees who joined the company before 1 January 2003. Employees who leave voluntarily or are dismissed are not entitled to such a payment. The severance payment amount depends on the number of years of employment and the entitlement to Severance Payment (old) remains for the full duration of the employment. For those employees who opted to switch to a new system, Severance Payment (new), old severance payment obligations were frozen*). Within the old severance payment system Herold has 60 employees.

An amount of TEUR 687 (2019: TEUR 705) relates to a provision for jubilee bonuses. The liability is calculated in line with IAS 19 and based upon actuarial assumptions.

The Group estimates to pay TEUR 361 in contributions to its defined benefit plans (severance payments and jubilee bonuses) in 2020.

*) The related costs of these severance payments are recorded under salaries and wages and not under pension costs.

Change in defined benefit obligation

The following table shows a reconciliation from the opening balances to the closing balances for defined benefit obligation:

1000 EUR	2020	2019
Balance 1 January	**277 025**	**228 249**
Items recognised in the income statement		
Current service costs	224	215
Past service cost	-	-34
Other	-93	-36
Service cost total included in personnel expenses	**131**	**145**
Interest expenses	2 474	4 290
Included in income statement total	**2 605**	**4 435**
Remeasurement recognised through other comprehensive income		
Changes in demographic actuarial assumptions	-6 318	-6
Changes in financial actuarial assumptions	38 924	54 364
Experience adjustments on plan obligation	-1 212	-5 045
Remeasurements recognised through other comprehensive income total	**31 394**	**49 313**
Contributions/Payments from plans		
Benefit payments	-4 649	-4 972
Contributions/payments from plans total	**-4 649**	**-4 972**
Balance 31 December	**306 375**	**277 025**

Change in fair value of plan assets

The following table shows a reconciliation from the opening balances to the closing balances for fair value of plan assets:

1000 EUR	2020	2019
Balance 1 January	**-273 498**	**-223 457**
Items recognised in the income statement		
Interest income	-2 441	-4 204
Included in income statement total	**-2 441**	**-4 204**
Remeasurement recognised through other comprehensive income		
Changes in demographic actuarial assumptions	6 318	-
Changes in financial actuarial assumptions	-38 913	-54 080
Experience adjustments on plan obligation	379	3 946
Remeasurements recognised through other comprehensive income total	**-32 216**	**-50 134**
Contributions/Payments from plans		
Contributions from employers	-2	-51
Benefit payments	4 439	4 348
Contributions/payments from plans total	**4 437**	**4 297**
Balance 31 December	**-303 718**	**-273 498**

Change in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability:

1000 EUR	2020	2019
Balance 1 January	**3 526**	**4 792**
Items recognised in the income statement		
Current service costs	224	215
Past service cost	-	-34
Other	-83	-36
Service cost total included in personnel expenses	**140**	**145**
Interest expense/income	23	86
Included in income statement total	**163**	**231**
Remeasurement recognised through other comprehensive income		
Actuarial loss (gain) arising from:		
Changes in demographic actuarial assumptions	1	-6
Changes in financial actuarial assumptions	11	284
Experience adjustments on plan obligation	-833	-1 099
Remeasurements recognised through other comprehensive income total	**-821**	**-821**
Contributions/Payments from plans		
Contributions to/from employers	-3	-51
Benefit payments	-210	-624
Contributions/payments from plans total	**-213**	**-675**
Balance 31 December	**2 656**	**3 527**

1000 EUR	2020	2019
Present value of obligation	306 375	277 025
Fair value of plan assets	-303 718	-273 498
Net defined benefit liability	**2 657**	**3 527**

Risks

European Directories Group is exposed to risks mainly through the Youvia defined benefits pension plan. The most significant risks and considerations are detailed below:

Most of the risks associated with the Youvia pension plan have been reinsured by Youvia with AEGON. AEGON guarantees that all pension entitlements that have accrued are paid to the pension plan participants. The Youvia pension plan exposes the entity to risks such as risk of individual value transfers and the risk of default by AEGON. The Youvia transitional plans expose Youvia to interest rate risk and longevity risk. This is due to the fact that the tariffs at financing the pension entitlements resulting from the transitional plans may deviate from the tariffs currently observed in the market.

As the Youvia pension plan has been closed since 31 December 2014, no annual contributions for the accrual of pension entitlements have been made since or have to be made in the future. However, Youvia can be held liable to pay additional contributions. These additional contributions include outgoing individual value transfers of accrued pension entitlements and contributions for cost surcharges that are determined as a percentage of the pension provision, in case there is not enough excess return to cover the cost surcharges. The excess return will first be used to finance the cost surcharges, the remainder of the excess return will be transferred to a buffer pool. If the buffer pool holds more than MEUR 7.5, the excess funds will be transferred to the indexation pool for the (former) employees. If in any year the excess return is insufficient to pay for the cost surcharges, these will be financed from the buffer pool. Only when both the excess return and buffer pool are insufficient to finance the cost charges, Youvia has to pay an additional contribution. The current value of the buffer pool is MEUR 6.5. Due to these arrangements, the likelihood of Youvia needing to make an additional contribution in near future is considered to be remote.

In terms of risks Herold defined pension benefit plan is not considered significant.

Fair value of plan assets

1000 EUR	2020	2019
Insurance contract	303 718	273 498
Total	**303 718**	**273 498**

At 31 December Youvia defined benefit pension plan assets are classified as qualifying insurance contracts.

Amounts recognised in the balance sheet by country 2020

1000 EUR	Netherlands	Austria	Total
Present value of funded obligations	303 718	-	303 718
Value of plan assets	-303 718	-	-303 718
Deficit(+)/surplus(-)	**-**	**-**	**-**
Present value of unfunded obligations	160	2 496	2 656
Net asset(-)/liability(+) in the balance sheet	**160**	**2 496**	**2 656**

Amounts recognised in the balance sheet by country 2019

1000 EUR	Netherlands	Austria	Total
Present value of funded obligations	273 498	-	273 498
Fair value of plan assets	-273 498	-	-273 498
Deficit(+)/surplus(-)	**-**	**-**	**-**
Present value of unfunded obligations	1 031	2 496	3 527
Net asset(-)/liability(+) in the balance sheet	**1 031**	**2 496**	**3 527**

As at the last valuation date, in the Netherlands the present value of the defined benefit obligation was comprised of approximately TEUR 160 (2019: TEUR 1,031) relating to active employees, TEUR 206,499 (2019: TEUR 182,337) relating to deferred members, TEUR 71,400 (2019: TEUR 67,891) relating to members in retirement and TEUR 25,819 (2019: TEUR 23,231) relating to other participants (disabled participants and participants' surviving relatives).

The principal actuarial assumptions used

	2020		2019	
	Netherlands	Austria	Netherlands	Austria
Discount rate, %	0,30 %	0,94 %	0,90 %	0,95 %
Future salary increases, %	2,00 %	3,00 %	2,00 %	3,00 %
Future pension increases, %	0,50 %	-	0,50 %	-
Rate of inflation, %	2,00 %	-	2,00 %	-

The discount, inflation and salary growth rates used are the key assumptions used when calculating defined benefit obligations. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Impact on net defined benefit obligation increase (+)/decrease (-)

	Netherlands	
Change in the assumption	2020	2019
0.5%-point increase in discount rate	-7,40 %	-10,66 %
0.5%-point decrease in discount rate	10,84 %	12,53 %
0.5%-point increase in benefit	12,90 %	12,25 %
0.5%-point decrease in benefit	-11,05 %	-10,53 %
0.5%-point increase in salary growth rate	0,00 %	0,00 %
0.5%-point decrease in salary growth rate	0,00 %	0,00 %

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

In the Netherlands the average duration of the defined benefit obligation at the end of 2020 is 23 (2019: 23) years.

21 Income tax

The Group's tax position at 31 December 2020 is based on the Group's best estimate using the available information on local taxation rules and regulations of the various fiscal territories and taking into account tax facilities and non-deductible costs.

Income taxes

1000 EUR	2020	2019
Current tax expense		
Current year	-6 915	-3 451
Adjustment for prior years*)	-224	-33
Total	**-7 139**	**-3 484**
Deferred tax income		
Origination and reversal of temporary differences**)	846	1 300
Total	**846**	**1 300**
Income tax benefit	**-6 293**	**-2 184**

*) Please see Note 23 Provisions for further details
**) Change in recognised deductible temporary difference relates mostly to goodwill amortizations in Finland.

The table below explains the difference between theoretical tax cost calculated with Luxembourg nominal tax rate 24.94% (2019: 24,94%) and tax expense in the consolidated income statement.

1000 EUR	2020	2019
Loss before income tax	-21 951	-9 991
Taxes calculated using the Luxembourg tax rate	5 475	2 492
Differences in tax rates and regulations	-514	364
Impairment of Goodwill	-3 546	-
Non-deductible expenses	-3 085	-3 103
Current year losses for which no deferred tax asset was recognised	-5 164	-3 455
Utilisation of previously unrecognised tax losses	72	672
Remesurement of deferred tax- Tax rate changes	122	811
Adjustment recognised for taxes of prior periods	-224	44
Other	571	-9
Income tax benefit, total	**-6 293**	**-2 184**

Effective tax rate was 21.9% (2019: 21.9%).

Deferred tax assets and liabilities

The Group has evaluated the nature and classification of deferred tax assets. Based on the evaluation of the Finnish and Dutch companies, deferred tax assets and liabilities levied by the same taxing authority meet the requirements for offset eligibility in accordance with IAS12. The deferred tax assets and liabilities for Finnish and Dutch companies are shown net on the balance sheet. For the other countries, the offsetting requirements were not fulfilled.

Changes in deferred taxes during 2020:

Net deferred tax assets and liabilities 1000 EUR	Employee benefits	Goodwill amortisation	Other intangible assets	Tax losses	Other	Total
1 January 2019	**336**	**-21 568**	**-10 883**	**-**	**1 035**	**-31 081**
Recognised in the income statement	-134	-224	1 434	293	-69	1 300
Recognised in other comprehensive income	77	-	-	-	-	77
Acquisition through business combinations	-	-	-1 835	-	-	-1 835
31 December 2019	**279**	**-21 792**	**-11 284**	**293**	**965**	**-31 540**
Of which deferred tax assets	279	249	-	293	769	1 590
Of which deferred tax liabilities	-	-22 041	-11 284	-	195	-33 130
1 January 2020	**279**	**-21 792**	**-11 284**	**293**	**965**	**-31 540**
Recognised in the income statement	-12	-289	1 692	-293	-253	846
Recognised in other comprehensive income	5	-	-	-	-	5
Acquisition through business combinations	-	-	-5 617	-	-	-5 617
31 December 2020	**272**	**-22 081**	**-15 209**	**-**	**712**	**-36 304**
Of which deferred tax assets	272	25	-	-	624	921
Of which deferred tax liabilities	-	-22 106	-15 209	-	88	-37 227

According to the Group's forecast, future profits should result in taxable income which would off-set the temporary difference arising from the tax losses.

Tax losses carried forward

Unrecognised tax losses carried forward expire as follows.

1000 EUR	2020	2019
Expire 1-5 years	**216 762**	268 952
Expire 6-10 years	**-**	-
Expire 11 or more years	**26 421**	25 281

A significant part of these unrecognised deferred tax assets can only be realised within the fiscal entity in which they were incurred. Since some of these fiscal entities do not generate taxable income it is unclear whether some of these losses can be realised in the foreseeable future. Furthermore, in several tax jurisdictions, these losses can only be utilised for a limited period (i.e. 9 to 10 years). Consequently, tax losses carried forward may be lost in future. For most fiscal territories no tax return has been filed yet for the period ended 31 December 2020. Unrecognised tax losses carried forward as of 31 December 2020 include losses for the Netherlands and Luxembourg until 2019. More information on these tax cases can be found in Note 23 Provisions.

Of the deferred tax liabilities, TEUR 15,209 (2019: TEUR 11,284), arise as a result of Purchase Price Accounting (PPA) adjustments under IFRS 3. The remaining TEUR 22,018 (2019: TEUR 21,864) is due mainly to timing differences in (local) goodwill amortisation. Deferred tax assets are capitalised only to the extent there is a deferred tax liability against it unless there is a reasonable assumption that this will be realised.

Uncertain tax positions

The Group is involved in various discussions with local tax authorities.

Austria

In tax audits related to years 2007-2009, the tax authority denied Herold tax deduction for goodwill amortization relating to a previous acquisition. The tax authority considers the transaction a related party transaction (thereby disqualifying goodwill amortization from 2005 and interest deduction as of 2011). In addition, the tax authority questions the arm's length nature of certain intercompany interest expenses. The financial impact for all years up to 31 December 2016 is estimated to be maximum MEUR 10 (including interest and penalties). Herold has appealed the decision to the local court but provided for the majority of the amount claimed. The process is ongoing, but The Administrative High Court has recently ruled in a closely similar case, regarding the recognition of a transaction as a related party transaction, in favour of the taxpayer indicating a possibly favourable outcome for the Group as well.

Finland

The Finnish tax office decided in October 2016 that it does not accept the tax deductibility of intragroup loan interest costs for two Finnish holding companies. According to the decision, the Finnish holding companies are not allowed to deduct MEUR 16 interest for tax year 2015. Furthermore, in accordance with the 2016 decision, such interests are also non-deductible for tax years 2016-2019 for accumulated amount of MEUR 51. Loss carry-forwards from previous tax years have been sufficient to cover the related increase in taxable income, such that the decision has not triggered immediate cash tax for the companies until the end of tax year 2018. However, if the tax office's decision is upheld and applied for all years from 2014 onwards, tax losses carried forward will not be available to offset current and future taxable profits. In October 2018 the Tax Administration’s board ruled against appeals made by the companies. The companies saw the decision unfounded and launched further appeal processes to Helsinki Administrative Court. In September 2020, the Administrative rejected the appeals. The companies have applied for a leave to appeal to the Supreme Administrative Court in December 2020.

Tax liability

The MEUR 9.3 current tax liability amount in the consolidated financial statements of the Group represents the total accrual for the Austrian tax cases.

22 Other current liabilities

1000 EUR	2020	2019
Accrued expenses	9 750	7 525
VAT and advertising tax payable	8 560	1 842
Wage tax payable	1 344	677
Social securities payable	1 143	-
Accrued interest	367	413
Net wages payable (recoverable)	456	369
Holiday & vacation accrual	4 323	5 106
Pension premium liability	340	546
Contingent consideration relating to acquisitions	10 600	1 465
Corporate tax liability	4 212	717
Other	1 293	1 733
Total	**42 390**	**20 393**

1000 EUR	Fees billed to European Directories Midco S.á.r.l. and subsidiaries by audit firms	2020	2019
Audit services		487	653
Audit related services		10	12
Tax services		63	368
Advisory services		17	9
Total		**577**	**1 042**

23 Provisions

1000 EUR	Restruc-turing provision	Tax provision	Other	2020	Restruc-turing provision	Tax provision	Other	2019
1 January	**-**	**-**	**227**	**227**	**2 781**	**-**	**963**	**3 744**
Additions	87	-	-	**87**	-	-	-	**-**
Provisions used	-	-	-227	**-227**	-2 781	-	-	**-2 781**
Provisions reversed	-	-	-	**-**	-	-	-	**-**
Other	-	-	-	**-**	-	-	-736	**-736**
31 December	**87**	**-**	**-**	**87**	**-**	**-**	**227**	**227**
Of which non-current	-	-	-	**-**	-	-	45	**45**
Of which current	87	-	-	**87**	-	-	181	**181**
Total	**87**	**-**	**-**	**87**	**-**	**-**	**227**	**227**

24 Personnel numbers

	FTE's	Headcount
1 January 2020	946	1 028
31 December 2020	859	931
Average for the period	**903**	**980**

	FTE's	Headcount
1 January 2019	1 242	1 336
31 December 2019	946	1 028
Average for the period	**1 094**	**1 182**

25 Financial Risk Management

A group-wide control framework process is in place. The objective of this process is to synchronise and, where necessary, improve the various internal controls and risk management procedures across the Group.

Risk includes strategic, operational, financial, regulatory and other issues that cause uncertainty or hazard to the business, and is measured in terms of likelihood and consequences. The objectives of risk management in the Group are:
• to identify and manage risks appropriately across the Group;
• to ensure and assist operating companies to identify, analyse and manage risks, which might affect the Group's ability to achieve its strategic objectives; and
• to validate how the decisions to reduce or eliminate risks have been implemented.

The overall objectives of the group-wide control framework process are to ensure that:
• risk management is an integral part of business management;
• risk management is a continuous process;
• risk management is supported by effective internal control system; and
• risk management effected by continuous reporting and review mechanisms to ensure risks are identified, escalated and addressed in a timely and appropriate manner.

The risk register that is currently maintained by all operating companies was developed to address all of the above. The register is split into strategic risks, legal risks, financial risks, commercial risks, HR & people risks, Technical & IT risks, operational risks and health & safety risks. All risks follow a consistent qualification process in which the risk & consequences including the impact, likelihood and inherent risk rating are categorised. This results in an overall risk level against which the specific controls are described including the effectiveness of the controls and the ultimately remaining residual risk. The risks identified in the risk registers are in general common risks as one would assume to see with a company active in this industry. Where necessary, the notes to the financial statements include specific risk information. Information on the financial risks, and specific information as required by IFRS 7 Financial Instruments: Disclosures, are included in the following notes.

Corporate Governance

The Group has corporate governance rules and rules of procedure in place, which have been adopted by the board of directors of European Directories MidCo S.à r.l. and are applicable to work carried out by the Board, the Group CFO, the local managing directors ("OpCo CEO's") and other executive management of the Company and its subsidiaries.

Code of Conduct

The Group is committed to doing business only in full compliance with all laws and regulations and in line with high ethical standards. Only a business conduct which is fully compliant with all laws and regulations and high ethical standards secures the long-term success of the Group and serves society best. The Group has implemented a Code of Conduct which provides the legal and ethical framework for the conduct of all directors, officers and employees of the Group and defines the basic rules of conduct within the Group and in relation to its business partners and the general public. It also reflects the underlying basic values pursued by the Group.

Audit Committee

The Group's audit committee assists the Board of Managers by concentrating on matters pertaining to financial reporting and control. The audit committee oversees financial reporting and disclosure process, performance of external auditors, regulatory compliance as well as internal control processes. It also discusses risk management policies and practices with operating company management.

Financial risks

Exposure to liquidity and interest risks arises in the normal course of the Group's business, whereas exposure to credit and markets risks arises in the normal course of the local operating companies' business. This note presents information about the Group's and local operating companies' exposure to these financial risks.

Liquidity risk

The goal of the Group is to maintain good liquidity. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing mid- to long-term liquidity is mainly focused towards its ability to service debt both under normal as well as under stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. On a yearly basis, the Group prepares a three-year plan that projects cash flows and investigates the necessity to change the financing structure of the Group.

In addition to the cash & equivalents MEUR 54 balances available to the Group, the Group has limited credits. The Group has a possibility to utilize a "Permitted Basket" under the Bond terms and conditions to gain short- to mid-term financing in case needed. At the end of 2020 the Group sees the liquidity risk reasonably remote due to its good liquidity situation.

31 December 2020 1000 EUR Maturity of financial liabilities	Carrying amount	2021	2022	2023	2024	2025	Later	Total
Bond	76 490	76 490	-	-	-	-	-	76 490
Shareholder loan and accrued interest	252 695	-	-	379 901	-	-	-	379 901
Lease liabilities	12 946	3 167	1 407	1 440	1 357	1 421	5 721	14 513
Other current financial liabilities	7 951	7 951	-	-	-	-	-	7 951
Trade payables	9 184	9 184	-	-	-	-	-	9 184
Other current liabilities	42 390	42 390	-	-	-	-	-	42 390
Total	**401 657**	**139 182**	**1 407**	**381 340**	**1 357**	**1 421**	**5 721**	**530 429**

31 December 2019 1000 EUR Maturity of financial liabilities	Carrying amount	2020	2021	2022	2023	2024	Later	Total
Bond	79 228	6 764	82 586	-	-	-	-	89 351
Shareholder loan and accrued interest	221 784	-	-	289 661	-	-	-	289 661
Lease liabilities	16 840	4 105	3 729	1 785	1 743	1 584	6 801	19 747
Other current financial liabilities	2 049	2 049	-	-	-	-	-	2 049
Trade payables	5 938	5 938	-	-	-	-	-	5 938
Other current liabilities	9 452	9 452	-	-	-	-	-	9 452
Total	**335 290**	**28 307**	**86 315**	**291 446**	**1 743**	**1 584**	**6 801**	**416 196**

After the approval of amended bond terms and conditions on 9 March 2018, including bond maturity extension to 9 June 2021, most of the financial liabilities will mature in 2021-2023. The contractual maturity of the shareholder loan is 10 December 2043. Whilst the shareholder loan matures in 2043, it would be the Manager's intention to prepay this loan as early as possible after the proposed and accepted maturity of the bond, potentially in 2023.

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risks on sales and purchases that are denominated in a currency other than the euro. The Group considers its foreign exchange risk related to investments in foreign subsidiaries acceptable as the nature of the main currencies are stable due to the fact that the respective countries are part of the European Union. The remaining foreign exchange risk at the end of 2020 is minimal.

The following year-end rates and average rates are used for the consolidation:

	2020	2019
Average rates		
Pounds sterling	0,8933	0,8753
Year-end rates		
Pounds sterling	0,8990	0,8508

Interest rate risk

Interest rate risk means the cash flow and financial performance uncertainty arising from interest rate fluctuations. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. A future increase in interest rates could increase the interest payments, which may have an adverse effect on the Group's cash flow, financial position and earnings. The bonds have a floating interest rate (3 months EURIBOR) which is not hedged.

On the closing date, a 0.5%-point rise in the interest rate increases the annual interest expense of the bond by approximately MEUR 0.4.

Credit risk - general

Credit risk is the risk of a financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations. In the case of the Group, this risk arises mainly from the local operating companies' receivables from customers. On an ongoing basis, local management monitors its credit risks. Furthermore, investments are allowed only in cash and short-term deposits with a stable well recognised credit institution with the exception of severance related securities which are invested in instruments equal to or comparable to low risk state bonds. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group's customer base is highly fragmented and is represented mainly by a large number of customers representing relatively low outstanding balances. There are no single customers representing a material amount of the Group's sales transactions. All operating companies manage strict guidelines as to new customer acceptance, discounts and abnormal payment conditions.

Credit risk - exposure

The carrying amount of financial assets represents the maximum credit exposure. The Group has only a few clients which have credit rating. The management has estimated the credit risks. Note 14 includes the table of lifetime expected credt loss of trade receivables. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2020	2019
Trade receivables	14	20 967	23 794
Cash and cash equivalents	15	53 518	31 921
Total		**74 485**	**55 715**

26 Guarantees

European Directories Midco S.à r.l. is a guarantor for the obligations of European Directories BondCo S.C.A. under the Bond (see Note 19 Financial liabilities). No other Group companies are guarantors. European Directories Midco S.à r.l. and European Directories BondCo S.C.A. have provided security for certain assets (loan receivables and accounts) to secure the obligations of European Directories BondCo S.C.A. under the finance documents.

The following UK subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006:
- European Directories UK Limited, United Kingdom
- EDUK2 Limited, United Kingdom

27 Immediate parent and Ultimate parent company

European Directories Midco S.à r.l. is the parent company of the European Directories Group. Leafy S.à r.l., a company incorporated in Luxembourg is the immediate and ultimate parent company of European Directories Midco S.à r.l..

28 Related parties

Related parties of the Group include its subsidiaries, key management personnel and associated companies. Subsidiaries are listed in Note 29.

Transactions with key management personnel

Key management personnel compensation

The Board of Managers (also referred to as the Board of Directors) of European Directories Midco S.à r.l. and the CEOs in the operating companies (Fonecta, Youvia, Herold) are considered as key management personnel who have authority and responsibility for planning, directing and controlling the activities of the European Directories Group.

Key management personnel received the following benefits:

	2020	2019
Short-term employee benefits[*)]	2 999	3 208
Post-employment benefits	7	-
Total	**3 006**	**3 208**

[*)] Includes amounts paid as remuneration to individuals or as reimbursement for services paid to entities providing the service.

The above represents the expense arising in the relevant period. Management has not been granted any loans.

Certain members of senior management and the Board of Managers of the Group have invested into a Management Pooling Vehicle ("MPV"), which holds shares in the Company as part of a management incentive plan ("MIP"). The MIP participants are required to make a financial commitment and are exposed to real investment risk. MIP participants provide non-compete and non-solicit undertakings, and shares held by MIP participants are subject to strict transfer and leaver limitations. Timing and method of exit will be controlled by the majority shareholder Leafy S.à r.l., having imposed tag-along and drag-along rights, obligation to reinvest and allocation of certain exit costs to MIP participants. The above MIP is analysed as shareholder investments and as investments made at fair value. There is no employee benefit expense recorded in these consolidated financial statements in relation to the above MIP since the transactions are outside the scope of IFRS 2.

Other related party transactions

1000 EUR	2020	2019
Interest on loan receivables	12	10
Shareholder loan and accrued interests (Note 19)	252 695	221 784
Long-term interest-bearing loan receivables (Note 13)	1 877	1 877

On 10 December 2013 European Directories Midco S.à r.l. issued 103,313,950 preferred equity certificates (“PECs”) with nominal value of 1 Euro each. Leafy S.à r.l., the parent company of European Directories Midco S.à r.l. has subscribed all issued PECs. The PECs have a maturity date of 10 December 2043. The PECs are unsecured and subordinated to all other obligations of the Company and no cash interest will be paid whilst the bond is outstanding. Each PEC carries the right to receive a fixed yield of 7.24% p.a. and a compounding profit yield of 6.26% p.a. Please refer to Note 19 for further details on PEC. Whilst the PECs mature in 2043, it would be the Board's intention to prepay this loan as early as possible after maturing of the bond, potentially in 2023.

On 31 December 2019 Parent Company Leafy S.á r.l contributed EUR 10,144,813 of equity of which EUR 4,962,854 was paid by converting PEC loan payable and EUR 5,181,959 by converting PEC interest payable.

Long-term interest-bearing loan receivables and interest on loan receivables at 31 December 2020 represent receivables from Leafy S.à r.l.. The loans carry an interest rate of 0.1% payable in arrears of 30 June and 30 December each year. The Company does not have the intention to ask for repayment in the next 12 months from the date of the financial statements.

All transactions with related parties, with exemption of above mentioned loan, are at arm’s length, and are on similar terms to transactions carried out with independent parties.

29 Group companies on 31 December 2020

Company name	Country, City	Ownership (%) direct or indirect
European Directories Bondco S.C.A.	Luxembourg, Luxembourg City	100 %
European Directories GP S.à r.l.	Luxembourg, Luxembourg City	100 %
European Directories Opholdco S.à r.l.	Luxembourg, Luxembourg City	100 %
European Directories UK Ltd.	England & Wales, London	100 %
ED UK 2 Ltd	England & Wales, London	100 %
European Directories (DH7) B.V.	The Netherlands, Amsterdam	100 %
European Directories (DH1) B.V.	The Netherlands, Amsterdam	100 %
European Directories Services B.V.	The Netherlands, Amsterdam	100 %
European Directories (DH8) B.V.	The Netherlands, Amsterdam	100 %
European Directories Holdings GmbH	Austria, Mödling	100 %
Youvia Holding B.V.	The Netherlands, Amsterdam	100 %
Youvia B.V.	The Netherlands, Amsterdam	100 %
ClearSense B.V.	The Netherlands, Amsterdam	100 %
European Directories Corporations Oy	Finland, Helsinki	100 %
Fonecta Services Oy	Finland, Helsinki	100 %
Fonecta Holding B.V.	The Netherlands, Rotterdam	100 %
Fonecta Media Oy	Finland, Helsinki	100 %
Fonecta Oy	Finland, Helsinki	100 %
Kontaktia Oy	Finland, Helsinki	100 %
020202 Palvelut Oy	Finland, Helsinki	100 %
02 Taksi Oy	Finland, Helsinki	100 %
Suomen Numeropalvelu Oy	Finland, Helsinki	55 %
Herold Business Data GmbH	Austria, Mödling	100 %
Herold Mediatel Limited	Gibraltar, Gibraltar	100 %
Herold Medien Data GmbH	Germany, München	100 %
Dogado GmbH	Germany, Dortmund	67 %
Busymouse Business Systems GmbH	Germany, Hannover	67 %
Alfahosting GmbH	Germany, Halle	67 %
Checkdomain GmbH	Germany, Lübeck	67 %
easyname GmbH	Austria, Vienna	67 %
Profihost AG	Germany, Hannover	67 %

30 Events after the end of the financial year 2020

On 12 January 2021, European Directories announced an intra-group transaction where its majority-owned subsidiary dogado GmbH would acquire the share capital of a fully owned Austrian group company, Herold Business Data GmbH, resulting in the establishment of a leading provider offering the most comprehensive range of website and online marketing services for small and medium-sized businesses in Austria. The transaction was completed in February 2021.

Youvia B.V., a European Directories group company, has on 13 January 2021 entered into an agreement to divest the review platforms Klantenvertellen and Kiyoh (“KV”). The disposal resulted in a minor gain for the Group. The Group has classified the disposal as 'asset held for sale'.

On 30 March 2021 European Directories BondCo S.C.A. has resolved on a voluntary early redemption in full of all outstanding senior secured callable floating rate bonds maturing on 9 June 2021 and in an outstanding nominal amount of EUR 79,580,400 together with accrued but unpaid interest. The total volume of the Bonds is a nominal amount of EUR 160,000,000. Therefore, the Company will initiate the formal process of redeeming all outstanding bonds. The redemption of the Bonds will take place on or around 5 May 2021. The Group is in advance discussion to obtain a refinancing, together with liquid funds held by the Group, for the redemption of all the outstanding bonds. As part of the planned refinancing the Group is preparing to provide broadly similar securities as under the current financing. In connection with the redemption, the Company will apply for the Bonds to be delisted from Nasdaq Stockholm, Corporate Bond List, with the last day of trading on 28 April 2021.

Luxembourg, 29th April 2021

The Board of Managers,

Marcus Englert	Johannes Maret
Marco Sodi	Björn Osterloff
Hannu Syrjänen	Atif Kamal
Kristina Velicka	Neil Robson

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To the Board of Managers of
European Directories Midco S.à r.l.
46A, Avenue John F. Kennedy
L-1855 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of European Directories Midco S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

— Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 29 April 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Jean-Manuel Séris