Consolidated Financial Statements
for the financial year ended 31 December 2019
European Directories Midco S.à r.l., Luxembourg
(with the Report of the Réviseur d'Entreprises Agréé thereon)

R.C.S Luxembourg B 155418
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Subscribed capital: EUR 100,000

Contents

Report of Board of Directors

The consolidated financial statements of European Directories Midco S.à r.l. (the “Company”) and its subsidiaries (the “Group”) included in this annual report reflect the consolidated results of the operations of the Group for the year ended 31 December 2019.

Financial performance summary

The traditional consumer and print products continue the perpetual decline in line with the Board of Directors’ expectations. In spite of the challenging market environment, growth in digital businesses' revenues was achieved compared to prior year. The digital businesses’ revenue growth overall is mainly attributable to growth in new media products, offset by decline in profile products.

The digital businesses continue to report positive operating cash flow (EBITDA less capital expenditure and working capital movement) after restructuring costs on an LTM basis. Whilst the digital businesses are cash flow positive, the Group remains reliant for the majority of its cash generation on the declining consumer services.

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

Group Revenue

Group revenues for 2019 totalled MEUR 216, a MEUR 10 or 4% decline compared to the previous year.

New media revenues totalling MEUR 91 grew by 9% from previous year level. Profile services revenues totalling MEUR 73 decreased by 9% from previous year. The total share of online products in the Group’s product portfolio totalled 76% (73%) in the year to date.

Print revenues totalled MEUR 2 a decline of 64% compared to previous year. Print revenues represented 1% of total revenues, showing a decrease of 1 percentage points. Consumer services consisting of directory assistance and SMS data information services in Finland declined by 12% and totalled MEUR 40, representing 19% of total revenues.

Group Results

Group EBITDA for the year amounted to MEUR 48 (MEUR 35), with EBITDA margin of 22% (15%). The Group’s total operating costs and expenses for the financial year decreased by MEUR 24 compared to prior year mainly due to savings in personnel costs, reduced other operating expenses, costs incurred by the Group in 2018, to achieve the longer term cost savings and to invest in strategies for future growth, not recurring and the adoption of a new IFRS standard, IFRS 16 Leases, starting from 1 January 2019. By adopting the new standard, costs previously recognised from operating leases under operating expenses, are now recognised as payments of lease liabilities thus improving EBITDA performance by approximately MEUR 5. Comparative figures are not restated as the Group applies modified retrospective approach (for more details see note 2.4). Personnel expenses decreased by MEUR 17, or 17%, mainly due to lower employee numbers. Cost of consumables remained at the same level compared to prior year as production costs for print decreased, offset by higher costs for online products.

Operating result increased to MEUR 23 (MEUR -51), representing an operating margin of 11% (negative operating margin in 2018) mainly due to MEUR 66 impairments of intangible assets recorded in 2018 not recurring.

Finland (Fonecta)
Revenues of MEUR 98 were MEUR 8 or 7% below 2018 mainly due to expected and perpetual 12% decline in directory assistance & SMS. The directory assistance & SMS revenues were MEUR 40, which continues to present a significant 41% share from the 2019 total revenue. Total Online revenues amounted to MEUR 57, of which 57% came from new media revenues. EBITDA decreased from MEUR 33 in 2018 to MEUR 31 in 2019.

Austria (Herold)
Revenues grew by 3% to MEUR 58 in 2019. Recorded growth is mainly attributable to new media and profile services revenues. EBITDA of MEUR 11 increased significantly compared to prior year level of MEUR 5.

The Netherlands (DTG)
Revenues declined by 24% from MEUR 49 to MEUR 37 in 2019 mainly due to decline in profile services and divestment of subsidiary Suurland Outdoor B.V. in the last quarter of year 2019. EBITDA increased from MEUR 2 to MEUR 5 mainly due to lower number of personnel and cost savings achieved.

Germany (Dogado)
Revenues increased 53% from MEUR 15 to MEUR 23 in 2019 mainly due to succesful buy-and-build strategy by the Group. EBITDA of MEUR 5 increased by MEUR 3 from the prior year as the level of profitability grew, along with revenues, resulting in an EBITDA margin of 24% (17% in 2018).

Events during the period

Acquisitions and divestments

The Group made four acquisitions through its German subsidiary Dogado GmbH in 2019. In January – June the Group acquired all shares and voting rights in two German hosting service providers, Checkdomain GmbH and Aixpro GmbH. In July – December 2019 the Group acquired two businesses.

The Group made three disposals in 2019, its 14.3% shareholdings in Bokadirekt i Stockholm AB, a Group subsidiary Suurland Outdoor B.V. in the Netherlands and data business of Fonecta in Finland, each resulting in a minor gain for the Group.

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, 2017 and 2018 for MEUR 14, MEUR 12 and MEUR 13, respectively. 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 find the decision unfounded and have launched further appeal processes to Helsinki Administrative Court.

In tax audits in Austria 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.

In tax audits related to years 2010-2012, the tax inspector challenged the company on calculations in relation to advertising tax, VAT deductibility of certain expenses, and on tax deductions related to refinancing cost, certain expenses and intercompany recharges. Herold has allocated revenue for certain bundled products between print and online revenue from 2010 onwards. The print revenue is subject to advertising tax, whereas the online revenue is not taxed under the current tax law. The allocation of revenue between print and online has been made based on an external study of consumer behavior by a market research company. The tax inspector challenged the allocation and claimed that the online share of revenue should be subject to advertising tax. This claim represented a MEUR 0.6 advertising tax exposure for 2010-2016. The tax inspector also challenged MEUR 0.4 tax and VAT deductions for specific barter transactions and certain customer events (event marketing). Related to the same tax audit, the tax inspectors also challenged tax deductions related to refinancing cost, certain expenses and intercompany recharges and claimed interest on the unpaid tax amounts. This claim represented a MEUR 2.0 tax and associated interest exposure for 2010-2015. The Group recorded an additional MEUR 3.0 provision in December 2017 for the above mentioned tax and interest on the unpaid tax exposures. However, the Group has agreed to a compromise with the local tax authorities in 2018. The agreement regards advertising tax and VAT deductibility of certain expenses for the financial years 2010 - 2012. As a result the Group has paid MEUR 1.0 VAT and advertising taxes in cash and reversed unused provisions for MEUR 2.2.

Cash flow and financing

Net cash from operating activities decreased to MEUR 19 (MEUR 28) due to working capital outflow impacted by restructuring payments accrued for in prior year and higher indirect tax payments. Net cash used in investing activities was MEUR -12 (MEUR -12), representing acquisition payments offset by proceeds from divestment and capital expenditure on customer products and services. The financing activities cash flow mainly consists of lease repayments recognized due to the adopted standard IFRS 16 as of 1 January 2019.

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 2019 was MEUR 0.5. The amortised cost of the bond as of 31 December 2019 was MEUR 79 and nominal value MEUR 80.

The liquidity position of the Group remains sufficient with a cash balance of MEUR 32 (31.12.2018: MEUR 28). The amortised cost of the bond as of 31 December 2018 and 2019 was MEUR 79. As a result, net interest-bearing debt at 31 December 2019 was MEUR 49, excluding subordinated shareholder loans and lease liabilities (compared to MEUR 54 at the end of December 2018).

Net debt (excluding shareholder loan and lease liabilities(*))

The Group’s net debt at 31 December 2019 is set out below:

Amounts 1000 EUR	**31 December 2019**
Bond	79 228
Current financial liabilities	2 049
Interest-bearing liabilities (*)	**81 277**
Minus: Cash and cash equivalents	-31 921
Total net debt	**49 356**

(*) 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 1 January 2020, Neil Robson was appointed to 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, Peder Prahl, Marco Sodi, Atif Kamal, Kristina Velicka and Neil Robson.

On 1 January 2020, Janne Kuisma succeeded Neil Robson as Group CFO. Janne Kuisma has worked at European Directories Group since 2015 as Group Finance Director.

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 26 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.

Outlook

All of the countries the Group operates in are currently facing a major health crisis caused by the COVID-19 pandemic. The crisis effects on the economic and business activity are becoming increasingly serious.

At the time of the signing of the financial statements, the impact on the group financials is still relatively limited, however the management has recognized, and expects a significant decrease in business activity in the upcoming weeks and months caused by the general economic downturn. The management is taking mitigating actions and is protecting the sustainability of the businesses. In these extraordinary circumstances, the 2020 revenues, profitability and cash flow performance are expected to reduce form the 2019 levels.

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 2019 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

30 January 2020, The World Health Organization (WHO) declared the 2019–2020 outbreak, referred to as coronavirus or COVID-19, a Public Health Emergency of International Concern (PHEIC) and a pandemic on 11 March 2020. All the countries that European Directories Group operates in, Finland, Austria, the Netherland and Germany, have been affected by the virus.

The outbreak is expected to have a significant global impact on economic activity in the year 2020. Due to the rapid evolvement and changes of circumstances, it's considered improbable to reliably determine a robust assessment of potential impact to the Group's financial position and performance, though estimated to be unfavourable.

The Management has taken action in order to mitigate any potential impact caused by the outbreak. Examples of these actions are extended cash flow control and receipt monitoring, and advising for employees to work from home to avoid unnecessary use of public transports, both measures taken in all operating companies. Included in the set of mitigation actions is financial scenario planning to prepare optimal responses for negative economic shocks. The management is also looking into means that would increase labour demand elasticity for the Group as part of cost savings measures taken, along with reducing spend in various other operating costs.

The global economic downturn will likely result in a decline in sales and increased client credit risk if the number of businesses facing insolvency should materially change. Risks related to e.g. workforce and vendors are considered limited. So far the digital businesses have shown signs of sales decline in the last weeks of March, the impact varies between products and markets. The traditional consumer products continue to decline according to On expectations. Despite of the signs of the sales decline in late March, the Group liquidity in the first quarter of 2020 has remained favourable.

Due to the high level of macroeconomic uncertainty, the Management will closely monitor goodwill and carefully assess the need for impairment in financial year 2020. As well as for other indicators, assessing the potential need for impairment, at the time of approval of these financial statements, is too early.

Luxembourg, 1 April 2020

The Board of Managers,

Marcus Englert	Peder Prahl
Marco Sodi	Björn Osterloff
Hannu Syrjänen	Atif Kamal
Kristina Velicka	Neil Robson

Consolidated balance sheet

1000 EUR	Note	Dec 31 2019	Dec 31 2018
ASSETS			
Non-current assets			
Goodwill	8,9	168 285	156 899
Other intangible assets	9	60 446	67 732
Property, plant and equipment	10	19 003	9 619
Other investments	11,13	2 086	4 388
Loan receivables	11	750	350
Loan receivables from related parties	14	1 877	1 877
Other financial assets	11	447	879
Deferred tax assets	22	1 590	1 666
Total non-current assets		**254 482**	**243 409**
Current assets			
Inventories		-	99
Trade and other receivables	11,15	39 494	42 577
Cash and cash equivalents	11,16	31 921	27 787
Total current assets		**71 416**	**70 463**
Total assets		**325 898**	**313 872**
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	100	100
Share premium	17	26 593	16 449
Other reserves	17	10	10
Retained earnings		-129 661	-117 611
Total		**-102 957**	**-101 053**
Non-controlling interests	19	690	813
Total equity		**-102 268**	**-100 240**
LIABILITIES			
Non-current liabilities			
Bond	11,20	79 228	78 984
Shareholder loan and accrued interest	11,20	221 784	202 260
Deferred tax liabilities	22	33 130	32 749
Provisions	24	45	756
Lease liabilities non-current	20	13 064	-
Pension obligations	21	3 527	4 792
Total non-current liabilities		**350 779**	**319 540**
Current liabilities			
Current financial liabilities	11,20	2 049	3 143
Trade payables	11	5 938	12 484
Deferred revenues	5	35 779	36 878
Provisions	24	9 452	12 258
Lease liabilities current	20	3 776	-
Other current liabilities	11,23	20 393	29 808
Total current liabilities		**77 387**	**94 571**
Total liabilities		**428 166**	**414 111**
Total equity and liabilities		**325 898**	**313 872**

Consolidated income statement

1000 EUR	Note	2019	2018
Revenues	4,5	**215 861**	**225 409**
Other income		1 118	2 294
Cost of consumables		-53 628	-52 343
Personnel expenses	6	-82 182	-98 834
Other operating expenses		-32 780	-41 756
EBITDA[*)]	4	**48 389**	**34 769**
Depreciation, amortisation and impairment charges	9,10	-24 923	-85 729
Operating result		**23 466**	**-50 961**
Gains/losses on disposals of subsidiaries	8	4 873	-
Finance income	7	121	1 275
Finance expense	7	-38 452	-33 461
Net finance costs		-38 331	-32 186
Result before income tax		**-9 991**	**-83 147**
Income tax	22	-2 184	2 275
Result for the period		**-12 175**	**-80 872**
Attributable to:			
Owners of the parent		-12 232	-80 527
Non-controlling interests	19	56	-345
		-12 175	**-80 872**

Consolidated statement of comprehensive income

1000 EUR	Note	2019	2018
Result for the period		**-12 175**	**-80 872**
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations		-67	9
		-67	**9**
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of defined benefit liability	21	822	73
Related tax	22	78	-60
		900	**13**
Other comprehensive income for the period, net of tax		833	22
Total comprehensive income for the year		**-11 342**	**-80 850**
Total comprehensive income attributable to			
Owners of the parent		-11 399	-80 505
Non-controlling interests	19	56	-345
		-11 342	**-80 850**

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

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 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	21	-	-	-	900	900	-	900
Translation differences		-	-	-	-67	-67	-	-67
Comprehensive income for the period		**-**	**-**	**-**	**-11 399**	**-11 399**	**56**	**-11 342**
Equity Contribution	17,29	-	10 145	-	-	10 145	-	10 145
Dividends to non-controlling interests	19	-	-	-	-	-	-180	-180
Total equity 31 December 2019		**100**	**26 593**	**10**	**-129 661**	**-102 957**	**690**	**-102 268**
Total equity 31 December 2017		**100**	**16 449**	**10**	**-37 107**	**-20 548**	**1 383**	**-19 165**
Profit for the period		-	-	-	-80 527	-80 527	-345	-80 872
Remeasurements of defined benefit liability	21	-	-	-	13	13	-	13
Translation differences		-	-	-	9	9	-	9
Comprehensive income for the period		**-**	**-**	**-**	**-80 505**	**-80 505**	**-345**	**-80 850**
Dividends to non-controlling interests	19	-	-	-	-	-	-225	-225
Total equity 31 December 2018		**100**	**16 449**	**10**	**-117 611**	**-101 052**	**813**	**-100 240**

Consolidated cash flow statement

1000 EUR	Note	2019	2018
Cash flow from operating activities			
Result for the period		**-12 175**	**-80 872**
Adjustments for:			
Income taxes	22	2 184	-2 275
Finance costs - net and gains/losses on disposals of subsidiaries	7	33 457	32 186
Depreciation, amortisation and impairment charges	9,10	24 923	85 729
Operating profit before depreciations		**48 389**	**34 769**
Interest received		119	46
Interest paid		-7 825	-6 605
Other financial items		-44	-137
Taxes paid	22	-4 339	-2 646
Operating cash flow before movements in working capital		**36 299**	**25 427**
Net change in working capital		-17 040	2 878
Net cash from operating activities		**19 260**	**28 304**
Cash flow from investing activities			
Acquisitions of subsidiaries and businesses, net of cash acquired	8	-14 407	-1 537
Purchases of intangible assets and property, plant and equipment	9,10	-6 139	-10 477
Sales of subsidiaries and businesses, net of cash	8	7 623	-
Proceeds from sales of other investments		2 305	18
Changes from interest-bearing receivables		-305	-
Net cash used in investing activities		**-10 923**	**-11 996**
Cash flow before financing activities		**8 337**	**16 309**
Cash flow from financing activities			
Proceeds from short-term liabilities	20	11 500	-
Repayments of short-term liabilities	20	-12 161	-11 465
Refinancing costs		-	-796
Repayments of other financing items	10,20	-3 379	-
Dividends paid to non-controlling interests	19	-180	-225
Net cash used in financing activities		**-4 220**	**-12 486**
Net increase (+) / decrease (-) in cash and cash equivalents		**4 116**	**3 823**
Cash and cash equivalents at the beginning of period	16	**27 787**	**23 961**
Foreign exchange differences in cash and cash equivalents		17	4
Cash and cash equivalents at the end of period	16	**31 921**	**27 787**

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 consolidated financial statements were authorised by the Board of Managers for issuance on 1 April 2020.

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 preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) and IFRIC interpretations in effect on 31 December 2019 and as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention except available for sale financial assets.

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.

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 Application of new and amended IFRS standards and IFRIC interpretations

a) New and amended standards applied in financial year ended

The Group has applied as from 1 January 2019 the following new and amended standards that have come into effect.

IFRS 16 Leases

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019) replaces the current IAS 17 -standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contacts in which the lease term is 12 months or less, or to low value items i.e. assets of value ca. USD 5 000 or less.

The Group has applied IFRS 16 using the modified retrospective approach. The Group has recognised additional right-of-use assets, all included in property, plant and equipment (see note 2.11), of ca. MEUR 19 and liabilities of ca. MEUR 20 having an ca. MEUR 1 impact on the Group's equity as per 1 January 2019. Weighted average of incremental borrowing rate applied is 5,2%.

The Group has applied the following recognition exemptions included in the standard: short-term leases and leases of low-value assets.

1000 EUR	Lease liabilities recognised due to the adoption of IFRS 16
Operating lease commitment at 31 Dec 2018 as disclosed in the Group's consolidated financial statement	12 725
Discounted using the incremental borrowing rate at 1 Jan 2019	11 249
- recognition exemption for:	
- short-term leases	-14
- leases of low-value assets	-480
- extension and termination options reasonably certain to be exercised	9 685
- variable lease payments based on an index or rate	-278
Lease liabilities recognised at 1 Jan 2019	**20 162**

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation further clarified the accounting for income tax treatments that have yet to be accepted by tax authorities. The key test is whether the tax authority will accept the company's chosen tax treatment. When considering this the assumption is that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The interpretation did not have any material effect on the Group's financial statements.

Other new standards issued or amended effecting future financial periods are not expected to have any significant impact on the Group's financial statements.

b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective (in case endorsed by EU).

IFRS 17 Insurance contracts

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021. Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. IFRS 17 combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract. In IFRS 17 insurance service results are presented separately from insurance finance income or expenses. IFRS 17 requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The Group has not yet identified any significant impact from the future adoption of the standard.

2.5 Going concern

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

The net debt position as of 31 December 2019 was TEUR 287,979 (2018: TEUR 256,599) including accrued PIK (payment in kind) interest on the shareholder loan. Net debt position excluding the shareholder loan and lease liabilities was TEUR 66,196 (2018: TEUR 54,339). 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.

With the maturity extension and changes to the bond terms and conditions, the Group has secured its financing position until June 2021. 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.

In the going concern assessment the Management has considered the possible impacts of COVID-19 outbreak (for more details see note 31). The pandemic is considered to have a significant, negative impact on global economy.

European Directories has implemented mitigation processes (for more details see note 31) to reduce the proportion of negative impact for the Group. It is possible, that these measures are not sufficient to fully offset the negative impact, but, at the publication of this report, we have determined that despite of the potential negative impact, going concern assumption for European Directories is appropriate due to current strong financial position and mitigation actions taken by management, whilst there are stilll uncertainties depending on the future development of pandemic. As a result of prevailing uncertainties, it is considered too early to have a final assessment of the impact of the COVID-19 crisis to our business.

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.

Translation of foreign currency items

Items included in each subsidiary's financial statements are measured using the currency that is the main currency of the operating environment of each subsidiary ("functional currency"). The consolidated financial statements have been presented in euros, which is the parent company's functional and presentation currency. Transactions denominated in foreign currencies in group companies are translated into the functional currency by using the exchange rate on the day of the transaction. Receivables and liabilities that are denominated in foreign currencies and are outstanding on the closing date are translated using the exchange rate of the closing date. Exchange rate differences are recognised in the income statement.

Foreign subsidiaries whose functional currency is not the Euro 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. Translation differences arising from the elimination of acquisition costs of foreign subsidiaries are recognised in other comprehensive income. When a foreign subsidiary is sold, the differences are recognised as part of the sales gain or loss.

(b) 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.

Acquired and established companies are accounted for using the acquisition method of accounting. Accordingly, the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of the acquisition. The excess between purchase price and fair value of the Group's share of the identifiable net assets is recognised as goodwill.

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 30 Group companies on 31 December 2019.

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 of the group.

(c) 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 and goodwill 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. The group did not have any investments in associated companies at the end of the reporting period.

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 Board of Managers.

2.8 Intangible assets

Intangible assets are measured at cost less accumulated amortisation less any impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Amortisation is calculated 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.

(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 acquisitions. 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 and liabilities held for sale

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. The Group does not have any non-current assets or disposal groups classified as held for sale at the reporting date of 31 December 2019 or 31 December 2018.

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

EDSA acts as a lessee and recognizes a right-of-use asset representing the Groups right to use the underlying asset and a lease liability representing the Groups obligations to make lease payments, amounting to the present value of the future lease payments. The value of right-of-use asset corresponds the value of future lease payments at the inception of the lease, discounted with the incremental borrowing rate.

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.

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. 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.

2.12 Financial instruments

2.12.1 Classification and measurement

Financial assets and liabilities

As a result of adoption of IFRS 9 the Group has from the beginning of 2018 classified its financial assets based on the business model in which a financial asset is managed and its contractual cash flows characteristics into following categories: measured at amortised costs and fair value through profit and loss (FVTPL).

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.

At initial recognition, the Group measures a financial asset at its fair value plus, in case of a financial asset is not measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. The Group's financial assets measured at amortised cost comprise of trade receivables, loan receivables and other receivables, cash and cash equivalent.

Assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains or losses in the period in which it arises. The Group's equity investment consist of shares in listed and non-listed companies.

Expected credit losses

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.

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.

Financial liabilities are classified as measured at amortised cost or FVTPL. The Group has only liabilities that are measured at amortised costs, which are subsequently measured using the effective interest method. 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.

Equity instruments

The group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

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 Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as 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) has a reliably estimated impact on the estimated future cash flows of the financial asset or group of financial assets.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount. The recoverable amount is the estimated future cash flow discounted at the original effective interest rate of the instrument. From there on, the reversal of the discount effect is booked as interest income. The loss is recognised in profit or loss. Interest income on impaired loans is recognised using the original effective interest rate.

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 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 and other financial costs 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).

When the Group has objective evidence that it may not be able to collect a trade receivables that are due, a bad debt provision is recognised. Financial difficulties that indicate that a customer is going into bankruptcy, financial restructuring or substantial delays in payments are examples of objective evidence that might cause trade receivables to be impaired. Impairment of trade receivables is recognised in other operating expenses.

2.15 Inventories

Inventories, directories in progress and deferred directory costs are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.16 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.

2.17 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.à 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.

2.18 Financial liabilities

The Group financial liabilities are classified at amortised costs or at FVTPL. Initially liabilities are recognised at cost. Any directly attributable transaction cost are allocated to the liability. Subsequent to initial recognition, the liability component of financial insturment is measured at amortised cost using the effective interest method. The Group's financial liabilities measured at amortised costs comprise of interest bearing liabilities, finance lease liabilities and trade payables.

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 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.

2.19 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 DTG 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 DTG 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.

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 21 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.

2.20 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.

2.21 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.

2.22 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 accounting and taxation using the valid tax rates for future years at the closing 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.

2.23 Revenue recognition

The Group revenue is generated from Profile Services, Consumer services, New Media and Print product groups. Revenue is recognised when goods are delivered or services are provided. 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 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 axchange 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 from the bundles are apportioned based on the stand-alone prices to the constituent components. The revenue is recognised over time that the service is provided, normally 12 months. The revenue recognition starts when the customer begins to receive the service.

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).

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.

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 fair value of the consideration, net of discounts and value added taxes.

Other

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.

2.24 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.

2.25 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.

2.26 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 2019 or 31 December 2018.

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 2019 is included in the following notes:

Critical accounting estimates	Note
Valuation of intangible assets acquired in a business combination	8. Acquisition and disposal of subsidiaries 9. Intangible assets
Assumptions relating to impairment testing of intangible assets and goodwill	9. Intangible assets
Measurement of defined benefit obligations: key actuarial assumptions	21. Pension obligations
Assumptions made when estimating provisions (tax provisions and provision for onerous leases)	24. Provisions

4 Segment information

The Board of Managers 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 Board of Managers considers the business from a geographic perspective in Finland, Austria, the Netherlands and, as of 1 January 2018, Germany.

• Finland reporting segment consists of profile services, consumer services, print, new media and other online product lines (segment previously named Fonecta).
• Netherlands reporting segment consists of profile services, print, new media and other online product lines (segment previously named DTG).
• Austria reporting segment consists of profile services, print, new media and other online product lines (segment previously named Herold).
• 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 Board of Managers 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.

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	1 732	-	**6 806**

2018 1000 EUR	Finland	Netherlands	Austria	Germany	Other	Total
Revenues	105 503	48 930	56 192	14 784	-	**225 409**
EBITDA	33 044	2 325	4 631	2 541	-7 773	**34 769**
Result before income tax	-40 916	-42 055	-1 041	-1 385	2 250	**-83 147**
Capital expenditure	1 974	5 767	1 227	1 509	-	**10 477**

Revenues by product group and segment	Finland		Austria		Germany		Netherlands	
1000 EUR	2019	2018	2019	2018	2019	2018	2019	2018
Profile services	24 448	25 810	22 866	22 584	-	-	25 365	31 910
Consumer services	39 940	45 224	-	-	-	-	-	-
New media	32 571	33 681	28 408	27 050	22 658	14 785	7 799	8 708
Print	-	-	1 859	1 696	-	-	-51	3 349
Other	995	788	4 816	4 861	-	-	4 186	4 963
Total revenues	**97 954**	**105 503**	**57 950**	**56 192**	**22 658**	**14 785**	**37 299**	**48 930**

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

	Assets by segment		Liabilities by segment	
1000 EUR	2019	2018	2019	2018
Finland	185 751	193 457	252 744	280 238
Netherlands	43 490	41 310	298 145	289 077
Austria	62 132	58 521	35 233	28 823
Germany	48 894	33 707	48 081	31 529
Other *)	-14 371	-13 123	-206 037	-215 556
Total in the balance sheet	**325 898**	**313 872**	**428 166**	**414 111**

*) As of January 1st 2019, a Group company was transferred from segment Other to segment Finland. The comparative numbers are restated to present current operating segments.

5 Revenue

Revenues by product group		
1000 EUR	2019	2018
Profile services	72 679	80 304
Consumer services	39 940	45 224
New media	91 436	84 225
Print	1 808	5 045
Other	9 997	10 612
Total revenues	**215 861**	**225 409**

Timing of revenue	At the point in time		Services transferred over time	
1000 EUR	2019	2018	2019	2018
Profile services	671	-	72 008	80 304
Consumer services	39 940	45 224	-	-
New media	13 174	16 226	78 263	67 999
Print	1 808	5 045	-	-
Other	5 811	5 649	4 186	4 963
Total revenues	**61 404**	**72 144**	**154 457**	**153 266**

Contract balances

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

1000 EUR	Note	31 Dec 2019	1 Jan 2019
Unbilled receivables, which are included in Trade and other receivables	15	5 532	5 696
Contract assets		-	1 300
Contract liabilities		35 779	36 878

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 revenue estimated to be recognised from the contracts in force as per 31 December 2019:

The timing of expected revenue recognition				
1000 EUR	Total	Jan-Jun 2020	Jul-Dec 2020	Later
Revenue not yet recognised	13 913	5 086	5 052	3 774

No information is provided about remaining performance obligations at 31 December 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

6 Personnel expenses

1000 EUR	2019	2018
Salaries & wages	59 212	65 744
Social security costs*)	9 076	10 106
Pension costs	4 414	5 773
of which related to defined benefit plans	*145*	*-210*
of which related to defined contribution plans	*4 269*	*5 983*
Other**)	9 480	17 211
Total	**82 182**	**98 834**

*) 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, travel expenses and restructuring expenses of TEUR 5,684 (2018: TEUR 3,857).

7 Net finance costs

1000 EUR	2019	2018
Interest income on loans and receivables	105	60
Interest income - other	16	8
Finance income - other	0	1 207
Finance income	**121**	**1 275**
Financial liabilities measured at amortised cost - interest expense:		
Interest on bond*)	-6 858	-6 633
Interest on shareholder loan	-29 669	-25 798
Interest on lease liabilities	-828	-
Amortisation of loan transaction costs (bond)	-245	-513
Net interest on net defined benefit liability	86	-69
Other	-938	-448
Finance expense	**-38 452**	**-33 461**
Net finance costs	**-38 331**	**-32 186**

*) The interest expense in 2018 on the bond is net of interest income of TEUR 1,054 from the bonds formerly held by the Group.

8 Acquisition and disposal of subsidiaries

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 acquired two businesses on 7 August and on Decemnber 23. Considerations in total for the transactions were TEUR 17,247 and cash flow related to these acquisitions was TEUR 14,332. 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.

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.

Consideration transferred 1000 EUR	
Consideration paid in cash	15 998
Contingent consideration	1 249
Total consideration transferred	**17 247**
Cash in the acquired company	-1 667
Contingent consideration	-1 249
Net cash outflow from acquisition	**14 332**

Recognised amounts of identifiable assets acquired and liabilities assumed

Fair value recognised on acquisition 1000 EUR	
Intangible assets with definnite useful life	6 607
Property, plant and equipment	123
Other non-current assets	2
Trade and other receivables	350
Cash and cash equivalents	1 667
Deferred tax liabilities	-1 835
Current liabilities	-1 054
Total net assets acquired	**5 860**
Goodwill on acquisition	11 387
Consideration price, payable in cash	**17 247**

Acquisitions in 2018

During 2018 the Group acquired two business through its group company Dogado GmbH for TEUR 473. Cash flow related to these acquisitions was TEUR 373. Deferred consideration of TEUR 1,146 was paid relating to acquisitions made in previous years.

Disposals during 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.

Disposals during 2018

There were no disposals of businesses during 2018.

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 2018	**439 228**	**244 775**	**113 511**	**270 552**	**1 068 066**
Acquisitions through business combinations	-	-	-	473	473
Additions	-	-	-	6 597	6 597
Disposals	-	-	-	-181	-181
As at 31 December 2018	**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	**450 615**	**244 775**	**119 073**	**280 496**	**1 094 958**

Accumulated amortisation and impairment 1000 EUR	Goodwill	Trademarks	Customer relationships	Other	Total
At 1 January 2018	**-218 093**	**-201 026**	**-102 884**	**-245 308**	**-767 311**
Impairment	-64 236	-1 561	-	-	-65 798
Amortisations for the year	-	-3 451	-2 147	-11 619	-17 217
As at 31 December 2018	**-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**
Carrying amount 31 December 2018	156 899	38 737	8 480	20 515	224 630
Carrying amount 31 December 2019	**168 285**	**35 458**	**11 375**	**13 613**	**228 732**

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. As a result of a Group internal re-organisation, the Group has changed the composition of the CGUs at year end 2018. One of the legal entities in reporting segment Finland was demerged into two legal entities during 2018. The demerger enabled the Group to identify two smaller sets of assets that the cash inflows are largely independent for. The CGUs identified are referred to as CGU 020202, which refers to the Consumer services business in Finland, and CGU Fonecta BA which refers to the other business activities performed in Finland. These two CGUs, Fonecta BA and 020202, were formerly identified as CGU Fonecta.

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 2019 was determined similarly to the 31 December 2018 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.

In percent	Growth rate		Discount rate (pre-tax)	
	2019	2018	2019	2018
Fonecta BA	1,6	0,0	13,0	13,4
020202	0,0	0,0	13,0	13,4
Herold	0,0	2,0	13,9	13,2
DTG	0,0	0,0	15,8	14,1
Dogado	3,4	1,7	10,1	13,5

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 reporting segment:

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

2018					
1000 EUR	Opening	Reclassification	Addition	Impairment	Closing
Fonecta BA	147 333	-99 771	-	-	47 563
020202	-	99 771	-	-39 126	60 644
DTG	41 139	-	-	-25 110	16 028
Herold	32 663	-15 776	-	-	16 887
Dogado	-	15 776	-	-	15 776
Total	**221 135**	**-**	**-**	**-64 236**	**156 899**

In the annual goodwill impairment testing conducted at the end of 2019 the carrying amounts for all CGUs were determined to be lower than their recoverable amount and no indication for impairment was recognised.

In the annual goodwill impairment testing conducted at the end of 2018 the carrying amounts of two CGUs were determined to be higher than their recoverable amount and, in 2018, impairment losses of MEUR 39 and MEUR 25 were recognised for CGU 020202 and CGU DTG (Netherlands) respectively. The impairment losses were allocated fully to goodwill, reducing the goodwill included in CGU 020202 to MEUR 61 and in CGU DTG to MEUR 16; and has been included in 'Depreciation, amortisation and impairment charges' in the condensed consolidated statement of profit or loss and OCI.

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%), DTG 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 DTG.

The difference between carrying value of assets and net recoverable value in CGU Dogado was MEUR 8. CGU Dogado key assumptions were WACC of 9.7% (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 DTG was MEUR 18. CGU DTG key assumptions were WACC of 11.9% (post-tax) and residual growth of 0%. According to sensitivity analysis, the following change in DTG 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.

Sensitivity Analysis for 2018

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 2018 was determined similarly to the 31 December 2017 goodwill impairment test. The discount rates (pre-tax) used in the valuation were Fonecta BA 13.4%, 020202 13.4%, DTG 14.1% (14.5%), Herold 13.2% (13.4%) and Dogado 13.5%.

The difference between carrying value of assets and net recoverable value in CGU Dogado was MEUR 4. CGU Dogado key assumptions were WACC of 10.0% and residual growth of 1,7%. According to sensitivity analysis, the following change in Dogado key assumption; decrease of 1.8%-points in residual growth rate, or 1.3%-points increase in WACC-level, 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 Fonecta BA was MEUR 10. CGU Fonecta BA key assumptions were WACC of 10.6% and residual growth of 0%. According to sensitivity analysis, the following change in Fonecta BA key assumption; decrease of 2.3%-points in residual growth rate, or 1.6%-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 1 January 2018	**12 852**	**31 219**	**14 455**	**-**	**58 525**
Acquisitions through business combinations	-	43	-	-	43
Additions	1	1 690	2 661	-	4 352
Disposals	-	-	-5	-	-5
At 31 December 2018	**12 853**	**32 951**	**17 111**	**-**	**62 915**
Acquisitions through business combinations	8	114	-	-	123
Additions from adoption of right-of-use assets	-	-	-	19 054	19 054
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**
Accumulated amortisation and impairment					
At 1 January 2018	**-11 957**	**-28 060**	**-10 564**	**-**	**-50 581**
Depreciation charge for the year	-7	-1 203	-1 505	-	-2 714
At 31 December 2018	**-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**
Carrying amount 31 December 2018	**889**	**3 688**	**5 042**	**-**	**9 619**
Carrying amount 31 December 2019	**283**	**3 317**	**446**	**14 957**	**19 003**

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**
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**
Carrying amount 31 December 2019	**14 029**	**826**	**102**	**14 957**

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

11 Financial Instruments

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

1000 EUR	Carrying amount 2019	Carrying amount 2018	Fair value 2019	Fair value 2018
Bond*)	79 228	78 984	79 580	79 580
Shareholder loans (Preferred Equity Certificates)	221 784	202 260	123 406	123 406
Total	**301 012**	**281 243**	**202 986**	**202 986**

*) The fair value of the bond (fair value hierarchy level 2) as of 31 December 2019 of TEUR 79,580 (2018: TEUR 79,580) excludes TEUR 0 (2018: TEUR 0) of bonds held by the group. The fair value of the bond is based on the market price as of the 31 December 2019 on Nasdaq Stockholm. The Group has extended the bond maturity to June 2021, and as there hasn't been any transactions with the bond in 2019, the Group determines the fair value of the bond to equal the par value.

The Group has financial instruments measured at fair value. Other investments consist of unquoted shares, which are measured in the Group at their acquisition price in the absence of a reliable fair value.

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

No fair value hierachy information is disclosed for financial assets and financial liabilities which are not measured at fair value, since their carrying amounts are a reasonable approximation of their fair value.

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

Classification of financial assets and liabilities

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

1000 EUR	2018 FVTPL - equity instrument	2018 Amortised cost	2018 Total
Assets as per balance sheet			
Trade and other receivables	-	42 577	**42 577**
Cash and cash equivalents	-	27 787	**27 787**
Other investments	4 388	-	**4 388**
Other financial assets	-	879	**879**
Loan receivables	-	350	**350**
Loan receivables from related parties	-	1 877	**1 877**
Book value total	**4 388**	**73 470**	**77 858**
Liabilities as per balance sheet			
Bond	-	78 984	**78 984**
Shareholder loan	-	202 260	**202 260**
Trade payables	-	12 484	**12 484**
Current financial liabilities	-	3 143	**3 143**
Book value total	**-**	**296 870**	**296 870**

12 Investments in associates

The Group has disposed its holdings in associated companies during 2018. The result of the disposal is presented in net finance costs. The balance sheet movements are detailed as follows.

1000 EUR	2019	2018
At 1 January	-	**280**
Disposals	-	-280
At 31 December	**-**	**-**

13 Other investments

1000 EUR	2019	2018
At 1 January	**4 388**	**3 231**
Other changes	-2 302	1 157
At 31 December	**2 086**	**4 388**

Other investments consist mainly of listed securities and shares in unlisted companies. In case the fair value cannot be reliably determined, the shares are measured at cost less possible impairment. Other investments include an investment (3.4%) in Spotzer Media Group B.V. of TEUR 298 (2018: TEUR 298) and an investment in Eniro Ab preferred shares of TEUR 1,760 (2018: TEUR 1,760). Other changes include Bokadirect i Stockholm Ab shares' measurement to fair value. This movement is presented in net finance costs. Bokadirect i Stockholm Ab was disposed in Jan 2019 (2018: TEUR 2,305).

14 Loan receivables from related parties

As of 31 December 2019 the Group has a loan receivable from Leafy S.à r.l. totalling TEUR 1,877 (2018: TEUR 1,877). See Note 29 Related parties for detailed information.

15 Trade and other receivables

1000 EUR	2019	2018
Trade receivables	23 794	26 559
Unbilled receivables from customer contracts	5 532	5 696
Prepayments	4 887	4 205
Accrued income	632	41
Personnel receivables	66	51
Social security and pension receivables	-1	235
VAT receivable	6	503
Corporate income tax receivable	3 339	747
Other	1 239	4 539
Total	**39 494**	**42 577**

Trade receivables

1000 EUR	2019	2018
Trade receivables	26 513	29 191
Provision for impairment of trade receivables	-2 718	-2 632
At 31 December	**23 794**	**26 559**

Provisions for impairment of trade receivables

1000 EUR	2019	2018
At 1 January	**2 632**	**3 345**
Receivables written off during the year	-1 324	-1 660
Unused amounts reversed	1 585	1 520
Exchange rate differences and other changes	-174	-573
At 31 December	**2 718**	**2 632**

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	2019	2018
Euro-zone countries*)	26 513	29 191
At 31 December	**26 513**	**29 191**

*) Austria, Finland, Germany and the Netherlands

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	2019
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	17 907	3 926	719	657	3 303	26 513
Lifetime expected credit loss	**84**	**49**	**44**	**64**	**2 476**	**2 718**

16 Cash and cash equivalents

Cash and cash equivalents in the balance sheet 1000 EUR	2019	2018
Cash at bank and in hand	31 918	27 783
Short-term bank deposits	3	4
Cash and cash equivalents	**31 921**	**27 787**

17 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 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 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 to shareholders.

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.

18 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 2019, total net debt was TEUR 49,356 (2018: TEUR 54,339) and net debt to EBITDA was 1.0 (2018: 1.6).

19 Non-controlling interests

Non-controlling interests (NCI) comprise the equity portions of Suomen Numeropalvelu Oy (45%) and Dogado GmbH (30%) which are not controlled by the Group. The balance sheet movements are as follows.

Non-controlling interests 1000 EUR	2019	2018
At 1 January	**813**	**1 383**
Dividend to non-controlling interests	-180	-225
Non-controlling interest from income statement	56	-345
At 31 December	**690**	**813**

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

31 December 2019	Dogado GmbH	Other individually immaterial subsidiaries	Intra-group eliminations	Total
NCI percentage	**30 %**			
Non-current assets	43 883			
Current assets	5 097			
Non-current liabilities	-38 821			
Current liabilities	-9 278			
Net assets	**881**			
Net assets attributable to NCI	**264**	**428**	**-2**	**690**
Revenue	22 719			
Profit/loss for the period	-857			
Total comprehensive income	**-857**			
Profit/loss allocated to NCI	**-257**	**309**	**5**	**56**
Net cash from operating activities	4 999			
Net cash used in investing activities	-16 441			
Net cash used in financing activities	11 709			
Net increase (decrease) in cash and cash equivalents	**267**			

20 Financial liabilities

1000 EUR	2019	2018
Bond	79 228	78 984
of which bonds issued	*79 228*	*78 984*
Shareholder loans (Preferred Equity Certificates)	221 784	202 260
Non-current lease liabilities	13 064	-
Current financial liabilities	5 825	3 143
of which current lease liabilities	*3 776*	-
Total financial liabilities	**319 901**	**284 386**

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 27 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.

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 2019 on the bond is TEUR 6,633 (2018: TEUR 6,633).

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

1000 EUR	2019	2018
At January	**78 984**	**79 267**
Amortisation of bond transaction costs	245	513
Bond extension cost	-	-796
At 31 December	**79 228**	**78 984**

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 2022.

The accrued interest on the PECs as of 31 December 2019 was TEUR 123,652 (2018: TEUR 98,946) 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 2022.

The Company issued Interest PECs for TEUR 7,480 in 2019 covering the fixed yield of 2018. The Interest PECs for the accrual period of 2019 of TEUR 7,480 will be issued in 2020. The accrued interest on the Interest PECs as of 31 December 2019 was TEUR 9,190 (2018: TEUR 6,014).

Current financial liabilities

On 20 March 2017, the Group utilised the Permitted Basket under the bond terms to raise bank funding of MEUR 12.5 for general corporate purposes. The borrowing facility was arranged by group holding company European Directories (DH7) B.V. and was repayable within 12 months. In February 2018 the Group agreed on an extension of 12 months to the maturity date of this liability. The Group repaid MEUR 10 of this liability in June 2018 and MEUR 2.5 in September 2018. 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.

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 2019 or subsequent to year-end or before the Consolidated Financial Statements were authorised for issuance on 1 April 2020. PECs do not include covenants.

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

				Non-cash changes				
1000 EUR	Jan 1 2019	Cash proceeds from liabilities	Cash repayments from liabilities	Acquisitions/ Divestments	Interest accrued/ Amortisation	Additions	Other	Dec 31 2019
Bond	78 984	-	-	-	245	-	-	79 228
Shareholder loan	202 260	-	-	-	19 524	-	-	221 784
Lease liabilities *)	20 162	-	-3 379	-	-	-	57	16 840
Bank loans	2 401	11 500	-12 161	-1 740	-	-	-	-
Other financial liabilities	743	-	-	-	-	1 306	-	2 049
Total changes in financial liabilities arising from financing activities	**304 549**	**11 500**	**-15 540**	**-1 740**	**19 769**	**1 306**	**57**	**319 901**

*) Adoption of IFRS16 Leases standard

21 Pension obligations

The Group operates defined benefit pension plans in DTG and Herold. 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:

1000 EUR	Dec 31 2019	Jan 1 2019
Present value of funded obligations	**273 438**	**223 458**
Fair value of plan assets	-273 438	-223 458
Deficit of funded plans	**-**	**-**
Present value of unfunded obligations	3 527	4 792
Liability in the balance sheet	**3 527**	**4 792**

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.

DTG

In addition to a defined contribution arrangement, DTG has a number of defined benefit arrangements with employees. The net defined benefit liability as of 31 December 2019 of TEUR 1,031 (2018: TEUR 2,142) includes asset TEUR 0 (2018: TEUR 0 liability) related to the main defined benefit pension plan, TEUR 227 (2018: TEUR 304) related to the jubilee plan and TEUR 804 (2018: TEUR 1,838) 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.

DTG'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 DTG 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, DTG 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 DTG 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 DTG has no additional responsibilities for the governance of the pension plan.

The Group estimates to pay TEUR 54 in contributions to its defined benefit plans (jubilee and transitional plans) in 2020.

Herold

The obligation for post-employment benefits is calculated in compliance with IAS 19 amounting to TEUR 2,496 (2018: TEUR 2,650). 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 2,078 (2018: TEUR 1,976) 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 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[*)].

An amount of TEUR 705 (2018: TEUR 733) 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 486 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	2019	2018
Balance 1 January	**228 249**	**231 141**
Items recognised in the income statement		
Current service costs	215	306
Past service cost	-34	-
Other	-36	-611
Service cost total included in personnel expenses	**145**	**-305**
Interest expenses	4 290	4 347
Included in income statement total	**4 435**	**4 042**
Remeasurement recognised through other comprehensive income		
Changes in demographic actuarial assumptions	-6	-
Changes in financial actuarial assumptions	54 364	-2 939
Experience adjustments on plan obligation	-5 045	321
Remeasurements recognised through other comprehensive income total	**49 313**	**-2 618**
Contributions/Payments from plans		
Contributions from employers	-	50
Benefit payments	-4 972	-4 366
Contributions/payments from plans total	**-4 972**	**-4 316**
Balance 31 December	**277 025**	**228 249**

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	2019	2018
Balance 1 January	**-223 457**	**-225 938**
Items recognised in the income statement		
Interest income	-4 204	-4 253
Included in income statement total	**-4 204**	**-4 253**
Remeasurement recognised through other comprehensive income		
Changes in financial actuarial assumptions	-54 080	2 859
Experience adjustments on plan obligation	3 946	-315
Remeasurements recognised through other comprehensive income total	**-50 134**	**2 545**
Contributions/Payments from plans		
Contributions from employers	-51	-95
Benefit payments	4 348	4 284
Contributions/payments from plans total	**4 297**	**4 189**
Balance 31 December	**-273 498**	**-223 457**

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	2019	2018
Balance 1 January	**4 792**	**5 203**
Items recognised in the income statement		
Current service costs	215	306
Past service cost	-34	-
Other	-36	-611
Service cost total included in personnel expenses	**145**	**-305**
Interest expense/income	86	94
Included in income statement total	**231**	**-210**
Remeasurement recognised through other comprehensive income		
Actuarial loss (gain) arising from:		
Changes in demographic actuarial assumptions	-6	-
Changes in financial actuarial assumptions	284	-80
Experience adjustments on plan obligation	-1 099	6
Remeasurements recognised through other comprehensive income total	**-821**	**-74**
Contributions/Payments from plans		
Contributions to/from employers	-51	-46
Benefit payments	-624	-82
Contributions/payments from plans total	**-675**	**-128**
Balance 31 December	**3 527**	**4 792**

1000 EUR	2019	2018
Present value of obligation	277 025	228 249
Fair value of plan assets	-273 498	-223 457
Net defined benefit liability	**3 527**	**4 792**

Risks

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

Most of the risks associated with the DTG pension plan have been reinsured by DTG with AEGON. AEGON guarantees that all pension entitlements that have accrued are paid to the pension plan participants. The DTG pension plan exposes the entity to risks such as risk of individual value transfers and the risk of default by AEGON. The DTG transitional plans expose DTG 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 DTG 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, DTG 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, DTG has to pay an additional contribution. The current value of the buffer pool is MEUR 7.5. Due to these arrangements, the likelihood of DTG needing to make an additional contribution in near future is considered to be remote.

Fair value of plan assets

1000 EUR	2019	2018
Insurance contract	273 498	223 458
Total	**273 498**	**223 458**

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

Amounts recognised in the balance sheet by country 2019

1000 EUR	Netherlands	Austria	Total
Present value of funded obligations	273 498	-	273 498
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**

Amounts recognised in the balance sheet by country 2018

1000 EUR	Netherlands	Austria	Total
Present value of funded obligations	223 458	-	223 458
Fair value of plan assets	-223 458	-	-223 458
Deficit(+)/surplus(-)	**-**	**-**	**-**
Present value of unfunded obligations	2 142	2 650	4 792
Net asset(-)/liability(+) in the balance sheet	**2 142**	**2 650**	**4 792**

As at the last valuation date, in the Netherlands the present value of the defined benefit obligation was comprised of approximately TEUR 1,031 (2018: TEUR 2,142) relating to active employees, TEUR 182,337 (2018: TEUR 145,250) relating to deferred members, TEUR 67,891 (2018: TEUR 58,078) relating to members in retirement and TEUR 23,231 (2018: TEUR 20,131) relating to other participants (disabled participants and participants' surviving relatives).

The principal actuarial assumptions used

	2019		2018	
	Netherlands	Austria	Netherlands	Austria
Discount rate, %	0,90 %	0,90 %	1,90 %	1,75 %
Future salary increases, %	2,00 %	3,00 %	2,00 %	3,00 %
Future pension increases, %	0,50 %	0,00 %	0,50 %	0,00 %
Rate of inflation, %	2,00 %	0,00 %	2,00 %	0,00 %

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	2019	2018
0.5%-point increase in discount rate	-10,66 %	-9,94 %
0.5%-point decrease in discount rate	12,53 %	11,60 %
0.5%-point increase in benefit	12,25 %	11,44 %
0.5%-point decrease in benefit	-10,53 %	-9,89 %
0.5%-point increase in salary growth rate	0,00 %	0,01 %
0.5%-point decrease in salary growth rate	0,00 %	-0,01 %

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 2019 is 23 (2018: 22) years.

22 Income tax

The Group's tax position at 31 December 2019 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	2019	2018
Current tax expense		
Current year	-3 451	1 326
Adjustment for prior years*)	-33	-8
Total	**-3 484**	**1 318**
Deferred tax income		
Origination and reversal of temporary differences**)	1 300	957
Total	**1 300**	**957**
Income tax	**-2 184**	**2 275**

*) Please see Note 24 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% (2018: 26.01%) and tax expense in the consolidated income statement.

1000 EUR	2019	2018
Loss before income tax	-9 991	-83 147
Taxes calculated using the Luxembourg tax rate	2 492	21 627
Differences in tax rates and regulations	364	-2 419
Impairment of Goodwill	-	-14 154
Non-deductible expenses	-3 103	-12
Current year losses for which no deferred tax asset was recognised	-3 455	-5 932
Utilisation of previously unrecognised tax losses	672	1 417
Tax exemt gains	811	-
Adjustment recognised for taxes of prior periods	44	2 119
Other	-9	-370
Income tax, total	**-2 184**	**2 275**

Effective tax rate was 21.9% (2018: 2,7%).

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 2019:

Net deferred tax assets and liabilities 1000 EUR	Employee benefits	Goodwill amortisation	Other intangible assets	Tax losses	Other	Total
1 January 2018	**415**	**-21 239**	**-12 635**	**-**	**1 481**	**-31 979**
Recognised in the income statement*)	-19	-329	1 752	-	-446	958
Recognised in other comprehensive income	-60	-	-	-	-	-60
31 December 2018	**336**	**-21 568**	**-10 883**	**-**	**1 035**	**-31 080**
Of which deferred tax assets	313	473	-	-	880	1 666
Of which deferred tax liabilities	23	-22 041	-10 883	-	152	-32 749
1 January 2019	**336**	**-21 568**	**-10 883**	**-**	**1 035**	**-31 080**
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**	**966**	**-31 538**
Of which deferred tax assets	279	249	-	293	769	1 590
Of which deferred tax liabilities		-22 041	-11 284	-	195	-33 130

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	2019	Expiry date	2018	Expiry date
Expire	268 952	2020-2029	317 988	2019-2028
Never expire	25 281		25 734	

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 2017 and part of the tax losses carried forward are related to the open tax cases in Finland. Unrecognised tax losses carried forward as of 31 December 2017 include losses for the Netherlands and Luxembourg until 2015. Losses for 2016 in these two fiscal territories have not been included in the table above as management has deemed their impact immaterial. More information on these tax cases can be found in Note 24 Provisions.

Of the deferred tax liabilities, TEUR 11 284, (2018: TEUR 10,883) arise as a result of Purchase Price Accounting (PPA) adjustments under IFRS 3. The remaining TEUR 21,864 (2018: TEUR 21,866) 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.

23 Other current liabilities

1000 EUR	2019	2018
Accrued expenses	7 525	11 750
Customer advance payments	-	538
VAT and advertising tax payable	1 842	6 122
Wage tax social securities payable	677	2 859
Accrued interest	413	394
Net wages payable (recoverable)	369	877
Holiday & vacation accrual	5 106	6 092
Pension premium liability	546	627
Deferred consideration relating to acquisitions	1 465	288
Corporate tax liability	717	-
Other	1 733	259
Total	**20 393**	**29 808**

1000 EUR Fees billed to European Directories Midco S.á.r.l. and subsidiaries by audit firm	2019	2018
Audit services	653	669
Audit related services	12	15
Tax services	368	263
Advisory services	9	16
Total	**1 042**	**963**

24 Provisions

1000 EUR	Restruc-turing provision	Tax provision	Other	2019	Restruc-turing provision	Tax provision	Other	2018
1 January	**2 781**	**9 270**	**963**	**13 014**	**633**	**12 468**	**2 741**	**15 842**
Additions	-	-	-	**-**	2 220	-	963	**3 183**
Provisions used	-2 781	-	-	**-2 781**	-71	-1 030	-323	**-1 424**
Provisions reversed	-	-	-	**-**	-	-2 168	-2 199	**-4 367**
Disposals				**-**	-	-	-	**-**
Other	-	-	-736	**-736**	-	-	-219	**-219**
31 December	**-**	**9 270**	**227**	**9 497**	**2 781**	**9 270**	**963**	**13 014**
Of which non-current	-	-	45	**45**	-	-	756	**756**
Of which current	-	9 270	181	**9 452**	2 781	9 270	207	**12 258**
Total	**-**	**9 270**	**227**	**9 497**	**2 781**	**9 270**	**963**	**13 014**

Other provisions as of 31 December 2019 include provisions for onerous leases of TEUR 0 (2018: TEUR 828).

Uncertain tax positions/Tax provisions

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.

In tax audits related to years 2010-2012, the tax inspector challenged the company on calculations in relation to advertising tax, VAT deductibility of certain expenses, and on tax deductions related to refinancing cost, certain expenses and intercompany recharges. Herold has allocated revenue for certain bundled products between print and online revenue from 2010 onwards. The print revenue is subject to advertising tax, whereas the online revenue is not taxed under the current tax law. The allocation of revenue between print and online has been made based on an external study of consumer behavior by a market research company. The tax inspector challenged the allocation and claimed that the online share of revenue should be subject to advertising tax. This claim represented a MEUR 0.6 advertising tax exposure for 2010-2016. The tax inspector also challenged MEUR 0.4 tax and VAT deductions for specific barter transactions and certain customer events (event marketing). Related to the same tax audit, the tax inspectors also challenged tax deductions related to refinancing cost, certain expenses and intercompany recharges and claimed interest on the unpaid tax amounts. This claim represented a MEUR 2.0 tax and associated interest exposure for 2010-2015. The Group recorded an additional MEUR 3.0 provision in December 2017 for the above mentioned tax and interest on the unpaid tax exposures. However, the Group has agreed to a compromise with the local tax authorities in 2018. The agreement regards advertising tax and VAT deductibility of certain expenses for the financial years 2010 - 2012. As a result the Group has paid MEUR 1.0 VAT and advertising taxes in cash and reversed unused provisions for MEUR 2.2.

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, 2017 and 2018 for MEUR 14, MEUR 12 and MEUR 13, respectively. 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 find the decision unfounded and have launched further appeal processes to Helsinki Administrative Court.

Tax provisions

The MEUR 9.3 tax provisions amount in the consolidated financial statements of the Group represents the total provision for the Austrian tax cases.

25 Personnel numbers

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

	FTE's	Headcount
1 January 2018	1 294	1 400
31 December 2018	1 242	1 336
Average for the period	**1 268**	**1 368**

26 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 32 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 2019 the Group sees the liquidity risk reasonably remote due to its good liquidity situation.

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**	**28 308**	**86 315**	**291 446**	**1 743**	**1 584**	**6 801**	**416 196**

31 December 2018 1000 EUR Maturity of financial liabilities	Carrying amount	2019	2020	2021	2022	2023	Later	Total
Bond	78 984	6 764	6 764	82 586	-	-	-	96 115
Shareholder loan and accrued interest	202 260	-	-	-	304 954	-	-	304 954
Other current financial liabilities	3 143	3 143	-	-	-	-	-	3 143
Trade payables	12 484	12 484	-	-	-	-	-	12 484
Other current liabilities	29 808	29 808	-	-	-	-	-	29 808
Total	**326 678**	**52 199**	**6 764**	**82 586**	**304 954**	**-**	**-**	**446 504**

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 2021-2022. The contractual maturity of the shareholder loan is 10 December 2043. Whilst the shareholder loan matures in 2043, it would be the Board's intention to prepay this loan as early as possible after the proposed and now accepted new maturity of the bond, potentially in 2022.

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 2019 is minimal.

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

	2019	2018
Average rates		
Pounds sterling	0,8753	0,8865
Year-end rates		
Pounds sterling	0,8508	0,8945

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 maximum exposure to credit risk at the reporting date was as follows:

	Note	2019	2018
Trade receivables	15	23 794	26 559
Cash and cash equivalents	16	31 921	27 787
Total		**55 715**	**54 346**

27 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 20 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

28 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..

29 Related parties

Related parties of the Group include its subsidiaries, key management personnel and associated companies. Subsidiaries are listed in Note 30 and associates in Note 12.

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, DTG, 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:

1000 EUR	2019	2018
Short-term employee benefits[*)]	3 208	1 957
Post-employment benefits	-	18
Total	**3 208**	**1 975**

[*)] 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 the 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	2019	2018
Interest on loan receivables	10	8
Shareholder loan and accrued interests (Note 20)	221 784	202 260
Long-term interest-bearing loan receivables (Note 14)	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 20 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 2022.

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 2019 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.

30 Group companies on 31 December 2019

Company name	Country, City	Ownership (%) direct or indirect
European Directories GP S.à r.l.	Luxembourg, Luxembourg City	100 %
European Directories BondCo S.C.A.	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 %
DTG Holding B.V.	The Netherlands, Amsterdam	100 %
DTG 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 %
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	70 %
Busymouse Business Systems GmbH	Germany, Hannover	70 %
Alfahosting GmbH	Germany, Halle	70 %
Finderia Oy (in liquidation)	Finland, Helsinki	100 %
Checkdomain GmbH	Germany, Lübeck	70 %

31 Events after the end of the period

On 30 January 2020, The World Health Organization (WHO) declared the 2019–2020 outbreak, referred to as coronavirus or COVID-19, a Public Health Emergency of International Concern (PHEIC) and a pandemic on 11 March 2020. All the countries that European Directories Group operates in, Finland, Austria, the Netherland and Germany, have been affected by the virus.

The outbreak is expected to have a significant global impact on economic activity in the year 2020. Due to the rapid evolvement and changes of circumstances, it's considered improbable to reliably determine a robust assessment of potential impact to the Group's financial position and performance, though estimated to be unfavourable.

The Management has taken action in order to mitigate any potential impact caused by the outbreak. Examples of these actions are extended cash flow control and receipt monitoring, and advising for employees to work from home to avoid unnecessary use of public transports, both measures taken in all operating companies. Included in the set of mitigation actions is financial scenario planning to prepare optimal responses for negative economic shocks. The management is also looking into means that would increase labour demand elasticity for the Group as part of cost savings measures taken, along with reducing spend in various other operating costs.

The global economic downturn will likely result in a decline in sales and increased client credit risk if the number of businesses facing insolvency should materially change. Risks related to e.g. workforce and vendors are considered limited. So far the digital businesses have shown signs of sales decline in the last weeks of March, the impact varies between products and markets. The traditional consumer products continue to decline according to expectations. Despite of the signs of the sales decline in late March, the Group liquidity in the first quarter of 2020 has remained favourable.

Due to the high level of macroeconomic uncertainty, the Management will closely monitor goodwill and carefully assess the need for impairment in financial year 2020. As well as for other indicators, assessing the potential need for impairment, at the time of signing financial statements, is too early.

Luxembourg, 1 April 2020

The Board of Managers,

Marcus Englert	Peder Prahl
Marco Sodi	Björn Osterloff
Hannu Syrjänen	Atif Kamal
Kristina Velicka	Neil Robson

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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 2019, 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 2019 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 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

Emphasis of matter

We draw attention to Note 2.5 and Note 31 of the consolidated financial statements, which describes the uncertainties and potential effects of Covid-19 on the financial position and performance of the Company. Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated report including the consolidated management report but does not include the consolidated financial statements and our report of “Réviseur d’Entreprises agréé” thereon.

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 “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 the 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, 2 April 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Jean-Manuel Séris